



FEDERAL PUBLIC SERVICE COMMISSION
COMPETITIVE EXAMINATION FOR
RECRUITMENT TO POSTS IN BS-17
UNDER THE FEDERAL GOVERNMENT, 2014
ACCOUNTANCY AND AUDITING, PAPER-I

Roll Number

TIME ALLOWED:	(PART-I MCQs)	30 MINUTES	MAXIMUM MARKS: 20
THREE HOURS	(PART-II)	2 HOURS & 30 MINUTES	MAXIMUM MARKS: 80

NOTE: (i) Part-II is to be attempted on the separate Answer Book.
(ii) Attempt **ONLY FOUR** questions from **PART-II**, selecting **TWO** questions from **EACH SECTION**. **ALL** questions carry **EQUAL** marks.
(iii) Candidate must write **Q. No.** in the **Answer Book** in accordance with **Q. No.** in the **Q. Paper**.
(iv) No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
(v) Extra attempt of any question or any part of the attempted question will not be considered.
(vi) Use of simple calculator is allowed.

PART-II
SECTION-A

Q 2: The following figures are taken from the books of Sun Company Limited as on December 31, 2013.

Debit balances	Rs.	Credit balances	Rs.
Opening stock	50000	Purchases returns	1000
Purchases	160000	Sales	300000
Carriage	4000	Discount	1500
Furniture	15000	Profit and loss	35000
Salaries	45000	Share capital	500000
Rent	34800	Sundry creditors	20000
Dividend paid	4500	General reserve	30000
Sundry debtors	60000	Salaries payable	2500
Machinery	300000	Provision for bad debts	9500
Premises	200000	Bad debts recovered	500
Cash at bank	9700	Bank loan 10% taken 1.1.2013	50000
Directors fee	9000		
Bills receivable	21000		
Trade expenses	9000		
Prepaid insurance	1500		
Bad debts	2000		
Interest on bank loan	4500		
Investments market price (Rs. 19000)	20000		
	950000		950000

Adjustments:

- (1) The average stock at the year-end was worth Rs. 65000. (2) Create a provision for income tax Rs. 10000.
(3) Increase provision for bad debts by Rs. 12000. (4) Depreciate machinery at 10%; furniture at 15%; and Premises at 5%.
(5) There is pending law suit for Rs. 50000 against the company for infringement of trade marks. (6) The machinery account includes new machinery worth Rs. 25000 purchased on January 1, 2012. This machinery is still lying unpacked at the end of December 31, 2013.

Prepare trading and profit and loss account; profit and loss appropriation account for the year ended December 31, 2013 and balance sheet as at that date as per Companies Ordinance 1984.

Q3: The following is the balance sheet of Shine Company as on December 31, 2013.

Liabilities	Rs.	Assets	Rs.
Equity share capital	120000	Fixed assets	360000
Reserves and surplus	80000	Less depreciation	100000
6% mortgage debentures	140000	Current assets :	
Current liabilities:		Cash	10000
Creditors	12000	Investment	30000
Bills payables	20000	Stock	60000
Outstanding expenses	2000	Sundry debtors	40000
Taxation provision	26000		
	400000		400000

Other information: Net sales Rs.600000; cost of goods sold Rs.516000; net income before tax Rs.40000; net income after tax Rs.20000.

Required: Calculate current ratio; acid test ratio; debt equity ratio; gross profit ratio and operating ratio.

Q 4: Prepare cash flow statement from the following balance sheets of X Ltd for the year ended December 31, 2013.

	2012	2013		2012	2013
	Rs.	Rs.	Assets	Rs.	Rs.
Liabilities and capital					
Share capital	40000	50000	Building	20000	16000
General reserve	7000	11000	Machinery	8000	14000
Profit and loss	3000	3400	Goodwill	6000	4000
9% debentures	10000	8000	Debtors	24000	32000
Sundry creditors	4600	1000	Stock	3600	4000
			Cash	3000	3400
	64600	73400		64600	73400

Adjustments: Depreciation charged on building Rs.10000 and on machinery Rs.6000

SECTION B

Q 5: A, B, and C were partners sharing profits and losses in the ratio of 2:2:1. C decided to retire on December 31, 2013. The following is the balance sheet of partnership firm

Balance sheet
December 31, 2013

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	10000	Stock of goods	10000
Reserve account	2000	Sundry Debtors	10000
Capital account A	24000	Bills receivable	4000
Capital account B	16000	Bank A/c	10000
Capital account C	12000	Land and building	30000
	64000		64000

A and B decided to share profits and losses in the ratio of 3:2 in future. Goodwill is valued at Rs. 10000. Land and building was appreciated by Rs.6000 and stock by Rs.2000. There was bad debt loss of Rs.1000 but not recorded in books. A and B decided to bring sufficient cash to settle the account of C and to make their capital proportionate. They also decided to maintain Rs.15000 bank balances for meeting the day to day business expenses. Prepare necessary journal entries and prepare balance sheet of newly constituted firm.

