



**FEDERAL PUBLIC SERVICE COMMISSION**  
**COMPETITIVE EXAMINATION-2021**  
**FOR RECRUITMENT TO POSTS IN BS-17**  
**UNDER THE FEDERAL GOVERNMENT**

Roll Number

**ACCOUNTANCY & AUDITING, PAPER-II**

<b>TIME ALLOWED: THREE HOURS</b>	<b>PART-I (MCQS)</b>	<b>MAXIMUM MARKS = 20</b>
<b>PART-I(MCQS): MAXIMUM 30 MINUTES</b>	<b>PART-II</b>	<b>MAXIMUM MARKS = 80</b>
<p><b>NOTE:</b> (i) <b>Part-II</b> is to be attempted on the separate <b>Answer Book</b>.  (ii) Attempt <b>ONLY FOUR</b> questions from <b>PART-II</b> by selecting at least <b>ONE</b> question from <b>EACH SECTION</b>. <b>ALL</b> questions carry <b>EQUAL</b> 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) <b>Use of Calculator is allowed.</b></p>		

**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 30<sup>th</sup> 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.

**ACCOUNTANCY & AUDITING, PAPER-II****SECTION – III (BUSINESS STUDIES AND FINANCE)**

- Q. 7.** (a) Give hypothetical journal transactions that will have the following types of effects (10)  
on the elements of balance sheet equation (Assets = Liabilities + Owner's Equity).
- (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 (10) (20)  
underneath and write it down in answer book provided. Show there the required  
calculations as well.

**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)

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