



FEDERAL PUBLIC SERVICE COMMISSION
COMPETITIVE EXAMINATION – 2017
FOR RECRUITMENT TO POSTS IN BS-17
UNDER THE FEDERAL GOVERNMENT

Roll Number

ACCOUNTANCY AND AUDITING, PAPER-II

TIME ALLOWED: THREE HOURS	PART-I (MCQS)	MAXIMUM MARKS = 20
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, selecting AT LEAST ONE questions from EACH SECTION A, B & C. 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) Candidate must 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 attempted question will not be considered.		
(vii) Use of Calculator is allowed.		

PART-II
SECTION-A (AUDITING)

Q. No. 2. What system of Internal check would you recommend for a large manufacturing company to prevent fraud in connection with the purchase of raw material on credit basis? **(20)**

Q. No. 3. A fraud has been committed in a business. Being a Manager of Accounts you are asked by the authorities to take up investigative measures and steps to extract the fraudulent matter. Discuss the measures and steps you will take in this regard. **(20)**

Q. No. 4. What is meant by Auditor's Report? Describe the key characteristics of a good audit report, along with the significance of Auditor's report to show the transparent picture of the company. **(20)**

SECTION-B (BUSINESS TAXATION)

Q. No. 5. (A) Define the concept of sales tax & describe the sales tax act of 1990. Identify the official positions of Inland revenue officers and their powers. **(20)**
(B) Mr. Sartaj is registered under the Sales Tax Act, 1990 as a manufacturer as well as a commercial importer. He has provided you the following information for the month of February, 2016:

	Rs. in Million
Export sales – manufactured goods	35
Local sales of exempt manufactured goods	25
Taxable supplies – manufactured goods	130
Taxable supplies – commercial imports	70
Purchases	
• Local purchases of raw material from:	
Registered person	180
Unregistered persons	60
• Commercial imports	50

All the above amounts are exclusive of sales tax. Commercial imports have been stated at C&F value and are subjected to customs duty at the rate of 10%. There was no stock of commercial imports at the beginning or end of the month.

Required:

Compute the sales tax liability of Mr. Sartaj along with input tax to be carried forward (if any) in his sales tax return for the month of February 2016. **(Ignore the effect of minimum value addition in case of commercial imports)**

ACCOUNTANCY AND AUDITING, PAPER-II

- Q. No. 6.** (A) Identify the main features of Income Tax ordinance 2001. Also discuss the exemptions and tax concessions available to a taxpayer under that ordinance. (20)
- (B) Mr. Ahmed is an employee of a company. He has submitted the following information for the tax year 2016.

	Rs.
Basic Salary per annum	340,000
Bonus	56,000
Cost of living allowance	66,000
Dearness allowance	32,000
Rent free unfurnished accommodation – annual value	162,000
Company maintained car for personal and official use, cost of vehicle is.	980,000
Utility allowance	58,000
Leave encashment	31,600
Leave Fare Assistance provided every year	22,600
Hotel bills paid by the company relating to a pleasure trip	28,400
Employee's contribution towards provident fund	30,000
Zakat paid under Zakat and Ushr Ordinance	15,000
Tax deducted by the company for salary	35,000

Required: Compute the total income, taxable income and tax liability of Mr. Ahmed.

SECTION-C (BUSINESS STUDIES & FINANCE)

- Q. No. 7.** (A) Identify the major barriers that hamper global business in an open economy. (20)
- (B) Consider a coupon bond that has a face value of \$1000, has a yield of 16%, pays a semi annual coupon of 70, and matures in one year 'assuming that the bond will pay the face value amount that the cost coupon payment on the maturity date. Calculate the price of the bond.
- Q. No. 8.** (A) Describe the economic systems, also Identify which system is more beneficial for the economic development of the country. (20)
- (B) XYZ company presently pays a dividend of \$ 1.50 per share on its common stock. The company expects to increase the dividend at a 20% annual rate the first four years and at the rate of 13% at the next four years then the growth on the dividend at a 7% thereafter. This phased growth patterns is in keeping with the expected life cycle of earnings. You are required a 16% return to invest in this stock. What value should you place on a share of this Stock?
