

(1) Double entry book-keeping was fathered by:

- (a) F.W.Taylor
- (b) Henry Fayol
- (c) Lucas Pacioli.**

(2) Funds Flow Statement and sources and application statement are:

- (a) Synonymous**
- (b) Antagonistic
- (c) None of these.

(3) Depreciation in spirit is similar to:

- (a) Depletion
- (b) Amortization**
- (c) Depression.

4) Balance Sheet is always prepared:

- (a) for the year ended.
- (b) As on a specified date.**
- (c) None of these.

(5) In Insurance, the following Profit and Loss Accounts are prepared:

- (a) Separate for Fire, Marine, and Accidents etc.
- (b) Consolidated for Fire, Marine, and Accidents etc.**
- (c) None of these.

(6) Partners in Pakistan can today be fixed at the following numbers:

- (a) 20**
- (b) 50
- (c) 75.

(7) Flexible budget is a budget with the following features:

- (a) Changes with volume of production.**
- (b) Changes with variable expenses
- (c) Changes in Direct material.

(8) Break Even can be calculated as under:

- (a) $\frac{FC}{I - VC}$

(b) FC
I- VC (c) None of these.

(9) Quick Ratio can be computed as under:

- (a) Quick . Assets/Quick Liabilities
- (b) Quick . Liabilities Current Assets
- (c) Current Assets/ Current Liabilities**

(10) In straight line method of depreciation, the written down value of a fixed asset will be

at the end of the life of the asset as under:

- (a) Rupee one
- (b) Rupee zero**
- (c) None of these.

(11) Sales budget must be prepared:

- (a) Independently
- (b) Depending on production capacity
- (c) Based on Sales forecasts of market.**

(12) Consolidation of subsidiary accounts in the balance sheet of a unlisted Holding company is at present in Pakistan:

- (a) Compulsory
- (b) Voluntary
- (c) Required.**

(13) Retained earning is synonymous to:

- (a) Accumulated profit and loss account**
- (b) Profit for the year
- (c) None of these.

(14) The requirements of an audit report for a Banking Company in Pakistan is under:

- (a) Under the Banking Companies Ordinance, 1962.
- (b) Under the Companies Ordinance, 1984.
- (c) Under (a) and (b) above.**

(15) Deferred Taxation is:

- (a) Fixed asset
- (b) Fixed liabilities
- (c) Part of Owners Equity.**

(16) Investment Corporation of Pakistan follows:

- (a) Open-end mutual funds
- (b) Closed-end mutual funds
- (c) None of these.**

(17) Directors Report is ---- in respect of financial report constituent.

- (a) Mandatory for a limited Company**
- (b) Voluntary for a limited Company
- (c) None of these.

(18) Every limited Company in Pakistan is required by law to include the following along with financial reports:

- (a) Ratio Analysis
- (b) Chairman's Review**
- (c) None of these.

(19) Cash budget excludes the following:

(a) Non-Cash items

- (b) Cash items
- (c) Purchase on Credit items.

(20) NGOs are legally required to:

- (a) Prepare accounts in a prescribed manner under the law.**
- (b) Prepare accounts as desired by donors.
- (c) None of these.

Accounting & Auditing Paper -II (2000)

1. Fixed Cost:

- a. Changes with production
- b. Never changes even if production capacity is doubled**
- c. None of the above

2. Conversion cost is:

- a. Material Cost + Overhead Cost
- b. Direct Labour + Material Cost
- c. Labour Cost + Overhead Cost**

3. Process Costing is relevant to:

- a. Cement industry**
- b. Job Order cost oriented Projects
- c. None of the above

4. Operating Profit is:

- a. Profit after deducting financial costs
- b. Profit after deducting taxes
- c. Profit after deducting normal operating expenses including depreciation**

5. A good Cost Accounting System is:

- a. If it computes estimated cost only
- b. If it cannot be reconciled with financial accounts
- c. If it enables management to increase productivity and rationalize cost structure**

6. Verification includes:

- a. Checking Vouchers
- b. Examining audit report
- c. None of the above**

7. Stratified audit sample means:

- a. Randomly selected items for audit**
- b. Purposively selected items for audit
- c. Items carefully selected from each group

8. Internal Control is totally synonymous with:

- a. Internal check
- b. Internal audit
- c. None of above**

9. Audit of a bank is generally conducted through:

- a. Routine checking**
- b. Couching
- c. Balance sheet audit

10. An auditor is liable for his annual audit of accounts o:

- a. Creditors
- b. Bankers
- c. Owners**

11. Income Tax is levied on:

- a. Agricultural Income
- b. Presumptive Income**
- c. None of above

12. If a firm has paid super-tax, its partners may follow any one of the following behaviours:

- a. No need to pay income tax, even if the income exceeds the taxable limit.
- b. Pay income tax, even if the income does not exceed the taxable income.
- c. Pay income tax as required under the law.**

