

CSS Past Papers

**Subject: Accountancy and
Auditing**

Year: 2021

CSS/PMS GRAMMAR

— علم بڑی طاقت ہے —





FEDERAL PUBLIC SERVICE COMMISSION
COMPETITIVE EXAMINATION-2021
FOR RECRUITMENT TO POSTS IN BS-17
UNDER THE FEDERAL GOVERNMENT
ACCOUNTANCY AND AUDITING, PAPER-I

Roll Number

TIME ALLOWED: THREE HOURS
PART-I(MCQS): MAXIMUM 30 MINUTES

PART-I (MCQS)
PART-II

MAXIMUM MARKS = 20
MAXIMUM MARKS = 80

- NOTE: (i) Part-II is to be attempted on the separate Answer Book.**
(ii) Attempt ONLY FOUR questions from PART-II by selecting TWO questions from EACH SECTION. 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) 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 question will not be considered.
(vii) Use of Calculator is allowed.

PART – II
SECTION – I

- Q. 2.** You are required to prepare **Income Statement** for the period ending 31st December, 2019: **(20)**

Merchandise Opening Inventory.	18,000	Office Rent Expenses	2000
Sales Discount	4,000	Traveling Expenses	1,300
Sales Return & Allowances	2,000	Office Supplies Expense	700
Purchases	1,80,000	Interest Expense	1,700
Carriage	1,600	Postage Expense	200
Sales Salaries	12,000	Insurance Expense	400
Rent Expense-selling	1,200		
Advertising expense	1,400	Sales	2,17,000
Utilities expense-selling	900	Purchases Discount	1,700
Depreciation exp.-selling	400	Purchases Return. & Allow.	1,300
Office Salaries	8,000	Interest Earned	3,800

- Q. 3.** A, B are two partners sharing profits and losses in the ratio of 3:1. They admit K as a partner and he pays Rs. 30,000 as capital. The new ratio is to be 3:1:1. The goodwill of the firm is to be based on 3 years' purchase of the average 4 years' profits which are Rs. 15,000, 12,000, 18,000, 19,000.

Required:

Show the journal entries, if:

- (A) K pays for the goodwill in cash. **(10)**
(B) He is unable to bring the cash for the goodwill. **(10) (20)**

- Q. 4.** XYZ purchased a delivery truck for the distribution of its finished products for Rs. 65,000 on 1st January, 2013. The expected useful life of that truck was five years and a salvage value of Rs. 5,000.

Required:

Calculate the following:

- (A) The annual depreciation expense by applying sum of the year digit method. **(10)**
(B) Pass journal entries and prepare depreciation schedule. Also state the assumptions of this method. **(10) (20)**



SECTION – II

Q. 5. Attock Engineering Co. Ltd produces machines as per customer's specifications. The following data pertains to job order no. 1122:

Description: 6 machines.	Week ending 14/08	week ending 21/08
Material used Deptt. A	Rs. 4800	Rs.2600
Direct labor rate Deptt. A	Rs. 40/ hour	Rs. 40/ hour
Labor hour used Deptt A	1200	800
Direct labor rate Deptt B	Rs. 42/ hour	Rs. 42/ hour
Labor hour used Deptt.B	600	280
Machine hours. Deptt B	400	240
Applied FOH Deptt. A	Rs. 20/ labor hour	Rs. 20/ labor hour
Applied FOH Deptt. B	Rs. 18/ machine hour	Rs. 18/ machine hour
Marketing and administrative costs are charged to each order @ 20% of the cost to manufacture.		

Required: Prepare job order cost sheet. Calculate sales price of the job, assuming that it has been contracted with a mark-up of 40% of cost. (20)

Q. 6. Volter company's contribution format income statement for the recent year is given below:

	<u>Total (Rs.)</u>	<u>Per unit (Rs.)</u>	<u>% of sales</u>
Sales (20,000) units	1,200,000	60	100%
Less Variable Exp.	900,000	45	75%
Contribution margin	300,000	15	25%
Less fixed Exp.	240,000		
Operating income	60,000		

Management is anxious to improve the company's profit performance and has asked you for an analysis of number of items.

