

S No.	Choice	Rationale for answer
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- (1) Books of original entry are called:
(a) Ledger (b) Worksheets (c) Journal (d) None of these.
- (2) For preparing balance sheets prepaid expenses are showed as part of
(a) Liability (b) Equities (c) Assets (d) None of these.
- (3) Unpaid and unrecorded expenses are called:
(a) Prepaid expenses (b) Accrued expenses (c) Additional expenses
(d) None of these.
- (4) Amount, cash, or other assets removed from business by owner is:
(a) Capital (b) Drawings (c) Assets (d) None of these.
- (5) Under the diminishing balance method, depreciation amount is:
(a) Payment (b) Receipt (c) Expenditure (d) None of these.
- (6) Users of accounting information include:
(a) The Tax Authorities (b) Investors (c) Creditors (d) All of these.
- (7) The business form(s) in which the owner(s) is (are) personally liable is (are) the:
(a) Partnership only (b) Proprietorship only (c) Corporation only
(d) Partnership and proprietorship (e) None of these.
- (8) The investment of personal assets by the owner:
(a) Increases total assets and increases owner's equity.
(b) Increases total assets only.
(c) Has no effect on assets but increases owner's equity.
(d) Increases assets and liabilities.
(e) None of these.
- (9) All of the following are forms of business organisations except:
(a) Proprietorship (b) Corporation (c) Retailer (d) Partnership
(e) None of these.
- (10) Economic resources of a business that are expected to be of benefit in the future are referred to as:
(a) Liabilities (b) Owner's equity (c) Withdrawals (d) Assets
(e) None of these.
- (11) An owner investment of land into the business would:
(a) Decrease withdrawals (b) Increase liabilities (c) Increase owner's equity
(d) Decrease assets (e) None of these.
- (12) A cash purchase of supplies would:
(a) Decrease owner's equity (b) Increase liabilities
(c) Have no effect on total assets (d) None of these.
- (13) An owner investment of cash into the business would:
(a) Increase assets (b) Decrease liabilities (c) Increase withdrawals
(d) Decrease owner's equity (e) None of these.
- (14) The payment of rent each month for office space would:
(a) Decrease total assets (b) Increase liabilities (c) Increase owner's equity
(d) None of these.
- (15) Real accounts are related to:
(a) Assets (b) Expenses and Incomes
(c) Customers and Creditors etc. (d) None of these.

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FEDERAL PUBLIC SERVICE COMMISSION
COMPETITIVE EXAMINATION FOR RECRUITMENT TO POSTS
IN BPS-17 UNDER THE FEDERAL GOVERNMENT, 2001.

ACCOUNTANCY AND AUDITING
PAPER-II

TIME ALLOWED: THREE HOURS

MAXIMUM MARKS: 100

NOTE: Attempt FIVE questions in all, including QUESTION # 9 which is **COMPULSORY**.
ONE question must be attempted from each part. All questions carry equal marks.

PART - A : COST-ACCOUNTING

1. (a) Briefly describe the functions of the financial accountant and management accountant highlighting the limitations of financial accountant in carrying out the management objectives.
(b) Describe the roles in respect of authority, responsibility and accountability of financial accountant and management accountant clearly defining the inter-relation.
2. (a) Define characteristic difference between Fixed Cost and Variable Cost
(b) Following information of the manufacturing unit is made available to you for the month of July 1996

BUDGET DATA:

Units	1000
Material used	3 kg per unit @Rs. 20 per kg
Labour per unit	2 hours
Labor rate per hour	Rs. 10.00

FACTORY OVERHEADS:

Fixed	Rs. 10,000
Variable	Rs. 20,000

ACTUAL PERFORMANCE

Units completed	900
Materials used	2750 kg at Rs. 22 per kg
Labor hours worked	1850 hours at Rs. 11 per hour
FOH incurred	Rs. 26900

Required:

Compute Two Variance for each of the following items

- (a) Materials (b) Labour (c) Factory overheads

PART - B : AUDITING

3. (a) Explain the term "teeming and lading" How can this type of fraud be prevented?
(b) What is the responsibility of an auditor in detection of frauds.
4. During the Audit of Meat Packers Ltd. you are assigned to cover the audit of the payrolls of 800 employees

FEDERAL PUBLIC SERVICE COMMISSION

COMPETITIVE EXAMINATION FOR RECRUITMENT TO POSTS IN BPS-17 UNDER THE FEDERAL GOVERNMENT, 2004.

