



FEDERAL PUBLIC SERVICE COMMISSION

CASE NO.F.4-172/2017-R
SENIOR AUDITOR (BS-16)
(Batch No.2)



Time Allowed : 100 Minutes

Maximum Marks : 100

- I. Read the test items (MCQs) from Questions Booklet and Fill in the appropriate Box ■ by your correct answer on the Answer Sheet.
- II. All Test Items (MCQs) have equal value and there is no negative marking.
- III. Do not write your Roll Number, Name, answers to the questions or any other remarks on or inside the Questions Booklet.
- IV. Hand-over both i.e. Questions Booklet and Answer Sheet to the Invigilator on duty of your row on the conclusion of Test.
- V. **TAKING OUT THE QUESTION BOOKLET (IN ANY SHAPE OR FORM) FROM THE EXAMINATION HALL IS NOT ALLOWED.**
- VI. **Use of Calculator is not allowed.**

PART-1 (ENGLISH)

Select the correct answer and Fill in the Fill in the appropriate Box■ on the Answer Sheet.
Fill in the blanks with most appropriate choice

1. **Fungi** _____ not included among the plant kingdom.
(A) is (B) are (C) Will be (D) to be
2. **No sooner did he go in** _____ **he came out.**
(A) then (B) after (C) and (D) than
3. **You should try to** _____ **your expenditure.**
(A) cut down (B) cut out (C) cut off (D) cut under
4. **He has put** _____ **the meeting.**
(A) up (B) off (C) away (D) out
5. _____ **a long time this city has been prosperous.**
(A) since (B) for (C) till (D) from
6. **The mother** _____ **the child's tears.**
(A) cleaned (B) cleared (C) wiped (D) erased
7. **A good teacher** _____ **his students to work hard.**
(A) inspires (B) compels (C) forces (D) allows
8. **Rising prices have made it difficult to maintain a good** _____ **of living.**
(A) inspires (B) compels (C) forces (D) allows
9. **He consoled the** _____ **mother as best as he could.**
(A) Lucky (B) Writing (C) unfortunate (D) Impatient
10. **His** _____ **over the property is legitimate.**
(A) share (B) Part (C) Demand (D) Claim

what is the underlined part of the sentence?

11. **The hour to prepare lesson** has arrived.
(A) subject (B) preposition (C) Conjunction (D) Predicate
12. **He ran very** fast.
(A) Noun (B) adjective (C) Adverb (D) Conjunction
13. **She has gone** to buy a computer.
(A) Noun Phrase (B) adjective Phrase (C) Adverb Phrase (D) Clause
14. **Smoking** is injurious to health.
(A) Participle (B) Gerund (C) Complement (D) Preposition
15. **Vinegar** tastes sour.
(A) Linking Verb (B) Direct Object (C) Indirect Object (D) Complement
16. **I remember** to return the books.
(A) Participle (B) Gerund (C) Complement (D) Infinitive
17. **There are not** enough spoons.
(A) Noun (B) adjective (C) Adverb (D) Article
18. **Birds are** fly and fish swim.
(A) Preposition (B) adjective (C) Adverb (D) Conjunction
19. **He does his work** carefully.
(A) Noun (B) adjective (C) Adverb (D) Interjection

20. **Hush! Don't make a noise**
(A) Preposition (B) Phrase (C) Clause (D) Interjection

PART-II (PROFESSIONAL)

