

KHYBER-PAKHTUNKHWA, PUBLIC SERVICE COMMISSION, PESHAWAR
COMPETITIVE EXAMINATION FOR THE POSTS OF PMS

2018

Accountancy and Auditing Paper-II

Time Allowed: 03 Hours

Max. Marks: 100

Note: Attempt any FIVE questions.

Q.No.1. The Pak China Company Trial Balance December 31, 2015

	Dr.	Cr.
Cash	Rs. 62,200	
Notes Receivable	4,600	
Accounts Receivable	20,000	
Materials Inventory Jan:1	15,000	
Work in Process - Materials Jan:1	7,000	
Work in Process - Labour Jan: 1	6,000	
Work in Process - Factory Overhead Jan:1.	6,000	
Finished Goods Inventory Jan: 1	63,000	
Prepaid Insurance	500	
Prepaid Taxes	400	
Buildings	1,00,000	
Allowance for Depreciation on Building		Rs: 10,000
Plant and Equipment	1,60,000	
Allowance for depreciation on Plant & Equipment		30,000
Office Furniture and Fixtures	3,000.	
Allowance for Depreciation on office Furniture & Fixture		450
Accounts Payable		40,500
Interest on Mortgage Payable		1,000
Wages Payable		4,550
Mortgage on Plant & Machinery		1,00,000
Capital		1,50,000
Retained Earnings		50,000
Sales		2,80,000
Sales Returns	10,500	
Rebates & Allowances on Sales	5,400	
Materials Purchases	70,000	
Payroll:Direct	60,000	
Indirect	10,100	
Small Tools Expense	2,300	
Indirect Materials Purchased & Used	12,200	
Miscellaneous Factory Overhead Costs	14,500	
Freight Out	10,200	
Sales Salaries & Commission	5,800	
Miscellaneous selling Costs	7,650	
Office Salaries	4,150	
Miscellaneous Office Costs	5,200	
Discounts on Sales	4,500	
Interest Allowed	6,200	
Interest Received		9,900
	<u>Rs: 6,76,400</u>	<u>Rs:6,76,400</u>

The following supplementary information is available:

Inventories as of December 31 at cost

Materials	Rs: 14,700
Work in Process - Materials	4,500
Work in Process - Labour	4,000
Work in Process - Overhead	4,000
Finished Goods	62,600

Allowance for Depreciation:

5% on Building (80% to factory, 10% to administration and 10% to sales) 10% on Machinery and 15% on office Furniture and Fixture.

Required: Prepare Statement of Cost of Goods Manufactured and Sold:

(20 Marks)

Q.No. 2. The work in process account is called controlling account. Explain why does it control in a job order cost accounting method?

(5+15 Marks)

Q.No. 3. Discuss in detail the Auditors liability for Negligences.

(20 Marks)

Q.No. 4. Define Audit program and how it is prepared? Discuss Advantages and limitations of audit program.

(10+10 Marks)

Q.No. 5. From the following information calculate income tax payable by Muhammad Saleem for the tax year ending 30th June 2015.

1. Basic salary Rs: 40,000 per month in the scale (Rs.:30,000-5,000-60,000)
2. Bouns Rs: 12,000
3. Entertainment allowance Rs: 90,000
4. House rent allowance at 50% of the minimum time scale
5. Conveyance allowance Rs: 50,000
6. Tax paid by the employer Rs: 20,000
7. Zakat was deducted Rs: 200,000
8. Training course fee paid by employer Rs: 25,000
9. Encashment against unavailed leave Rs: 20,000
10. Interest fee loan obtained from employer Rs: 7,00,000
11. Medical allowance Rs: 60,000
12. Lahore Gymkhana membership fee paid by employer Rs: 15,000
13. Telephone bills paid by employee himself Rs: 40,000 (tax paid with telephone bills Rs: 1000)
14. Tax paid on cash withdrawal from bank Rs: 2,500
15. Hotel bills paid by the company relating to official duties Rs: 30,000.

(20 Marks)

Q.No. 6. Define the following terms with reference to the Income Tax Ordinance 2001

- (i) Taxpayer
- (ii) Accumulated Profits
- (iii) Capital Assets, and
- (iv) Dividend

(5+5+5+5 Marks)

Q.No. 7. "The one man control is the best control if that one is big enough to manage everything" Discuss the statement.

(20 Marks)

☞ The End ☞