

FEDERAL PUBLIC SERVICE COMMISSION



COMPETITIVE EXAMINATION FOR RECRUITMENT TO POSTS IN BS-17 UNDER THE FEDERAL GOVERNMENT, 2012

Roll No.

ACCOUNTING & AUDITING, PAPER-II

TIME ALLOWED:	(PART-I MCQs)	30 MINUTES	MAXIMUM MARKS: 20
THREE HOURS	(PART-II)	2 HOURS & 30 MINUTES	MAXIMUM MARKS: 80
NOTE:			
(i) Candidate must write Q.No. in the Answer Book in accordance with Q.No. in the Q.Paper .			
(ii) Attempt ONLY FOUR questions from PART-II , selecting ONE question from EACH of the SECTION A,B,C and D . All questions carry EQUAL marks.			
(iii) Extra attempt of any question or any part of the attempted question will not be considered.			
(iv) Use of simple calculator is allowed.			

PART-II

SECTION-A (COST ACCOUNTING)

Q.2 Following information related to AADIL manufacturing company for the year ended December 31, 2007:

Direct material (beginning)	Rs.50,000
Direct material purchased	300,000
Direct material (ending)	20,000
Direct labor	?
Factory overhead (70% of conversion cost)	140,000
Work in process (ending)	?
Work in process (beginning-30% more than its ending)	?
Cost of goods manufactured is 8/15 of sales	?
Sales revenue (1000 units)	1,500,000
Finished goods (beginning)(25 units)	30,000
Finished goods (ending)(60 units)	80,000
Administrative & general expenses	210,000
Marketing & selling expenses	20,000

REQUIRED:

(20)

1. Calculate all missing figures.
2. Prepare statement of cost of goods sold.
3. Income statement for the year ended December 31, 2007.
4. Units manufactured.
5. Per unit cost of goods manufactured.
6. Gross profit per unit sold.

Q.3. Aadil & Co. uses process costing system. The following data is available for the month of July:

Beginning inventory of work in process: Rs.21,220

Manufacturing cost incurred in July:

Direct materials used	Rs. 56,100
Direct labor	Rs. 29,920
Factory overhead applied	<u>Rs. 82,280</u>
Total Cost to be accounted for	<u>Rs. 189,520</u>

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OTHER INFORMATION:

The beginning inventory consisted of 400 units which had been 60% completed as to material and conversion cost during June. In addition to completing these units, the department started 1,800 another units during July in which 1,500 units were completed and transferred to the next department. The 300 units which were 70% completed as to material and conversion cost at July 31.

REQUIRED:

(20)

- a. Prepare quantity schedule.
- b. Compute the EPU
- c. Unit cost for July
- d. Cost of completed units.
- e. Cost of W.I.P. Ending units.
- f. Total cost accounted for
- g. Prepare journal entries to record
 - i. The manufacturing cost charged during July.
 - ii. The transfer of 1,900 units to the department No.2.

SECTION-B (AUDITING)

- Q.4. (a)** Which persons are not qualified for appointment as auditor of a company under the Companies Ordinance 1984? **(10)**
- (b)** Who fixes the auditor’s remuneration under the Companies Ordinance 1984? **(10)**
- Q.5. (a)** What does the term “Scope of audit” refer to? How would you describe the “Scope of audit” of a listed company? **(10)**
- (b)** Why an auditor cannot provide an absolute assurance as a result of audit? Explain. **(10)**

SECTION-C (INCOME TAX)

Q.6. From the following data related to Mr.Hassan for the tax year ending 30th, June 2008:

His Basic salary Rs.10,000 Per Month with the scale Rs.9,000-1,000-20,000, Cost of living allowances is 20% of Minimum time scale, Commission is 12% paid only when annual basic salary exceeds amount of Rs.110,000, Dearness Allowance Rs.30,000, Medical Allowance Rs.12,500, Bonus Rs.2,000 Per Month, Provided a rent free unfurnished accommodation and entitled to an Accommodation Allowance of Rs.15,000 Per Month, Provided a car for his personal use only and the cost of car is Rs.1,180,000, Entertainment Allowance Rs.10,000, the CEO of the organization announce for Special Additional Allowances of 7% of Salary as per rule. Because of his special duty a Special Allowance of Rs.2,000 Per Month is also provided, 9% of the basic salary is contributed as Provident Fund by employer and employee both with interest rate of 6% and fund is recognized, Allowance for gas and electricity 60% of Maximum time scale PM, He paid Zakat under Zakat Ordinance and donated to a Agha Khan Hospital fund of Rs.8,000 and Rs.6,000 respectively.

REQUIRED: Calculate the taxable income.

(20)

- Q.7.** Write Short Notes. **(4 x 5=20)**
 - (a).** Income exempted from tax
 - (b).** Sales Tax schedule 1, 2 and 3
 - (c).** Sales Tax schedule 4,5 and 6
 - (d).** Capital Value Tax
 - (e).** Capital Gain Tax

SECTION-D (BUSINESS ORGANIZATION AND FINANCE)

- Q.8.** Explain how the typical corporate firm is organized as it relates to the financial management function. **(20)**
- Q.9.** State the provisions of the companies ordinance 1984 regarding: **(4 x 5=20)**
 1. Term of office of first directors of a company.
 2. Minimum member of directors of a company.
 3. How the casual vacancy among the directors may be filled up?
 4. Under what circumstances the election of directors may be declared invalid.
