

**COMPETITIVE EXAMINATION FOR THE POSTS OF PROVINCIAL
MANAGEMENT SERVICES (BPS-17) 2013**

Accountancy and Auditing Paper-II

Time Allowed: 03 Hours

Max. Marks: 100

Note: Attempt any **FIVE** questions.

1. Crowley Inc., submit the following data for September:

Direct labor cost: \$30,000

Cost of goods sold: \$ 111,000

Factory overhead is applied at the rate of 150% of direct labor cost

Inventory accounts showed these beginning and ending balances:

	September 1	September 30
Finished Goods	\$ 15,000	\$ 17,000
Work in process	\$ 9,000	\$ 13,000
Materials	\$ 7,000	\$ 7,400

Other data:

Marketing expenses \$ 14,100

General and administrative expenses \$ 22,900

Sales for the month \$ 182,000

Required:

An income statement with schedule showing cost of goods manufactured and sold
(20 marks)

2. The following data are available:

	Product A	Product B
Standard cost per direct labor hour:		
Fixed factory overhead	\$ 1.00	\$ 1.00
Variable factory overhead	\$ 1.50	\$ 2.00

Actual data:

Sales	10,000 units	12,000 units
Production	8,000 units	14,000 units

Each product unit requires two hours of direct labor when operating at standard; fixed factory overhead was budgeted at \$ 40,000; actual factory overhead was \$ 125,000.

Required:

- a. Factory overhead controllable and volume variance
b. Additional information required compute factory overhead variance using the three and four variance methods.

(10 + 10 marks)

3. Define 'Audit' and write a detailed note on the objectives of the independent auditor and conduct of the audit.

(5 + 15 marks)

4. Define 'Internal Control' and write a detailed note on the Systems of Internal Control in an organization.

(5 + 15 marks)

(2)

5. Mr. Ghaus is employed in a company after his retirement from army. Details of his income for the year ended 30th June, 2013 are as under:

Basic Salary from company	Rs. 20,000 per month
Entertainment allowance	Rs. 1,000 per month
Contribution to unrecognized provident fund:	
Employee's contribution	Rs. 15,400 per annum
Employer's contribution	Rs. 15,400 per annum
Interest credited on provident fund during the year	Rs. 18,000
Pension received from army	Rs. 48,000 per annum

Notes:

1. Mr. Ghaus has been provided a rent free accommodation by the company
2. The company also provided him gas, water and electricity worth Rs. 39,000 free of charge.
3. Mr. Ghaus has been provided a car by his employer for personal as well as official use. Car was purchased by employer for Rs. 450,000.

Required:

Calculate the taxable income of the Mr. Ghaus.

(20 marks)

6. Write detailed notes on any Two of the following Heads of Income:

- a. Salary
- b. Income from property
- c. Income from business or profession
- d. Capital gains

(10 + 10 marks)

7. Write a detailed note on advantages and disadvantages of long term financing. Also critically evaluate its role in the economic development of Pakistan.

(20 marks)

8. Write detailed note on following categories of ratios:

- a. Efficiency Ratios
- b. Leverage Ratios

(10+10 marks)