Required:

- (A) Compute the company's CM ratio and variable expense ratio. (10)
 (B) Compute the company's breakeven point in both units and sales rupees. (10) (20)

Q. 7. Brooks Inc. uses process costing. The costs for Department 2 for April were:

Cost from preceding department	Rs.20,000
Cost added by department:	
Materials	Rs.21,816
Labor	7,776
FOH	4,104
	33,696

The following information was obtained from the department's quantity schedule:

Units received	5,000
Units transferred out	4,000
Units still in process	1,000

The degree of completion of the work in process as to costs originating in department 2 was: 50% of units were 40% complete; 20% were 30% complete; and the balance were 20% complete.

Required: The cost of production report for Department 2 for April.

(20)

Q. 8. When setting its predetermined overhead application rate, Tasty Inc. estimated its overhead would be Rs.75,000 and manufacturing would require 25,000 machine hours in the next year. At the end of the year, it found that actual overhead was Rs.74,000 and manufacturing required 24,000 machine hours.

Required:

- (A) Determine the predetermined overhead rate. (10)
 (B) What is the overhead applied during the year? (10) (20)



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ACCOUNTANCY & AUDITING, PAPER-II

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PART-I(MCQS): MAXIMUM 30 MINUTES	PART-II	MAXIMUM MARKS = 80
NOTE: (i) Part-II is to be attempted on the separate Answer Book . (ii) Attempt ONLY FOUR questions from PART-II by selecting at least ONE question from EACH SECTION . 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) 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 question will not be considered. (vii) Use of Calculator is allowed.		

PART – II
SECTION – I (AUDITING)

- Q. 2.** Explain in detail why there is an established need for auditing services for each of the following organizations. **(5 marks each) (20)**
- (a) Publicly owned corporations (b) Privately owned corporations
(c) State and local government agencies (d) Partnerships
- Q. 3.** Explain computer audit approaches and also write a detailed note on the characteristics of Electronic Data Processing (EDP) system. **(20)**
- Q. 4.** Write a detailed note on the types of audit and auditors (GAAS). **(20)**

SECTION – II (BUSINESS TAXATION)

- Q. 5.** (a) According to the income tax ordinance, 2001, what do we mean by Resident and Non-Resident persons (sections 81-84)? Elaborate on the different types of resident persons. **(10)**
- (b) According to the income tax ordinance, 2001, what do we mean by tax year [section 2(68)]. Elaborate on different kinds of tax years. **(10) (20)**
- Q. 6.** From the following data, calculate the tax payable by Mr. Sohail Aslam for the year ended 30th June 2020: **(20)**
- (a) Salary Rs. 195,000 p.m.
(b) Special pay Rs. 25,000 p.m.
(c) Bonus for the year Rs. 585,000.
(d) Conveyance Allowance Rs. 15,000 p.m.
(e) Free accommodation provided by the employer. He was entitled to a house allowance of Rs. 420,000.
(f) Medical expenses reimbursed by his employer under the contract of employment Rs. 24,000.
(g) Zakat paid under the Zakat Ordinance during the year Rs. 48,000.
(h) Donation to the approved charitable institutions under section-61 Rs. 500,000.
(i) Legal expenses during the year Rs. 30,000.
(j) Amount paid for approved pension scheme during the year Rs. 190,000.
(k) Shares of listed companies purchased Rs. 10,00,000.

SECTION – III (BUSINESS STUDIES AND FINANCE)

- Q. 7.** (a) Give hypothetical journal transactions that will have the following types of effects on the elements of balance sheet equation (Assets = Liabilities + Owner's Equity). **(10)**
- (i) Increase in an asset and increase in a liability. **(02)**
 - (ii) Decrease in an asset and decrease in a liability. **(02)**
 - (iii) Increase in one asset and decrease in another asset. **(02)**
 - (iv) Increase in an asset and increase in owner's equity. **(02)**
 - (v) Increase in one asset, decrease in another asset and increase in a liability. **(02)**
- (b) Using the information given in the following table, complete the balance sheet given underneath and write it down in answer book provided. Show there the required calculations as well. **(10) (20)**

Table

Long Term Debt to Equity	0.5 to 1
Total assets turnover	2.5 times
Average Collection Period (assume 360 day year and all sales on credit)	18 days
Inventory turnover	9 Times
Gross Profit Margin	10 %
Acid-test ratio	1 to 1

Balance Sheet

Cash	\$	Notes and Notes Payable	\$100,000
Accounts Receivable		Long-Term Debt	
Inventory		Common Stock	100,000
Plant and Equipment		Retained Earnings	100,000
Total Assets	\$	Total Liabilities and shareholders' equity	\$

- Q. 8.** Explain in detail the factors which are related to the risk structure of interest rates. **(20)**