13. A resident multinational company need not:

- a. Pay income tax, if it s caused under Double Taxation agreement.
- b. If it is not enjoying tax exemption under the Income Tax Ordinance, 1979 (Second Schedule).
- c. None of above**

14. Income Tax rates are the same for:

- a. Limited Companies
- b. Banking Companies**
- c. None of above

15. Super Tax on companies is:

- a. In vogue in Pakistan
- b. Not in vogue in Pakistan**
- c. None of above

16. Current Ratio is calculated as:

- a. Fixed Assets/Current Liabilities
- b. Current Liabilities/Current Assets
- c. Current Assets/Current Liabilities**

17. Short-term loan can be described as:

- a. If the period is three years
- b. If the period is less than one year**
- c. If the period is over one year

18. A partnership, in today's Pakistan, under the current law can have the following number of partners:

- a. 50
- b. 20**
- c. 100

19. Combination can be best described as:

- a. Restructuring of Capital of a Company
- b. Reduction of Capital of a Company
- c. Amalgamation of two different types of businesses**

20. Sources of funds can be increased by:

- a. Describing selling prices
- b. Increasing expenditure
- c. None of above**

[Accounting & Auditing paper-I \(2001\)](#)

Write only the correct answer in the Answer Book. Do not reproduce the questions.

(1) Books of original entry are called:

- (a) Ledger
- (b) Work sheets
- (c) Journal**
- (d) None of these

(2) For preparing balance sheets prepaid expenses are shown as part of:

- (a) Liability
- (b) Equities
- (c) Assets**
- (d) None of these

(3) Unpaid and unrecorded expenses are called:

- (a) Prepaid expenses
- (b) Accrued expenses**
- (c) Additional expenses
- (d) None of these

(4) Amount, cash, or other assets removed from business by owner is:

- (a) Capital
- (b) Drawings**
- (c) Assets
- (d) None of these

(5) Under the diminishing balance method, depreciation amount is:

- (a) Payment
- (b) Receipt
- (c) Expenditure**
- (d) None of these

(6) Users of accounting information include:

- (a) The tax authorities
- (b) Investors
- (c) Creditors
- (d) All of these**

(7) The business form(s) in which the owner(s) is (are) personally liable is (are) the:

- (a) Partnership only
- (b) Proprietorship
- (c) Corporation only
- (d) Partnership and proprietorship**
- (e) None of these

(8) The investment of personal assets by the owner:

- (a) Increases total assets and increases owner's equity**
- (b) Increases total assets only
- (c) Has no effect on assets but increases owner's equity
- (d) Increase assets and liabilities
- (e) None of these

(9) All of the following are forms of organizations except:

- (a) Proprietorship
- (b) Corporation
- (c) Retailer**
- (d) Partnership
- (e) None of these

(10) Economic resources of a business that are expected to be of benefit in the future are referred to as:

- (a) Liabilities
- (b) Owner's equity
- (c) Withdrawals
- (d) Assets**

(e) None of these

(11) An owner investment of land into the business would:

(a) Decrease withdrawals

(b) Increase liabilities

(c) Increase owner's equity

(d) Decrease assets

(e) None of these

(12) A cash purchase of supplies would:

(a) Decrease owner's equity

(b) Increase liabilities

(c) Have no effect on total assets

(d) None of these

(13) An owner investment of each into the business would:

(a) Increase assets

(b) Decrease liabilities

(c) Increase withdrawals

(d) Decrease owner's equity

(e) None of these

(14) The payment of rent each month for office space would:

(a) Decrease total assets

(b) Increase liabilities

(c) Increase owner's equity

(d) None of these

(15) Real accounts are related to:

(a) Assets

(b) Expenses and incomes

(c) Customers and Creditors etc.

(d) None of these

(16) Which one of the following accounts would usually have a debit balance?

(a) Cash

(b) Creditors

(c) Accounts payable

(d) Salaries Expenses

(e) None of these

(17) Quick assets include which of the following?

(a) Cash

(b) Accounts Receivable

(c) Inventories

(d) Only (a) and (b)

(e) None of these

(18) Net income plus operating expenses is equal to:

(a) Net sales

(b) Cost of goods available for sale

(c) Cost of goods sold

(d) Gross profit

(e) None of these

(19) The maximum number of partners in Pakistan can be fixed at the following:

(a) 20

(b) 50

(c) 75

(d) None of these

(20) Balance sheet is always prepared:

(a) For the year ended

(b) As on a specific date

(c) None of these

Accounting & Auditing Paper-II (2001)

Write only the correct answer in the Answer Book. Do not reproduce the questions.