Select the correct answer and fill in the appropriate Box ■ on the answer sheet

21. **Which system produces information used for inventory valuation, budgeting, cost control, performance reporting, and make buy decision?**
(A) Sales order Processing
(B) Purchases/accounts payable
(C) Cash disbursement
(D) None of these
22. **The order of the entries made in the ledger is by:**
(A) Transaction number
(B) Account number
(C) Date
(D) None of these
23. **In general a special journal would not be used to record:**
(A) Sales
(B) Cash disbursements
(C) Depreciation
(D) Purchases
24. **Subsidiary ledgers are used in manual accounting environments. What file is comparable to a subsidiary ledger in a computerized environment?**
(A) Archive file (B) Reference file (C) Transaction file (D) master file
25. **Which of the following is an archive file?**
(A) An accounts payable subsidiary ledger
(B) A cash receipts file
(C) A sales journal
(D) a file of accounts receivable that have been written off
26. **When determining the batch size, which consideration is the least important?**
(A) Achieving economies by grouping together large numbers of transactions
(B) Complying with legal mandates
(C) Providing control over the transaction process
(D) Balancing the tradeoff between batch size and error detection
27. **Data flow diagrams**
(A) Depict logical tasks that are being performed, but not who is performing them
(B) Illustrate the relationship between processes, and the documents that flow between them and trigger activities
(C) Represent relationships between key elements of the computer system
(D) Describe in detail the logic of the process
28. **Which statement is not correct**
(A) The post-closing trail balance reports the ending balance of each account in general ledger
(B) One purpose of preparing the unadjusted trial balance is to ensure that debits equal credits
(C) financial statements are prepared based on the unadjusted trial balance
(D) None of above
29. **Financial statements are prepared from the:**
(A) Trial balance
(B) Adjusted trial balance
(C) General Ledger
(D) None of these
30. **Which situation indicates an internal control risk in the general ledger/Financial reporting system (GL/FRS)?**
(A) The employee who maintains the cash journal computes depreciation expense
(B) The cash receipts journal voucher is approved by the treasure
(C) The cash receipts journal vouchers are pre numbered and store in a locked safe
(D) the employee who maintains the cash receipts journal records transactions in the accounts receivable subsidiary ledger
31. **Which best describes a batch process General Ledger System (GLS)**
(A) Paper documents are eliminated
(B) The general ledger master file is updated each night
(C) There is a time lag between transaction processing and posting to the general ledger
(D) No direct access or querying of the General Ledger is possible

32. **An advantage of a batch General Ledger System (GLS) is that**
 (A) Separation between authorization and transaction processing is strictly enforced
 (B) The general ledger master file is recreated with each update
 (C) Updates and reconciliation of transactions occur as a step within the transaction cycle
 (D) Errors and out-of-balance conditions are identified at the end of the month
33. **Which statement is not true?**
 (A) Authority refers to an individual's obligation to achieve desired results
 (B) If an employee is given the responsibility for a task, that employee should be given authority to make decisions within the limits of that task
 (C) The detail provided to employee is function of the employee's position with the firm
 (D) All of the above are true
34. **The income statement should be prepared**
 (A) Before the retained earnings statement and balance sheet
 (B) After the retained earnings statement and before the balance sheet
 (C) After the retained earnings statement and balance sheet
 (D) After the balance sheet and before the retained earnings statement
35. **In a defined-benefit plan, the process of funding refers to**
 (A) Determining the projected benefit obligation.
 (B) Determining the accumulated benefit obligation.
 (C) making the periodic contributions to a funding agency to ensure that funds are available to meet retirees' claims.
 (D) Determining the amount that might be reported for pension expense.
36. **In a defined-contribution plan, a formula is used that**
 (A) Defines the benefits that the employee will receive at the time of retirement.
 (B) Ensures that pension expense and the cash funding amount will be different.
 (C) Requires an employer to contribute a certain sum each period based on the formula.
 (D) Ensures that employers are at risk to make sure funds are available at retirement.
37. **Which of the following is not a characteristic of a defined-contribution pension plan?**
 (A) The employer's contribution each period is based on a formula.
 (B) The benefits to be received by employees are usually determined by an employee's three highest years of salary defined by the terms of the plan.
 (C) The accounting for a defined-contribution plan is straightforward and uncomplicated.
 (D) The benefit of gain or the risk of loss from the assets contributed to the pension fund are borne by the employee.
38. **Alternative methods exist for the measurement of the pension obligation (liability). Which measure requires the use of future salaries in its computation?**
 (A) Vested benefit obligation
 (B) Accumulated benefit obligation
 (C) Projected benefit obligation
 (D) Restructured benefit obligation
39. **The projected benefit obligation is the measure of pension obligation that**
 (A) Is required to be used for reporting the service cost component of pension expense.
 (B) Requires pension expense to be determined solely on the basis of the plan formula applied to years of service to date and based on existing salary levels.
 (C) Requires the longest possible period for funding to maximize the tax deduction.
 (D) Is not sanctioned under generally accepted accounting principles for reporting the service cost component of pension expense.
40. **Which of the following are incorrect?**

	Account to be debited	Account to be Credited
(I) Goods sold for cash	Cash	Sale
(II) Goods bought on credit from T carter	Purchase	T carter
(III) Good Returned by us to C Barry	C Barry	Outward
(IV) Van bought for Cash	Purchase	Cash
(A) (ii) And (iv) only		
(B) (iv) Only		
(C) (iii) Only		
(D) (i) and (iii) only		

