



FEDERAL PUBLIC SERVICE COMMISSION
COMPETITIVE EXAMINATION FOR
RECRUITMENT TO POSTS IN BS-17
UNDER THE FEDERAL GOVERNMENT, 2015

Roll Number

ACCOUNTANCY & AUDITING, PAPER-II

TIME ALLOWED: THREE HOURS PART-I(MCQS): MAXIMUM 30 MINUTES	PART-I (MCQS) PART-II	MAXIMUM MARKS = 20 MAXIMUM MARKS = 80
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- NOTE: (i) Part-II is to be attempted on the separate Answer Book.**
- (ii) Attempt ONLY FOUR questions from PART-II, selecting ONE question from EACH SECTION A, B, C and D. ALL questions carry EQUAL marks.**
- (iii) All the parts (if any) of each Question must be attempted at one place instead of at different places.**
- (iv) Candidate must write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.**
- (v) No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.**
- (vi) Extra attempt of any question or any part of the attempted question will not be considered.**
- (vii) Use of Calculator is allowed.**

PART-II
SECTION-A (COST ACCOUNTING)

- Q. No. 2.** Pak PVC (Pvt) Ltd. manufactures a high-quality plastic pipe in two departments, Cooking and Molding. After the cooking is completed, the completed units are transferred into the Molding Department, in which pipe is formed. The following data was reported for the Cooking Department during January 2015: **(20)**

Pounds in process, May 1.....	0
Pounds started into production during January.....	185000
Pounds completed and transferred to Molding Department.....	175000
Pounds in process, May 31 (materials 100%, conversion 30%).....	10000
Cost added during January:	
Materials cost.....	Rs. 55,500
Conversion cost.....	Rs. 356,000

Required: Prepare a cost of production report for Cooking Department

- Q. No. 3.** Following data was reported for Ibrahim Cottage Textile for the year ended December 31, 2014: **(20)**

Administrative Expenses	Rs. 150,000
Depreciation, factory equipment	19,000
Direct labor	70,000
Finished goods inventory, beginning	20,000
Finished goods inventory, ending	35,000
Indirect labor	30,000
Insurance, factory equipment	800
Maintenance, factory equipment	6,000
Purchases of raw materials	118,000
Raw materials inventory, beginning	7,000
Raw materials inventory, ending	15,000
Rent, factory facilities	20,000
Sales	800,000
Supplies	4,200
Work in process, beginning	10,000
Work in process, ending	5,000

Required: Prepare a cost of goods sold statement.

SECTION-B (AUDITING)

- Q. No. 4.** (a) Explain the statutory rights and duties of a company auditor. (10) (20)
(b) Explain “Internal controls of an organization”. What are the techniques used for the evaluation of internal control system? Discuss. (10)
- Q. No. 5.** (a) “Vouching is the essence of Auditing”. Explain. What special points would you keep in mind while vouching payments? (10) (20)
(b) What is meant by a continuous audit? Why do you think this is necessary? (10)

SECTION-C (INCOME TAX LAW)

- Q. No. 6.** (a) “What are the different types of perquisites enjoyed by the salaried individuals? Discuss. (10) (20)
(b) Discuss in detail the tax treatment under the income tax ordinance, 2001 for the following facilities that are provided by employer to the employees. (10)
(i) Entertainment (ii) Loan to employees
(iii) Accommodation (iv) Conveyance

- Q. No. 7.** Compute taxable income of Miss. Faryal for the tax year ended on June 30, 2013 on the basis of following information: (20)

Basic Salary	600,000
Dearness Allowance	15,000
Bonus	50,000
Project Allowance	7,000
Entertainment Allowance	5,000
Principal Allowance	25,000
Donation to Shaukat Khanam Memorial Hospital, Lahore	40,000
Donation to University of the Punjab, Lahore	20,000
Zakat paid under the zakat and Ushr Ordinance, 1980	50,000
Overseas allowance	30,000
M.Phil allowance	60,000
Gain on sale of shares of Public Company (Sold within 6 Months)	150,000
Rent from Sublease of property (building)	200,000
Income from Property	300,000
Travelling allowance and Daily allowance (TA/DA)	25,000
Net profit from manufacturing business	100,000
Tax deducted at source from salary	30,000
Tax paid on registration of new locally manufactured motor vehicle	10,000
Efficiency honorarium	18,000
Utilities allowance	20,000

SECTION-D (BUSINESS ORGANIZATION AND FINANCE)

- Q. No. 8.** What are Articles and Memorandum of Association? Explain the basic contents of these documents. (20)
- Q. No. 9.** Explain the following: (5 each) 20
- (a) Liquidity and effect of short term loans on liquidity
(b) Capital market and its instruments
(c) Money market and its instruments
(d) Role and functions of Commercial Banks
