



National Officers Academy

Mock Exams CSS-2023

December 2022 (Final Mock)

ACCOUNTANCY AND AUDITING, PAPER-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** 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. **Use of calculator is allowed.**

PART-II

SECTION-A (AUDITING)

Q.2 How an internal control system helps in management in conduct of their business affairs? Explain the difference among internal check, internal audit, and internal control. (20)

Q.3. (a) Which persons are not qualified for appointment as auditor of a company under the Companies Act 2017? (10)

(b) Who fixes the auditor's remuneration under the Companies Act 2017? (10)

Q.4. What are the advantages and limitations of auditing? (20)

SECTION – B (BUSINESS TAXATION)

Q.5 From the following data, calculate the tax payable by Mr. Aslam for the year ended 30th June 2018: (20)

- (i) Salary Rs. 19,500 pm.
- (ii) Special pay Rs. 3,000 p.m
- (iii) Bonus for the year Rs. 38,000.
- (iv) Conveyance allowance Rs. 1,500 p.m
- (v) Free accommodation provided by the employer. He was entitled to a house allowance of Rs. 72,000.
- (vi) Medical expenses reimbursed by his employer under the contract of employment Rs. 24,000.
- (vii) Zakat paid under Zakat Ordinance during the year Rs. 11,300.
- (viii) Donation to approved charitable institutions under section 61 Rs. 15,000.
- (ix) Legal expenses during the year Rs. 6,000.
- (x) Amount paid for approved pension scheme during the year Rs. 90,000.
- (xi) Shares of listed companies purchased Rs. 6,000.

Q-6 (a) Define the concept of sales tax & describe the sales tax act of 1990. Identify the official positions of Inland revenue officers and their powers. (10)

(b) What is Sales Tax? What procedure a person should follow to get himself registered under Sales Tax Act, 1990? What are conditions under Sales Tax Act, 1990, where registration becomes compulsory? (10)

SECTION – C (BUSINESS STUDIES AND FINANCE)

- Q-7** (a) Identify the major barriers that hamper global business in an open Economy (10)
(b) Define & explain Business Cycle and discuss its implications in detail. (10)

Q-8 XYZ Co. has 400 Million in outstanding debt and Rs.100 million in preferred stock. Its total value is Rs.800 Million, its cost of debt (rd) is 8%, its cost of preferred stock is (rps) 9% and its cost of common stock (rcs) is 12%. The firm recently had numerous depreciation tax shields as well as low earnings, consequently it does not pay taxes
What is the Weighted Average Cost of Capital (WACC), assuming it will continue to not pay taxes? (20)

Best Wishes for CSS-2023