41. **The purpose of financial markets is to:**
 (A) Control inflation (B) Allocation savings efficiently
 (C) Increase the price of common stocks (D) Lower the yield on bonds
42. **Assets are held for the purpose of:**
 (A) Earning revenue (B) resale (C) conversation into cash (D) None of these
43. **Depreciation is provided on:**
 (A) Fixed Asset (B) Outward charges (C) Current assets (D) Intangible assets
44. **Deferred taxation is:**
 (A) Fixed Asset (B) Fixed Liabilities (C) Part of owners' equity (D) None of these
45. **Process of costing is relevant to:**
 (A) Cement Industry (B) Job order cost oriented projects
 (C) Both (A & B) (D) None of these
46. **Stratified audit sample means:**
 (A) Randomly selected items from audit (B) Purposively selected items for audit
 (C) Items carefully selected from each group (D) None of these
47. **Income tax rate are the same for:**
 (A) Limited companies (B) Baking Companies (C) Public Companies (D) None of these
48. **Leaders perform:**
 (A) Decisional roles (B) Informal roles (C) Informational roles (D) International roles
49. **Current ratio is calculated to:**
 (A) Compare the current assets with Past assets (B) Compare the current assets with Fixed assets
 (C) Measure the Liquidity of Concern (D) None of these
50. **Debenture Represent:**
 (A) The investment of equity shareholders (B) Director share in a business
 (C) Long term liabilities of a business (D) Long term capital of a business
51. **Auditing is a branch of:**
 (A) Natural Science (B) Social Science (C) Abstract Science (D) None of these
52. **Stock in trade is a:**
 (A) Fixed Assets (B) Citations Assets (C) Intangible Assets (D) Current assets
53. **A business asset of Rs. 44312 and owner's equity Rs.13210. what is the amount of liabilities?**
 (A) Rs.31102 (B) Rs.57522 (C) Rs.44312 (D) None of these
54. **Trading & Profit & Loss account and balance sheet is prepared from:**
 (A) Ledger balance (B) Ledger balance, cash and bank balances
 (C) Cash book and bank book (D) Trail balance
55. **Calculate the gross profit/loss if sale Rs.60000, Cost of sales Rs.50000, Opening stock Rs.10000; Purchases Rs.40000; Wages Rs.20000 and Office rent Rs.10000.**
 (A) Loss Rs.10000 (B) Loss Rs.20000 (C) Profit Rs.10000 (D) None of these
56. **The cost of the asset after expiry of its useful life the called_____.**
 (A) Written down Value (B) Residual Value (C) Expired Value (D) None of these
57. **Which of the following statement is TRUE?**
 (A) Assets = Capital+ liabilities (B) Capital = assets liabilities
 (C) Assets + liabilities = Capital (D) Assets = liabilities – Capital
58. **In Pakistan, financial statement of limited companies are prepared in the according with:**
 (A) International Accounting standards adopted in Pakistan (B) Companies Ordinance 1984
 (C) Both (A & B) (D) None of these
59. **The main object of an audit is_____.**
 (A) Expression of opinion (B) Detection and prevention of fraud&error
 (C) Both (A & B) (D) Depends on the type of audit
60. **The risk of management fraud increases in the presence of:**
 (A) Frequent changes in supplies
 (B) Improved internal Control System
 (C) Substantial increase in sales
 (D) Management incentive based on sale done in a quarter
61. **Concurrent audit is a part of:**
 (A) Internal check system (B) Continuous audit
 (C) Internal audit system (D) None of these
62. **The statutory auditor of a Government company submits his report to:**
 (A) The BODs of the Company (B) The C & AG
 (C) The Legislature (D) The company secretary
63. **In order to vouch which of the expense, the auditor will examine bill of entry?**
 (A) Custom (B) Excise duties (C) Sale Tax (D) Income Tax