ACCOUNTANCY & AUDITING, PAPER-I

TIME ALLOWED: THREE HOURS

MAXIMUM MARKS: 100

NOTE: (i) Attempt **FOUR** questions in all, including **QUESTION Nos. 5 AND 6** which are **COMPULSORY**. **QUESTION NO 5** carries 40 marks. All other questions carry **EQUAL** marks i.e. 20 marks each.

(ii) Give workings to solution of questions, wherever relevant.

1. What is a Trial Balance? Why is it prepared? What are the two methods of preparing it and which of them is a better one and why?
2. Answer the following short questions briefly. Each question carries two marks.
 - (a) Define ledger
 - (b) List three disadvantages of not preparing the Trial Balance.
 - (c) Give two examples of errors of principle.
 - (d) State two methods of charging depreciation on fixed assets.
 - (e) What is reserve for doubtful debts?
 - (f) Why is revaluation account prepared?
 - (g) Enumerate at least four reasons for which a cheque is dishonoured.
 - (h) What are capital receipts?
 - (i) Name two methods of preparing final accounts from incomplete records.
 - (j) What do you understand by closing entries?
3. Given below is the Receipts and Payments Account of the Eagle Club for the year ending 31st December 2003.

	Rs.		Rs.
Balance b/d	10,250	Salaries	3,000
Subscriptions		General expenses	750
2002	400	Drama expenses	4,500
2003	20,500	Newspapers etc.	1,500
2004	600	Municipal taxes	400
Donations	5,400	Charity	3,500
Proceeds of Drama tickets	9,500	Investments	20,000
Sales of waste paper	250	Electricity Charges	1,450
		Balance c/d	9,000
	47,100		47,100

Required: Prepare the Club's Income and Expenditure Account for the year ended 31st December 2003 and its Balance sheet as on that date, after taking the following information into account:

- (a) There are 500 members, each paying on annual subscription of Rs.50, Rs.600 being in arrears for 2002.
 - (b) Municipal taxes amounting to Rs.400 per annum have been paid up to 31st March 2004 and Rs.500 for salaries is outstanding.
 - (c) Building stood in the books at Rs.60,000 and it is required to write off depreciation at 5 per cent.
 - (d) Four per cent interest has accrued on investments for five months.
4. A and B were in partnership sharing profit and losses in the proportion of three fourth and one fourth respectively. Their Balance Sheet stood as follows on 31st December 2003.

<u>Liabilities</u>	<u>Rs.</u>	<u>Assets</u>	<u>Rs.</u>
Creditors	37,500	Cash at bank	22,500
Capital Account		Bill Receivable	3,000
A	40,000	Book Debts	16,000
B	10,000	Stock	20,000
		Furniture	1,000
		Building	25,000
	87,500		87,500

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ACCOUNTANCY & AUDITING, PAPER-II:

PART-D : (BUSINESS ORGANIZATION AND FINANCE)

7. (a) Describe registration of partnership. What are the consequences of non-registration?
(b) Enumerate rights, duties and liabilities of partners?
8. (a) Define business finance and discuss the advantages and disadvantages of debt financing.
(b) What is a capital market? Explain in detail.