Q 6: Fast Ltd purchased machinery on January 1, 2011 and its book value was Rs.40500 on January 1, 2013. The company had been writing off depreciation at 10% per annum on diminishing balance method. The company disposed-off machinery for Rs.8400 on July 1, 2013 and book value of such machinery was Rs.12150 on January 1, 2011. It was decided that during 2013 sufficient depreciation should be written off to make up depreciation at 10% on original cost basis. Books are closed on December 31 each year. Pass necessary journal entries and prepare machinery account

Q 7: Hassan started business on January 1, 2013 with a capital of Rs.90000. He kept cash book and a record of his receivable and payables in a diary. His cash book showed following transactions for the year.

	Rs.
Expenses paid	22000
Cash purchases	56000
Cash sales	42000
Payments to creditors	100000
Receipts from debtors	140000
Personal drawings	10000
Purchase of a motor cycle	60000

On December 31, 2013 the stock was valued at Rs.20000. The payables and receivables were Rs.120000 and Rs.110000 respectively. Provide depreciation motor cycle at the rate of 20%. Prepare trading and profit and loss account for the year ended December 31, 2013 and balance sheet as on date.

Q 8: From the following particulars prepare Profit and Loss Account (vertical format) of ABC Bank Limited for the year ended December 31, 2013

Mark-up earned	Rs. 35000
Mark-up expensed	37000
Income from dealing in foreign currency	4500
Commission, exchange and brokerage	1200
Administrative expenses	16000
Non-mark-up income	19000
Other income	22000
Income tax provision	1500
Other provisions	200
Gain on sale of securities	13000
Bad debts written off	5000
Provision for diminution in value of investments	7000
Provision against non-performing loans	2500
Dividend income	5400
	4700



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ACCOUNTANCY AND AUDITING, PAPER-II

TIME ALLOWED:	(PART-I MCQs)	30 MINUTES	MAXIMUM MARKS: 20
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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) Candidate must write Q. No. in the Answer Book in accordance with Q. No. in the Q. Paper.
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PART-II

SECTION-A (COST ACCOUNTING)

Q. No. 2. When Financial Accounting delivers the goods, why Cost Accounting records are needed? Make out a case for introduction of Cost Accounting in all Industries. State your rationale with expected productive results. (20)

Q. No. 3. The following information is available regarding Job No. 101: (20)

<u>Direct Labour Cost</u>	<u>Cost (Rs.)</u>	<u>Hours</u>
Week of November 2	75,000	600
Week of November 9	83,000	750
Week of November 16	82,000	720
Week of November 23	460,000	400

Direct Material Cost:

Material purchased direct for the job: Rs. 580,000
Material issued from store: Rs. 120,000

Manufacturing Expenses:

Applied @ Rs. 80 per direct labour hour

Other Direct Manufacturing Cost:

Loading & Shipping and Installation: Rs. 75,000

Administrative and Selling Expenses:

To be charged @ 10 % of total cost to make and install

Selling price of the machine is Rs. 1,525,000

Required:

Prepare a Job Order Cost Sheet including a summary showing the Profit or the Loss relating to above Job number.

SECTION-B (AUDITING)

Q. No. 4. Explain various types of Audit Reports required by a duly qualified Auditor under the Companies Ordinance, 1984. First list the names of Audit Reports and later explain the salient feature governing the above Audit Reports. Along with this, briefly explain the four types of Audit Reports with expression of Auditor's opinion. (20)

Q. No. 5. Describe procedures governing verification of the following items: (5 each) (20)

- Deferred taxation
- Investments held
- Cash in transit
- Long term liabilities

SECTION-C (INCOME TAX LAW)

- Q. No. 6.** The following data are available relating to Mr. X for the year ended on June 30, 2012: (20)
- | | | |
|----|--|---------------|
| 1. | Salary | Rs. 2,400,000 |
| 2. | Bonus | 400,000 |
| 3. | Prize Bond Winning | 200,000 |
| 4. | Dividends received from listed company | 400,000 |
| 5. | Casual Income | 200,000 |
| 6. | Rent received from owned property | 400,000 |

Required:

Compute Taxable Income and Tax payable by Mr. X under different sources of Income.

- Q. No. 7.** Describe procedure involved under Universal Self-Assessment Scheme under Income Tax Law. What checks and balances exist for successful and smooth operation of the above scheme? (20)

SECTION-D (BUSINESS ORGANIZATION AND FINANCE)

- Q. No. 8.** You have been invited by management to form a Public Listed Company in Pakistan. State steps which you will take to implement the above directive. List points in the light of Companies ordinance 1984 for formation of the above Listed Company. (20)

- Q. No. 9.** Describe the following terms used in the field of finance in Pakistan. Illustrate your answer. (5 each) (20)
- Bridge Finance
 - NIB modes of financing
 - Quick ratio
 - Inventory turnover
