



**FEDERAL PUBLIC SERVICE COMMISSION
SPECIAL COMPETITIVE EXAMINATION-2023 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) First attempt PART-I (MCQs) on separate OMR Answer Sheet which shall be taken back after 30 minutes.	
(ii) Overwriting/cutting of the options/answers will not be given credit.	
(iii) There is no negative marking. All MCQs must be attempted.	

PART-I (MCQs)(COMPULSORY)

Q.1. (i) Select the best option/answer and fill in the appropriate Box on the OMR Answer Sheet. (20x1=20)
(ii) Answers given anywhere else, other than OMR Answer Sheet, will not be considered.

- 1. Which of the following is the part of audit?**
(A) Internal control system (B) Internal audit (C) External audit (D) All of these
- 2. External auditor of any public limited company in Pakistan is considered as:**
(A) An employee of the company (B) An executive director (C) An elected director (D) None of these
- 3. CAAT stands for:**
(A) Computer assisted Audit Techniques (B) Chartered Accountant Association for Trans nations
(C) Computerized Accounting and Audit Techniques (D) None of these
- 4. General Auditing Principles and Techniques commonly applicable to the various types of undertakings including:**
(A) Merchandising (B) Manufacturing (C) Insurance (D) All of these
- 5. Currently Joint Stock Companies are created/formed in Pakistan according to the:**
(A) Companies Ordinance 1984 (B) Companies Act, 1913 (C) Companies Act, 2017 (D) None of these
- 6. Public limited companies in Pakistan can start their operations/business after getting the:**
(A) Certificate of incorporation (B) Certificate of commencement of business
(C) Memorandum of Association (D) None of these
- 7. The decision rule in finance proclaims that you should purchase an asset if it is worth**
(A) More than it costs (B) More than it can be maximally sold for (C) Less than it costs (D) All of these
- 8. The present value formula is: $PV = F \frac{1}{(1+r)^n}$. What do we call $\frac{1}{(1+r)^n}$?**
(A) Annuity factor (B) Present value factor (C) Future value factor (D) Both (A) & (B)
- 9. The factor applicable to calculate future value from the present value at a specific rate of return with given time period is known as:**
(A) Discount factor (B) Compound factor (C) Annuity factor (D) None of these
- 10. The financial planning process begins with _____ financial plans that in turn guide the formation of _____ plans and budgets.**
(A) Short run; long run (B) Short run; operating (C) Long run; strategic (D) Long run; short run
- 11. The _____ decision involves efficiently managing the assets on the balance sheet on a day-to-day basis, especially current assets.**
(A) Asset management (B) Financing (C) Investment (D) Accounting
- 12. Shareholder's wealth in a firm is represented by:**
(A) The number of people employed in the firm.
(B) The book value of the firm's assets less the book value of its liabilities.
(C) The amount of salary paid to its employees. (D) The market price per share of the firm's common stock.
- 13. If the intrinsic value of a stock is greater than its market value, which of the following is a reasonable conclusion?**
(A) The stock has a low level of risk. (B) The stock offers a high dividend payout ratio
(C) The market is undervaluing the stock. (D) The market is overvaluing the stock
- 14. The adjusting entry to record the accrual of income tax expense includes a:**
(A) Debit to income tax payable. (B) Credit to income tax expense.
(C) Credit to accounts payable. (D) Credit to income tax payable.
- 15. Which of the following types of business organizations terminates when its ownership structure changes?**
(A) Proprietorships only (B) Proprietorships and corporations
(C) Partnerships and proprietorships (D) Partnerships and corporations
- 16. The _____ own the corporation, but the _____, who are elected by the stockholders appoint officers to manage the business.**
(A) Stockholders, officers (B) Stockholders, board of directors
(C) Officers, board of directors (D) Board of directors, officers
- 17. Tax Credit on charitable donation can only be claimed if it was paid through:**
(A) Cash (B) Cheque (C) Property in kind (D) All of these
- 18. Imputable Income is defined under sub section _____ of the Income Tax Ordinance.**
(A) 31 (B) 29A (C) 28A (D) 29
- 19. Deduction in computing Income chargeable under the head of income from other sources is explained under section: (A) 38 (B) 40 (C) 39 (D) 20**
- 20. Electronic resource is defined under sub section _____ of the Income Tax Ordinance.**
(A) 19E (B) 19B (C) 19C (D) 19D