(1) The measurable value of an alternative use of resources is referred to as:

(a) An opportunity cost

(b) An imputed cost

(c) A different cost

(d) A sunk cost

(e) None of these

(2) A quantitative expression of management objectives is an:

(a) Organizational chart

(b) Management chart

(c) Budget

(d) Procedural chart

(e) None of these

(3) A cost center is:

(a) A unit of production in relation to which costs are ascertained

(b) A location which is responsible for controlling direct costs

(c) Part of the factory overhead system by which costs are gathered

(d) Any location or department which incurs cost

(e) None of these

(4) At break-even point of 400 units sold the variable costs were Rs. 400 and the fixed costs

were Rs.200. What will be the 401 units sold contributing to profit before income tax?

- (a) Rs. 0.00
- (b) Rs. 0.50**
- (c) Rs. 1.00
- (d) Rs. 1.50
- (e) None of these

(5) In considering a special order situation that will enable a company to make use of currently idle capacity, which of the following cost will be irrelevant:

- (a) Materials
- (b) Depreciation**
- (c) Direct labour
- (d) Variable factory overhead
- (e) None of these

(6) A fixed cost:

- (a) May change in total when such change is not related to changes in production
- (b) Will not change in total because it is not related to changes in production**
- (c) Is constant per unit for each unit of change in production
- (d) May change in total, depending on production with the relevant range
- (e) None of these

(7) Completion of a job is result in:

- (a) DR finished goods CR WIP**
- (b) DR Cost of goods CR finished goods
- (c) DR WIP CR FOH control
- (d) DR FOH control CR FOH applied
- (e) None of these

(8) Operating cost is often named as:

- (a) Manufacturing cost plus commercial expenses
- (b) Prime cost plus factory overheads
- (c) Direct material plus direct labour
- (d) Selling plus administrative expenses**
- (e) None of these

(9) Expenses such as rent and depreciation of a building are shared by several departments these are:

- (a) Indirect expenses**
- (b) Direct expenses
- (c) Joint expenses
- (d) All of the above
- (e) None of these

(10) If under applied FOH is closed to cost of goods sold, the journal entry is:

- (a) **DR Cost of goods sold CR FOH control**
- (b) DR FOH control CR Cost of goods sold
- (c) DR FOH control CR Profit % loss account
- (d) None of these

(11) Re-order quantity 3600 units

Maximum consumption 900 units per week

Minimum consumption 300 units per week

Re-order period 5 weeks

Based on this data Re-order level is:

- (a) **4500 units**
- (b) 3900 units
- (c) 1200 units
- (d) 400 units
- (e) None of these

(12) The time lag between indenting and receiving material is called:

- (a) **Lead time**
- (b) Idle time
- (c) Stock out time
- (d) None of these

(13) A credit balance remaining in FOH Control account is called:

- (a) **Over-applied overhead**
- (b) Under-applied overhead
- (c) Actual overhead
- (d) None of these

(14) Direct material cost plus direct labour cost is called:

- (a) **Prime cost**
- (b) Conversion cost
- (c) Product cost
- (d) All of these
- (e) None of these

(15) Productivity means:

- (a) **The ability to produce**
- (b) All units produced
- (c) Good units produced
- (d) None of these

(16) A segment of the business that generates both revenue and cost is called:

- (a) Profit Center**
- (b) Cost Center
- (c) Cost driver
- (d) All of these
- (e) None of these

(17) Verification includes:

- (a) Checking vouchers
- (b) Examining audit report
- (c) None of these**

(18) Audit of a bank is generally conducted through:

- (a) Routine checking**
- (b) Vouching
- (c) Balance sheet audit
- (d) None of these

(19) Economics resources of a business that are expected to be of benefit in the future are referred to as:

- (a) Liabilities
- (b) Owner's equity**
- (c) Withdrawals
- (d) Assets
- (e) None of these

(20) Short term Loan can be best described as:

- (a) If the period is three years
- (b) If the period is less than one year**
- (c) If the period is over one year
- (d) None of these

Accounting & Auditing Paper-I (2002)

(1) Maximum number of partners in a partnership firm set up in Pakistan under Partnership Act, 1932 is:

- (a) 5
- (b) 25
- (c) 20**
- (d) None of these

(2) Preparation of final financial reports is governed in Pakistan under:

- (a) No law
- (b) Companies Ordinance 1984**
- (c) None of these

(3) Depreciation is based on:

- (a) Economic life of asset**
- (b) Declared life of asset by supplier
- (c) Normal life of asset
- (d) None of these

(4) Inventory turnover is calculated as under:

- (a) Cost of Goods sold/Closing Inventory**
- (b) Gross profit/Closing Inventory
- (c) Sales/Opening Inventory
- (d) None of these

(5) There is a difference between:

- (a) Worksheet and Balance Sheet
- (b) Worksheet and profit and loss account
- (c) Worksheet as combination of results of profits and financial positions
- (d) None of these

