

ACCOUNTING & AUDITING, PAPER-II**OTHER INFORMATION:**

The beginning inventory consisted of 400 units which had been 60% completed as to material and conversion cost during June. In addition to completing these units, the department started 1,800 another units during July in which 1,500 units were completed and transferred to the next department. The 300 units which were 70% completed as to material and conversion cost at July 31.

REQUIRED:**(20)**

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|---|---------------------------------|-----------------------------|
| a. Prepare quantity schedule. | b. Compute the EPU | c. Unit cost for July |
| d. Cost of completed units. | e. Cost of W.I.P. Ending units. | f. Total cost accounted for |
| g. Prepare journal entries to record | | |
| i. The manufacturing cost charged during July. | | |
| ii. The transfer of 1,900 units to the department No.2. | | |

SECTION-B (AUDITING)

Q.4. (a) Which persons are not qualified for appointment as auditor of a company under the Companies Ordinance 1984? **(10)**

(b) Who fixes the auditor's remuneration under the Companies Ordinance 1984? **(10)**

Q.5. (a) What does the term "Scope of audit" refer to? How would you describe the "Scope of audit" of a listed company? **(10)**

(b) Why an auditor cannot provide an absolute assurance as a result of audit? Explain. **(10)**

SECTION-C (INCOME TAX)

Q.6. From the following data related to Mr.Hassan for the tax year ending 30th, June 2008:

His Basic salary Rs.10,000 Per Month with the scale Rs.9,000-1,000-20,000, Cost of living allowances is 20% of Minimum time scale, Commission is 12% paid only when annual basic salary exceeds amount of Rs.110,000, Dearness Allowance Rs.30,000, Medical Allowance Rs.12,500, Bonus Rs.2,000 Per Month, Provided a rent free unfurnished accommodation and entitled to an Accommodation Allowance of Rs.15,000 Per Month, Provided a car for his personal use only and the cost of car is Rs.1,180,000, Entertainment Allowance Rs.10,000, the CEO of the organization announce for Special Additional Allowances of 7% of Salary as per rule. Because of his special duty a Special Allowance of Rs.2,000 Per Month is also provided, 9% of the basic salary is contributed as Provident Fund by employer and employee both with interest rate of 6% and fund is recognized, Allowance for gas and electricity 60% of Maximum time scale PM, He paid Zakat under Zakat Ordinance and donated to a Agha Khan Hospital fund of Rs.8,000 and Rs.6,000 respectively.

REQUIRED: Calculate the taxable income.

(20)

Q.7. Write Short Notes.

(4 x 5=20)

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| (a). Income exempted from tax | (b). Sales Tax schedule 1, 2 and 3 | (c). Sales Tax schedule 4,5 and 6 |
| (d). Capital Value Tax | (e). Capital Gain Tax | |

SECTION-D (BUSINESS ORGANIZATION AND FINANCE)

Q.8. Explain how the typical corporate firm is organized as it relates to the financial management function. **(20)**

Q.9. State the provisions of the companies ordinance 1984 regarding:

(4 x 5=20)

1. Term of office of first directors of a company.
2. Minimum member of directors of a company.
3. How the casual vacancy among the directors may be filled up?
4. Under what circumstances the election of directors may be declared invalid.