PART – II

TIME ALLOWED: THREE HOURS PART-I(MCQS): MAXIMUM 30 MINUTES	PART-I (MCQS) PART-II	MAXIMUM MARKS = 20 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 at least ONE question 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.		

SECTION – I (AUDITING)

- Q. 2.** Elaborate the role and responsibilities of an auditor by explaining auditor’s professional & legal rights, responsibilities & duties, and liabilities. (20)
- Q. 3.** (a) What is meant by internal audit? List out the main differences between internal audit and external audit. (10)
- (b) Elaborate the role of corporate governance in corporate entities. As professional, comment on relationship between internal audit and corporate governance to attain institutional objectives through regulatory compliance. (10)
- Q. 4.** Explain the Computer Information Systems (EDP Systems) and discuss application of Computer-Assisted Audit Techniques (CAAT) to ensure fair practices in organization in the contemporary world. (20)

SECTION – II (BUSINESS TAXATION)

- Q. 5.** (a) Briefly explain the administrative set up of different tax authorities [207(2) to (4A)]. List out functions and powers of the Board. (10)
- (b) Elaborate the following fundamental definitions/terminologies: (10)
- i. Assessment [2(5)] as per Income Tax Ordinance 2001.
 - ii. Taxpayer [2(66)] as per Income Tax Ordinance 2001.
 - iii. Tax year [2(68) & 74] as per Income Tax Ordinance 2001.
 - iv. Sales Tax [2 (29A)] as per Sales Tax Act 1990
 - v. Output Tax [2 (20)] as per Sales Tax Act 1990
- Q. 6.** (a) Mr. Jameel is an officer in an autonomous organisation. He is in pay scale of (Rs. 150000-10000-250000). During the tax year he received Rs. 2400000 as basic salary. Moreover, he also received the followings: (10)
- | | |
|------------------------------|-------|
| | Rs. |
| i. Dearness Allowance | 18000 |
| ii. Cost of Living Allowance | 24000 |
| iii. Bonus | 20000 |
| iv. Commission | 30000 |

The employer of Mr. Jameel has also provided the services of a driver and a housekeeper. The organisation paid Rs. 40000/- per month to each of these employees. Compute the Taxable Income of Mr. Jameel and tax liability.

- (b) Consider the details provided regarding Mr. Jameel (in question 6.a) and incorporate additional details for perks provided by the organization during the year. The organization also paid the domestic bills of Mr. Jameel including Telephone Rs. 12000; Water Rs. 6000; Electricity Rs. 9600 and Gas Rs. 4800. Calculate the taxable income and tax liability of Mr. Jameel by considering these utility/facilities. (10)

Note: Calculations for Question 6 a. and 6 b. should be based on the rates applicable to the Tax Year 2022.

SECTION – III (BUSINESS STUDIES AND FINANCE)

- Q. 7.** (a) Define business combination and its scope. Explain causes of business combinations and types of combinations. (10)
- (b) List out the characteristics and features of Joint Stock Company. Moreover, explain the process for creation/formation of joint stock companies according to Companies Act 2017 with example. (10)
- Q. 8.** (a) Explain the nature and scope of financial markets and institutions in Pakistan. (10)
- (b) Ms. Maryam Fatima is 30 years of age, and her salary next year will be Rs. 40,000. Ms. Maryam forecasts that her salary will increase at a steady rate of 5% per annum until her retirement at age 60. If the discount rate is 8%, what is the PV of these future salary payments? Moreover, If Ms. Maryam Fatima saves 5% of her salary each year and invests these savings at an interest rate of 8%, how much will she have saved by age 60? (10)
