

KHYBER PAKHTUNKHWA PUBLIC SERVICE COMMISSION

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

ACCOUNTING & AUDITING, PAPER-II

15

TIME ALLOWED: 03 HOURS

MAX: MARKS: 100

Note: Attempt any five questions. All questions carry equal marks.

Q.1- The Gassert Company uses process costing in its two producing departments. The following information pertains to Department 2 for November. Normal spoilage is 5% of output; inspection and identification of spoilage take place at the end of the process; materials are added after inspection. Department 2 received 14,000 units from Department 1 at a cost of Rs.140,000. A total of 8,000 units were completed and transferred to finished goods. At the end of the month, 5000 units were still in process, estimated to be 60% complete as to conversion costs. Prepare a cost of production report for department 2.

Q.2- The CBA Company produces three joint products, C, B and A. During February the following information was recorded:

	<u>C</u>	<u>B</u>	<u>A</u>	<u>Total</u>
Joint materials	-	-	-	Rs. 5,000
Joint processing	-	-	-	Rs.23,000
Separable processing	Rs.8,000	Rs.5,000	Rs.2,000	Rs.15,000
Output in Kilograms	2,000 Kg	5,000 Kg	3,000 Kg	10,000 Kg
Sales in Kilograms	1,500 Kg	4,200 Kg	2,400 Kg	8,100 Kg
Sales price/Kilogram	Rs.10	Rs.6	Rs.7	----

You are required to compute:

- Total cost for each product using the market value method.
- Justification for treating a joint product as a by-product.

Q.3- Define Audit Plan and explain that what factors should be considered by the Auditor while developing a comprehensive audit plan.

Q.4- Distinguish between Internal Auditor and External Auditor and write a detailed note on Rights and Duties of External Auditor.

Q.5- Mr. Gul Zaman is 66 years of age. At present he is working as Director Finance in a multinational organization. His particulars for the year ended 30th June, 2016 are as follows:

- Basic Salary Rs.30,000 p.m
- House Allowance Rs.10,500 p.m
- Markup on House Financing Scheme Rs.3,000

Compute his tax payable given the following tax rates.

Tax Rates: Upto Rs.400,000 – Exempt

Rs.400,000 to Rs.500,000 – 2% of the amount exceeding Rs.400,000

Q.6- Define short term financing and write a detailed note on advantages and disadvantages of short term financing.

Q.7- Explain the following set of ratios, and critically analyze their usefulness and limitations with suitable examples:

- Liquidity Ratios
- Profitability Ratios