



**FEDERAL PUBLIC SERVICE COMMISSION**  
**COMPETITIVE EXAMINATION-2019**  
**FOR RECRUITMENT TO POSTS IN BS-17**  
**UNDER THE FEDERAL GOVERNMENT**  
**ACCOUNTANCY AND AUDITING, PAPER-I**

Roll Number

|   |                      |                           |
|---|----------------------|---------------------------|
| <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> |

- 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. No. 2.** Some amounts are omitted in each of the following financial statements. **(20)**

|                            |                |
|----------------------------|----------------|
|                            | <u>XY. Co.</u> |
| Total assets               | Rs. 37,500     |
| Total liabilities          | ?              |
| Common stock               | 2,500          |
| Retained earnings          | 13,500         |
| Revenue                    | 24,000         |
| Expenses                   | ?              |
| Retained earnings, Jan. 1  | ?              |
| Net income                 | 7,500          |
| Dividends                  | 6,000          |
| Retained earnings, Dec. 31 | 13,500         |

**Instruction:** Determine the missing amounts.

- Q. No. 3.**
- (a)** Burno Co. purchased equipment on Jan. 1, 2005 at a total invoice cost of Rs.280,000, additional costs of Rs.5,000 for freight and Rs.25,000 for installation were incurred. The equipment has an estimated salvage value of Rs.10,000 and an estimated useful life of five years. What is the amount of accumulated depreciation at Dec. 31,2006 if the straight-line method of depreciation is used? **(8)**
- (b)** A plant asset cost Rs.27,000 when it was purchased on Jan. 1, 2008. It was depreciated by the straight-line method based on a 9-year life with no salvage value. On June 30, 2008, the asset was discarded with no cash proceeds. What gain or loss should be recognized on the retirement? Pass the entry. **(6)**
- (c)** On June 30, 2010 B. Co. sells office furniture for Rs.60,000 cash. The office furniture originally cost Rs.150,000 when purchased on Jan 1, 2005. Depreciation is recorded by the straight-line method over 10 years with a Salvage value of Rs.15,000. **(6) (20)**

**Q. No. 4.** The balance sheet of AB Ltd. is as under: **(20)**

| <b>Liabilities</b>                     |                  | <b>Assets</b>              |                  |
|--|------------------|----------------------------|------------------|
| Equity share capital<br>(Rs. 100 each) | 1,000,000        | Plant & equipment          | 640,000          |
| Retained earning                       | 368,000          | Land & building            | 80,000           |
| Sundry creditors                       | 104,000          | Cash                       | 160,000          |
| Bills payable                          | 200,000          | Sundry debtors 360,000     |                  |
| Other current liabilities              | 20,000           | Allowance for B/D (40,000) | 320,000          |
|  |                  | Inventory                  | 480,000          |
|  |                  | Prepaid expenses           | 12,000           |
|  | <u>1,692,000</u> |                            | <u>1,692,000</u> |

**Required:**

- Compute the following:
- |                          |                      |
|--------------------------|----------------------|
| 1. Working capital       | 2. Current ratio     |
| 3. Quick or liquid ratio | 4. Super quick ratio |

**SECTION – II**

**Q. No. 5.** The AB & Co produces a chemical which requires processing in three departments. (20)  
The following is the data to the operation of department III for September, 2008.

|   |           |
|---|-----------|
| Units in process at start 50% completed as to Mat. & C.C                | 5,000     |
| Unit received from Department II  | 40,000    |
| Unit transferred to finished store room                                 | 35,000    |
| Normal units lost   | 1,000     |
| Balance of units is in process:   |           |
| 100% completed as to material & 50% as to C.C.                          |           |
| Cost of beginning inventory P.D.Rs.10, 000 .Mat.Rs.10, 000. CC. Rs.5000 |           |
| Cost transferred from Department II                                     |           |
| Rs.30, 000  |           |
| Cost added:   |           |
| Material  | Rs. 8,800 |
| Conversion cost   | Rs.16200  |

**Required:** Prepare cost of production report of Department III by Weighted Average.

**Q. No. 6.** (a) K Co. was totally destroyed by fire during June. However, certain fragments (10)  
of its cost records with the following data were recovered: idle capacity variance, Rs.1,266 favorable; spending variance, Rs.879 unfavorable; and applied factory overhead Rs.16, 234.

**Required:**  
Determine (1) The budget allowance, based on capacity utilized, and (2) the actual factory overhead.

(b) A Co. uses 100% Bonus plan with a wage rate of Rs.20 per hour and the standard production is 40 units per hour. Bonus will be given for the time saved. Following is the data of Mr. X: (10) (20)

|           |                       |
|-----------|-----------------------|
|           | <u>Units produced</u> |
| Monday    | 360                   |
| Tuesday   | 400                   |
| Wednesday | 350                   |

**Required:** Determine Mr. X's total earning, the time saved, daily earnings and the labor cost per unit.

**Q. No. 7.** ABC Company's most recent contribution format income statement is shown below: (20)

|                        | <u>Total</u>    | <u>Per Unit</u> |
|------------------------|-----------------|-----------------|
| Sales (20,000 units)   | \$300,000       | \$15            |
| Less variable expenses | <u>180,000</u>  | <u>9</u>        |
| Contribution margin    | 120,000         | <u>6</u>        |
| Less fixed expenses    | <u>70,000</u>   |                 |
| Net operating income   | <u>\$50,000</u> |                 |

**Required:**  
Prepare a new contribution format income statement under each of the following conditions.

- (a) Sales volume increases by 15%.
- (b) Selling price decreases by \$1.5 per unit, and sales volume increases by 25%.
- (c) Selling price increases by \$1.5 per unit, fixed expenses increases by \$20,000 and the sales volume decreases by 5%.
- (d) Selling price increases by 12%, variable expense increases by 60% per unit and sales volume decreases by 10 %.

**Q. No.8.** The following information is gathered from the labor records of Binamul & Co. Payroll allocation for direct labor is Rs. 1, 31,600

Time card analysis shows that 9,400 hours were worked on productions lines.

Production reports for the period showed that 4,500 units have been completed, each having standard labor time of 2 hours and a standard labor rate of Rs. 15 per hour. Calculate the labor variances.

\*\*\*\*\*