



PUNJAB PUBLIC SERVICE COMMISSION
COMBINED COMPETITIVE EXAMINATION
FOR RECRUITMENT TO THE POSTS OF
PROVINCIAL MANAGEMENT SERVICE, ETC -2022
CASE NO. 2C2023

SUBJECT: COMMERCE (PAPER-I)

TIME ALLOWED: THREE HOURS

MAXIMUM MARKS: 100

NOTE:

- i. All the parts (if any) of each Question must be attempted at one place instead of at different places.
- ii. Write Q. No. in the Answer Book in accordance with Q. No. in the Q. Paper.
- iii. No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
- iv. Extra attempt of any question or any part of the question will not be considered.

Attempt Five Questions in All, Selecting minimum Two Questions from each Part. Calculator is allowed (Not programmable).

PART-A

Q No.1 What is the nature of accounting principles and which organizations have played active role in developing Generally Accepted Accounting Principles (GAAPs)? **(20 Marks)**

Q No.2 The following information was taken from the financial records of the XYZ Company. **(20 Marks)**

- (A) Net income was \$189,500 for the period.
- (B) Purchased 10,000 shares of common stock at \$15 per share for the treasury.
- (C) Sold equipment with a carrying value of \$32,500 at a gain of \$6,000.
- (D) Purchased land and a building worth \$450,000 by signing a ten-year note payable.
- (E) Issued \$1,000,000 in bonds at par.
- (F) The beginning and ending retained earnings account balances were \$418,000 and \$534,000, respectively. There were no prior period adjustments during the period.
- (G) Wrote a check for \$648,000 for the purchase of machinery.
- (H) Sold long-term investments in marketable securities with a \$50,000 carrying value, at a loss of \$17,500.
- (I) Cash dividends were declared and paid during the period.

Required: Prepare the net cash flows from financing activities section of the Statement of Cash Flows.

Q No.3 On July 1 a machine, which cost \$75,000, was sold for \$4,000. The following information was obtained from the accounting records: accumulated depreciation on December 31, \$61,250; annual depreciation, \$8,750. **(10+10=20 Marks)**

Required:

- a) Journalize depreciation expense to the date of sale
- b) Journalize the sale of the equipment

Q No.4 From the following particulars, draw up the Balance Sheet of the Company: **(20 Marks)**

Current Ratio	2.5
Quick Ratio	1.5
Net Working Capital	Rs.30,000
Stock Turnover Ratio (Cost of Sales/Closing Stock	6 time
Gross Profit Ratio	20%
Fixed Assets ----- Turnover Ratio (on cost of sales)	2 Times
Debtors Turnover Ratio	2 months
Fixed Assets to Shareholders' Net worth	0.80
Reserves and surplus to capital	0.50

PART- B

Q No.5 Define standard costing. Explain type of variances that are computed for Direct Material, Direct labor and Factory Overhead with examples? **(20 Marks)**

Q No.6 During April 20,000 units were transferred in from Department A at a cost of \$39,000. Materials cost of \$6,500 and conversion cost of \$9,000 were added in Department B. On April 30, Department B had 5,000 units of work in process 60% complete as to conversion cost. Materials are added in the beginning of the process in Department B.

Required:

- (1) Compute equivalent production for materials and conversion cost.
- (2) Calculate the cost per equivalent unit for conversion cost.

(10+10=20 Marks)

Q No.7 The Three Stars Manufacturing Company estimated its manufacturing overhead at normal capacity of 300,000 direct labor hours to be Rs.270,000 of which Rs.90,000 are fixed and Rs.180,000 variable. The company applies factory overhead to its production by means of a predetermined rates based on normal capacity production. Actual direct labor hours for the year are 279,000 and the total actual factory overhead amounts to Rs.245,000. You are required to determine under or over-applied factory overhead for the year and prepare Budget Variance and Volume Variance. **(20 Marks)**

Q No.8 The following data are available for Mandmeyer Company for the year ended November 30, 19B:

Sales..... \$56,000

Finished goods inventory:

November 30, 19B..... 51,100

December 1, 19A 3,500

Work in process Inventory:

November 30, 19B..... 7,500

December 1, 19A 4,000

Materials Inventory:

November 30, 19B..... 4,250

December 1, 19A 4,000

Materials purchased 18,000

Direct Labor 7,500

Factory overhead charged to production, \$5,000.

Marketing expenses, 5% of sales.

Administrative expenses, 2% of sales.

Other expenses, 1% of sales.

Required:

- (1) Prepare a cost of goods sold statement.
- (2) Prepare an income statement.

(10+10=20 Marks)



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CASE NO. 2C2023

SUBJECT: COMMERCE (PAPER-II)

TIME ALLOWED: THREE HOURS

MAXIMUM MARKS: 100

NOTE:

- i. All the parts (If any) of each Question must be attempted at one place instead of at different places.
- ii. Write Q. No. in the Answer Book in accordance with Q. No. in the Q. Paper.
- iii. No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
- iv. Extra attempt of any question or any part of the question will not be considered.

Attempt Five Questions in All. Calculator is allowed (Not programmable).

