



FEDERAL PUBLIC SERVICE COMMISSION
COMPETITIVE EXAMINATION-2021
FOR RECRUITMENT TO POSTS IN BS-17
UNDER THE FEDERAL GOVERNMENT
ACCOUNTANCY AND AUDITING, PAPER-I

Roll Number

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** by selecting **TWO** questions from **EACH SECTION**. **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) 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) **Use of Calculator is allowed.**

PART – II
SECTION – I

- Q.2.** You are required to prepare **Income Statement** for the period ending 31st December, 2019: **(20)**

Merchandise Opening Inventory.	18,000	Office Rent Expenses	2000
Sales Discount	4,000	Traveling Expenses	1,300
Sales Return & Allowances	2,000	Office Supplies Expense	700
Purchases	1,80,000	Interest Expense	1,700
Carriage	1,600	Postage Expense	200
Sales Salaries	12,000	Insurance Expense	400
Rent Expense-selling	1,200		
Advertising expense	1,400	Sales	2,17,000
Utilities expense-selling	900	Purchases Discount	1,700
Depreciation exp.-selling	400	Purchases Return. & Allow.	1,300
Office Salaries	8,000	Interest Earned	3,800

- Q.3.** A, B are two partners sharing profits and losses in the ratio of 3:1. They admit K as a partner and he pays Rs. 30,000 as capital. The new ratio is to be 3:1:1. The goodwill of the firm is to be based on 3 years' purchase of the average 4 years' profits which are Rs. 15,000, 12,000, 18,000, 19,000.

Required:

Show the journal entries, if:

- (A) K pays for the goodwill in cash. **(10)**
(B) He is unable to bring the cash for the goodwill. **(10) (20)**

- Q.4.** XYZ purchased a delivery truck for the distribution of its finished products for Rs. 65,000 on 1st January, 2013. The expected useful life of that truck was five years and a salvage value of Rs. 5,000.

Required:

Calculate the following:

- (A) The annual depreciation expense by applying sum of the year digit method. **(10)**
(B) Pass journal entries and prepare depreciation schedule. Also state the assumptions of this method. **(10) (20)**

ACCOUNTANCY AND AUDITING, PAPER-I

SECTION – II

Q. 5. Attock Engineering Co. Ltd produces machines as per customer's specifications. The following data pertains to job order no. 1122:

Description: 6 machines.	Week ending 14/08	week ending 21/08
Material used Deptt. A	Rs. 4800	Rs.2600
Direct labor rate Deptt. A	Rs. 40/ hour	Rs. 40/ hour
Labor hour used Deptt A	1200	800
Direct labor rate Deptt B	Rs. 42/ hour	Rs. 42/ hour
Labor hour used Deptt.B	600	280
Machine hours. Deptt B	400	240
Applied FOH Deptt. A	Rs. 20/ labor hour	Rs. 20/ labor hour
Applied FOH Deptt. B	Rs. 18/ machine hour	Rs. 18/ machine hour

Marketing and administrative costs are charged to each order @ 20% of the cost to manufacture.

Required: Prepare job order cost sheet. Calculate sales price of the job, assuming that it has been contracted with a mark-up of 40% of cost. (20)

Q. 6. Volter company's contribution format income statement for the recent year is given below:

	<u>Total (Rs.)</u>	<u>Per unit (Rs.)</u>	<u>% of sales</u>
Sales (20,000) units	1,200,000	60	100%
Less Variable Exp.	900,000	45	?
Contribution margin	300,000	15	?
Less fixed Exp.	240,000		
Operating income	60,000		

Management is anxious to improve the company's profit performance and has asked you for an analysis of number of items.

Required:

- (A) Compute the company's CM ratio and variable expense ratio. (10)
- (B) Compute the company's breakeven point in both units and sales rupees. (10) (20)

Q. 7. Brooks Inc. uses process costing. The costs for Department 2 for April were:

Cost from preceding department	Rs.20,000
Cost added by department:	
Materials	Rs.21,816
Labor	7,776
FOH	4,104
	33,696

The following information was obtained from the department's quantity schedule:

Units received	5,000
Units transferred out	4,000
Units still in process	1,000

The degree of completion of the work in process as to costs originating in department 2 was: 50% of units were 40% complete; 20% were 30% complete; and the balance were 20% complete.

Required: The cost of production report for Department 2 for April.

(20)

Q. 8. When setting its predetermined overhead application rate, Tasty Inc. estimated its overhead would be Rs.75,000 and manufacturing would require 25,000 machine hours in the next year. At the end of the year, it found that actual overhead was Rs.74,000 and manufacturing required 24,000 machine hours.

Required:

- (A) Determine the predetermined overhead rate. (10)
- (B) What is the overhead applied during the year? (10) (20)