COMPULSORY QUESTION

9. Deliver the correct answer in the Answer Book. Do not reproduce the question. Over-writing is not allowed. Over-written answer will carry no grade.
- (1) The heat treatment department at Noori Pipe is the third department in a sequential process. The work in process account for the department would consist of:
(a) Cost transferred in from the prior department
(b) Materials costs added in the heat treatment department
(c) Conversion costs added in the heat treatment department
(d) All of the above
(e) None of the above
- (2) Jingo Products uses the weighted average method in its process costing system. Last month in the milling department the cost per equivalent unit for conversion cost was Rs. 105. A total of 540 equivalent units of conversion cost were used to compute this unit's cost. The total conversion cost added during the month was Rs. 54,500. What was the amount of conversion cost in the beginning work in process inventory?
(a) Rs. 0 (b) Rs. 2,200 (c) Rs. 4,200
(d) Rs. 3,000 (e) None of these
- (3) Shahzad Corp. uses the FIFO method in its process costing system. The company had Rs. 6,000 of materials cost in its beginning work in process inventory and the company added Rs. 75,000 in materials cost during the period. The equivalent units of production for materials were 20,000. The unit cost per equivalent unit for materials would be:
(a) Rs. 3.75 (b) Rs. 4.05 (c) Rs. 0.30
(d) Rs. 3.20 (e) None of these
- (4) Costs in the beginning work in process inventory are added to the cost of the current period when making units cost calculations by:
(a) The FIFO cost method (b) The weighted average cost method
(c) The quantity schedule method (d) LIFO method
(e) None of these
- (5) A chemical process has normal wastage of 10% of input. In a period, 2500 kgs of material were input and there was an abnormal loss of 75 kgs. What quantity of good production was achieved?
(a) 2175 kgs (b) 2250 (c) 2325 kgs
(d) 2425 kgs (e) None of these
- (6) Premium on issue of shares can be used for:
(a) Payment of dividends (b) Writing off preliminary expenses
(c) Paying fees to directors (d) Redemption of debentures
(e) None of these
- (7) Right shares mean the shares which are:

Adjustments:

1. Stock on December 31, 2004 was Rs. 1,02,000.
 2. Increase bad debts provision on account receivable to 5% and provide discount reserve on account receivable at 2%.
 3. Depreciate machinery by 10%.
 4. Goods taken away by the owner for his personal use Rs. 2,400.
 5. Machinery purchased Rs. 6,000 was wrongly included in purchases.
 6. Unused stationary for Rs.1,800 wrongly included in closing stock.
 7. Apprentice fee to be adjusted for four years.
- Note:** No depreciation should be charged on the machinery purchased during the year and on carriage paid on such machinery.

Required:

Trading and Profit & Loss Account for the year ended Dec 31, 2004 and Balance Sheet after taking into account the above adjustments.

Q.No.6: Select the most suitable option.

- (1) The purchase of machinery on account would:
 - (a) Increase an asset and decrease another asset
 - (b) Increase an asset and decrease liability
 - (c) Increase an asset and increase liability
 - (d) Decrease an asset and increase a liability
- (2) In general, the accounts in the Income Statement are known as:
 - (a) Real Account
 - (b) Contra Asset
 - (c) Nominal Account
 - (d) Unrecorded revenue account
- (3) In general terms, financial assets appear in the Balance Sheet at:
 - (a) Face Value
 - (b) Current Cash Value
 - (c) Cash
 - (d) Estimated future sales value
- (4) A limited Co; sold marketable securities cost Rs. 80,000 for Rs. 92,000 cash. In the income statement and statement of cash flows respectively, this will appear as:
 - (a) A Rs. 12,000 gain and Rs.92,000 cash receive
 - (b) A Rs. 92,000 gain and Rs.8,000 cash receive
 - (c) A Rs. 12,000 gain and Rs.80,000 cash receive
 - (d) A Rs. 92,000 sales and Rs.92,000 cash receive
- (5) Which of the following is least important as a measure of short-term liquidity.
 - (a) Debtor Ratio
 - (b) Current Ratio
 - (c) Cash flow from operating activities
 - (d) Quick Ratio
- (6) Uzma Ltd; Net Income was Rs. 4,00,000 in 2003 and Rs. 1,60,000 in 2004. What percentage increase in net income must achieve in 2005 to off set the decline in profits in 2004?
 - (a) 60%
 - (b) 150%
 - (c) 200%
 - (d) 70%
- (7) Which of the following does not describe accounting?
 - (a) Language of Business
 - (b) Is an end rather than a mean to an end
 - (c) Useful for decision making
 - (d) Used by business government, non profit organizations and individuals.