(6) Deferred Revenue is:

- (a) Liability**
- (b) Asset
- (c) None of these

(7) Preparation of annual report of a firm is governed under:

- (a) Partnership Act 1932
- (b) Under partnership Deed
- (c) None of these**

(8) Deferred Taxation amount be treated as:

- (a) Foot note
- (b) An item in the Balance Sheet on asset side**
- (c) None of these

(9) Return of Equity will be calculated as under:

- (a) $\text{Operating Profit} \times 100 / \text{Equity}$
- (b) $\text{Net profit} \times 100 / \text{Paid up Capital only}$
- (c) None of these** (Return on Equity is calculated as $\text{Net Profit} / \text{Shareholders' Equity} \times 100$)

(10) Current maturity of long term loan is:

- (a) Current Liability**
- (b) Long Term Liability
- (c) None of these

Accounting & Auditing Paper-II (2002)

Write only the correct answer in the Answer Book. Do not reproduce the questions.

(1) Prime cost is calculated as under:

- (a) Manufacturing Cost/Cost of Goods Sold
- (b) Direct Method plus factory overheads
- (c) Direct labour + Direct Material**
- (d) None of these

- (2) Process Cost is very much applicable in:
- (a) Construction Industry**
 - (b) Pharmaceutical Industry
 - (c) Air line company
 - (d) None of these

- (3) The latest computation of variances of manufacturing overheads is in one the following ways:
- (a) Two variance approaches
 - (b) Three variance approaches
 - (c) Four variance approaches
 - (d) None of these

- (4) Random sampling in auditing means:
- (a) Selection through convenience sampling
 - (b) Selection through scientific sampling approach**
 - (c) None of these

- (5) Expenditure incurred in procuring machinery is:
- (a) An admissible expenditure for tax purposes
 - (b) No admissible for tax purposes
 - (c) None of these

- (6) Increase in income constitutes:
- (a) Inflows**
 - (b) Outflows
 - (c) None of these

- (7) M & A stands for:
- (a) Mergers & Analysis
 - (b) Mergers & Acquisitions**
 - (c) Mergers & Allocation
 - (d) None of these

- (8) An endowment insurance policy can be taken in respect of:
- (a) Fire insurance
 - (b) Accident insurance
 - (c) Life insurance**
 - (d) None of these

- (9) Audit and special audit are the same:

- (a) In Insurance Company
- (b) In Banking Company
- (c) None of these

(10) Acid test is the same as:

- (a) Quick test**
- (b) Liquid test
- (c) None of these

Accounting & Auditing Paper-I (2003)

(1) Acid Test Ratio is calculated as under:

- (a) Current Assets/Current Liabilities
- (b) Fixed Assets/Current Liabilities
- (c) Liquid Assets/Current Liabilities**
- (d) None of these

(2) Deferred cost is a:

- (a) Liability
- (b) Asset**
- (c) None of these

(3) Work Sheet is:

- (a) Balance Sheet
- (b) Fund Flows Statement
- (c) A combination of Profit and Loss Account and Balance Sheet items**
- (d) None of these

(4) Banks, for the preparation of financial statements, are governed under:

- (a) Banking Companies Ordinance, 1962**
- (b) State Bank of Pakistan Act
- (c) None of these

(5) Return on investment is computed:

- (a) $\text{Investment}/\text{Profit} \times 100$
- (b) $\text{Profit} \times 100/\text{Investment}$**
- (c) None of these

Accounting & Auditing Paper-II (2003)

Write only the correct answer in the Answer Book. Do not reproduce the questions.

(1) Rent of the premises constitutes variable expenses for cost allocation:

- (a) True
- (b) False**

(2) Sugar used in a sugarcane company is:

- (a) Variable cost**
- (b) Fixed cost
- (c) None of these

(3) An auditor is liable under the following circumstances:

(a) Third Party Liabilities

(b) Fraud perpetrated in highly sophisticated circumstances

(c) None of these

(4) Agricultural income is taxable under the Income Tax Laws of Pakistan:

(a) True

(b) False

(5) Principal and markup payment within one year constitutes long term liability for disclosure in the balance sheet of a company.

(a) True

(b) False

(6) Ordinarily one can have the following partners in a partnership in Pakistan under the Partnership Act 1932.

(a) 10

(b) 20

(c) 30

(d) None of these

(7) Working Capital finance can be termed as "Running Finance" in a limited company.

(a) True

(b) False

(8) Income from Capital gains arising out of trading on a stock exchange in Pakistan is taxable these days:

(a) True

(b) False

(9) Conversion Cost is calculated as under:

(a) Labour Plus Materials

(b) Labour plus overheads

(c) None of these

(10) Current Ratio can be calculated as under:

(a) Current Liabilities/Current Assets

(b) Current Assets/Current Liabilities

(c) None of these