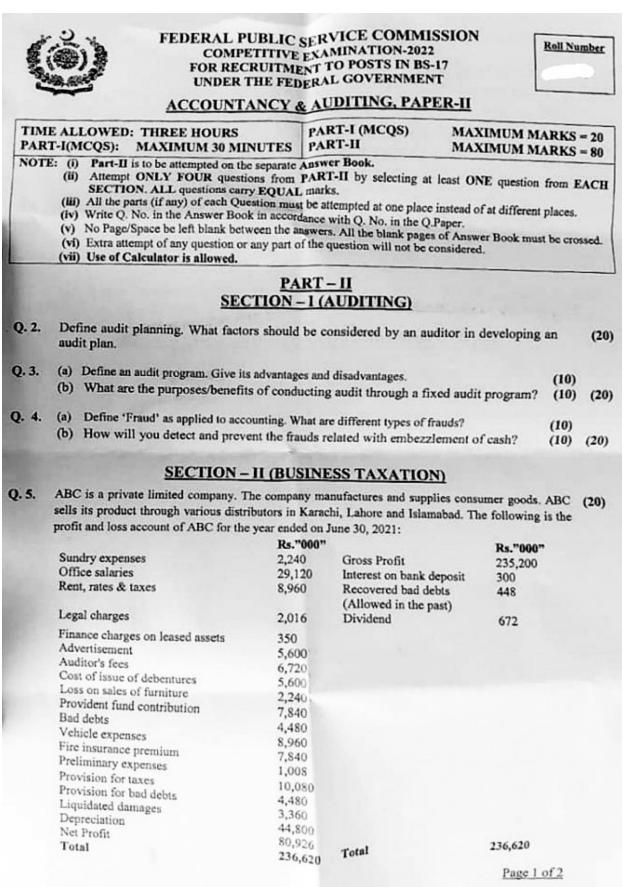


CSS Competitive Examination (Accountancy and Auditing, PAPER-II 2022)





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ACCOUNTANCY & AUDITING, PAPER-II

Additional Information:

- a) Sundry expenses include donation of Rs. 502,000 paid to an unrecognized charitable institution.
- b) Office salaries include Rs.6,000,000 paid to one of the directors.
- c) Provident Fund is recognized by the Income Tax Department.
- d) Vehicle expenses are not vouched and verifiable to the extent of Rs.1,881,000.
- e) Actual depreciation works out to Rs.32,650,000 only.
- f) Lease rental for the year are Rs.1,750,000.

Required: Calculate the taxable income and tax liability of the company for the tax year

2021 from the above data.

Discuss ten allowable deductions under the head of "income from business" under section 20 (20) of Income Tax Ordinance 2001.

SECTION - III (BUSINESS STUDIES AND FINANCE)

Q. 7. (a) What is the purpose of financial markets? How can this purpose be accomplished (10) efficiently?

(10) (2

- (b) Discuss the functions of financial intermediaries.
- 2.8. Why do bonds with long maturities fluctuate more in price than do bonds with short maturities, given the same change in yield to maturity?