- Q No. 1:** Elaborate the different causes of adverse balance of payments? Also explain the measures which can be taken in order to improve the balance of payments? **(20 Marks)**
- Q No. 2:** (a) What are the features of essential documents required to register a partnership and a public limited company?
(b) Discuss Law/Act to be followed during the registration procedure of a partnership and a public limited company? Elaborate some salient features?
(10+10=20 Marks)
- Q No. 3:** How do commercial banks create credit? Discuss in detail? **(20 Marks)**
- Q No. 4:** Define internal control and internal check? What are the principles of an effective internal control system in a large scale departmental store? **(20 Marks)**
- Q No. 5:** Discuss the main contribution of Peter Drucker to management philosophy. Give critical evaluation of different researchers to Drucker's concept. **(20 Marks)**
- Q No. 6:** Define and differentiate the features of following terms; **(5X4=20 Marks)**
(a) Authorized capital and the outstanding capital
(b) Capital and equity
(c) Debt and equity
(d) Bond and share
- Q No. 7:** As we all know that the central bank of any country performs several functions to bring the financial stability. Since the coronavirus has instigated the global economic downturn the SBP has played important role to ensure the economic and financial stability during and the post COVID-19. Discuss the several measure taken by SBP to combat the shocks of COVID-19. **(20 Marks)**

Q No. 8:

(20 Marks)

Mr. Muhammad Tahir is the Chief Accountant of a commercial organization. He has furnished the following particulars of his income for the tax year ended 30th June 2022.

Basic Salary	Rs. 900,000
Bonus	Rs. 120,000
Medical allowance	Rs. 92,000
Special allowance p.m	Rs. 7000
Medical bills reimbursed (without national tax number of medical practitioner)	Rs. 28,000
Commission	Rs. 140,000
Reimbursement of entertainment bills (for official meeting)	Rs. 35,000
Reimbursement of internet bills (used for private purpose)	Rs. 25,000
Leave encashment during continuity of employment	Rs. 100,000
Reimbursement of utilities bills	Rs. 30,500
Relocation allowance	Rs. 30,000
Fees for refresher course paid by employer	Rs. 25,000
Concessional loan benefit @8%	Rs. 11,00,000
Hotel bills paid by the company relating to a pleasure trip	Rs. 50,000
Accidental insurance premium paid by the employer	Rs. 38,000
Tax liability borne by the employer	-
Free coupon for lunch	Rs. 60,000

Notes:

1. Conveyance provided by employer for personal use of employee. Car was purchased by employer for Rs. 750,000.
2. Muhammad Tahir was provided rent free furnished accommodation by his employer. He was entitled to an accommodation allowance of Rs. 26,000 per month, if this accommodation was not provided to him.
3. Zakat paid to an approved organization through crossed cheque Rs. 40,000.
4. Bonus due but not yet received in current year.

Required: Calculate tax payable by Mr. Muhammad Tahir.

Slabs for Rate of Tax

S.#	Slabs	Rate of tax
1	Where the taxable income does not exceed Rs. 6,00,000	Nil
2	Where the taxable income exceeds Rs. 6,00,000 but does not exceeds Rs. 12,00,000	5% of the amount exceeding Rs. 6,00,000
3	Where the taxable income exceeds Rs. 12,00,000 but does exceeds Rs. 18,00,000	Rs. 30,000 + 10% Amount exceeding Rs. 12,00,000
4	Where the taxable income exceeds Rs. 18,00,000 but does not exceeds Rs. 25,00,000	Rs. 90,000 + 15% of amount exceeding Rs. 18,00,000
5	Where the taxable income exceeds Rs. 25,00,000 but does not exceeds Rs. 35,00,000	Rs. 195,000 + 17.5% of the amount exceeding Rs. 25,00,000
6	Where the taxable income exceeds Rs. 35,00,000 but does not exceeds Rs. 50,00,000	Rs. 3,70,000 + 20% of the amount exceeding Rs. 35,00,000
7	Where the taxable income exceeds Rs. 50,00,000 but does not exceeds Rs. 80,00,000	Rs. 6,70,000 + 22.5% of the amount exceeding Rs. 50,00,000
8	Where the taxable income exceeds Rs. 80,00,000 but does not exceeds Rs. 1,20,00,000	Rs. 13,45,000 + 35% of the amount exceeding Rs. 80,00,000
9	Where the taxable income exceeds Rs. 1,20,00,000 but does not exceeds Rs. 3,00,00,000	Rs. 23,45,000 + 27.5% of the amount exceeding 1,20,00,000
10	Where the taxable income exceeds Rs. 3,00,00,000 but does not exceeds Rs. 5,00,00,000	Rs. 72,95,000 + 30% of the amount exceeding Rs. 3,00,00,000
11	Where the taxable income exceeds Rs. 5,00,00,000 but does not exceeds Rs. 7,50,00,000	Rs. 1,32,95,000 + 32.5% of the amount exceeding Rs. 5,00,00,000
12	Where the taxable income exceeds Rs. 7,50,00,000	Rs. 2,14,20,000 + 35% of amount exceeding Rs. 7,50,00,000

Rate of taxation of Property Income for Individuals and AOP

S. No	Gross Amount of Rent	Rate of Tax
1.	Where the gross amount of rent not exceed Rs. 200,000	Nil
2.	Where the gross amount of rent exceeds Rs. 200,000 but does not exceeds Rs. 600,000	5% of gross amount exceeding Rs. 200,000
3.	Where the gross amount of rent exceeds Rs. 600,000 but does not exceeds Rs. 10,00,000	Rs. 20,000 plus 10% of the amount exceeding Rs. 600,000
4.	Where the gross amount of rent exceeds Rs. 10,00,000 but does not exceeds Rs. 20,00,000	Rs. 60,000 plus 15% of the amount exceeding Rs. 10,00,000
5.	Where the gross amount of rent exceeding Rs. 20,00,000	Rs. 210,000 plus 20% of the gross amount exceeding Rs. 20,00,000