64. **When counting cash on hand the auditor should:**
 (A) Ensure presence of somebody from management
 (B) Obtain a receipt from custodian as to its return
 (C) Ensure postage and revenue stamps are not counted in physical count
 (D) Temporary advances to employees are counted to calculate balance of cash in hand
65. **Control risk is assessed at:**
 (A) Overall financial statement level (B) Fraud risk factor level
 (C) Financial Statement assertion level (D) control environment level
66. **A large organization with separate legal status is known as:**
 (A) Limited Company (B) Sole Proprietorship (C) Partnership (D) None of these
67. **If the profit is 1 / 4 of the sales then it is:**
 (A) 1/4 of the cost price (B) 1/3 of the cost price
 (C) 1/5 of the cost price (D) 1/2 of the cost price
68. **An example of financing activities in the context of cash flow statement is:**
 (A) Fixed capital expenditure (B) Long term deposit
 (C) Financial Charges paid (D) Dividend Paid
69. **Debentures are a company's:**
 (A) Assets (B) Liability (C) Expense (D) Investment
70. **Which of the following accounts would never appear in the after-closing trial balance?**
 (A) Dividends (B) Accumulated depreciation
 (C) Income taxes expense (D) Both (A & C)
71. **Which of the following usually is least important as a measure of short-term liquidity?**
 (A) Quick Ratio (B) Debt ratio (C) Current Ratio (D) Cash Flows from operating activities
72. **Which of the following business would be most likely use process costing?**
 (A) A law firm (B) A maker of frozen orange juice
 (C) A hospital (D) An auto repair shop
73. **Goodwill should be classified as a:**
 (A) Current assets (B) Liquid Asset (C) Floating asset (D) Intangible asset
74. **Preference share are those which carry preferential right in respect of:**
 (A) Dividends (B) Payment of Capital
 (C) Both dividend and repayment of capital (D) None of these
75. **The primary purpose of establishing quality control policies and procedures for deciding on client evaluation is to:**
 (A) Ensure adherence to generally accepted auditing standards
 (B) Acceptance or retention of client whose management does not lack integrity
 (C) Ensure audit fees is charged according to the type of audit work assigned
 (D) All of these
76. **What are analytical Procedures?**
 (A) Substantive tests designed to assess control risk
 (B) Substantive tests designed to evaluate the validity of management's representation letter
 (C) Substantive tests designed to study relationships between financial and non-financial
 (D) All of these
77. **Which of the following sections deal with qualification of the auditor?**
 (A) Section 226 (1) and section 226 (2) (B) Section 224 (1) and section 224 (2)
 (C) Section 226 (3) and section 226 (4) (D) Section 224 (3) and section 224 (4)
78. **Net profit is equal to:**
 (A) Sales less cost of sales and operating expenses (B) Gross Profit less operating expenses
 (C) Sale less operating expenses (D) Both (A & B)
79. **Excess of sale over cost of goods in accounting period is termed as:**
 (A) Net Profit (B) Gross Profit (C) Retained earnings (D) None of these
80. **If motor van Costs Rs.12500, its accumulated depreciation is Rs.4200; depreciation charged for the year is Rs.2500. what will be its Book value at the end of the period?**
 (A) Rs.10000 (B) Rs.8300 (C) Rs.5800 (D) Rs.10800
81. **Both debentures and Term Finance Certificate are usually issue by:**
 (A) Public Companies (B) Private Companies
 (C) Listed Companies (D) Non Listed Companies
82. **Share premium money can be used for:**
 (A) Payment of dividend (B) Write of good will
 (C) Issue of fully paid bonus shares (D) None of these
83. **The system of recording transactions based on dual aspect concept is called:**
 (A) Double accounting system (B) Double entry system
 (C) Single entry system (D) None of these

84. **General journal is a book of _____ entries**
(A) First (B) Original (C) Secondary (D) Generic
85. **Every business transaction affects at least _____ accounts**
(A) One (B) Two (C) Three (D) Infinite
86. **Public company Should start business only after getting certificate of**
(A) Incorporation (B) Commencement of business
(C) After One year later (D) None of these
87. **The ability of a firm to convert an asset to cash is called _____.**
(A) Liquidity (B) Solvency (C) Return (D) Marketability
88. **Which of the following business form of business organization is least regulated?**
(A) Sole proprietorship (B) General Partnership (c) Limited Partnership (D) Corporation
89. **Which of the following is the acronym for GAAP?**
(A) Generally adopted Accounting Principles (B) Generally Accepted Auditing Principles
(C) Generally Accepted Accounting Principles (D) Generally Adopted American Principles
90. **The difference between on investment's market value and its cost is called the _____ of the investment.**
(A) Net present value (B) Economic value (C) Book Value (D) None of these
91. **What is a Compiler?**
(A) A compiler is a language providing very efficient execution
(B) A compiler does a conversion line by line as the program is run
(C) A compiler is a special program that processes statements written in a particular programming language and turns them into machine language
(D) None of these
92. **Which of the following is both input and output device?**
(A) Keyboard (B) Mouse (C) Modem (D) Scanner
93. **Which of the following is machine independence programming language?**
(A) Low level language (B) Assembly language
(C) High Level Language (D) None of These
94. **_____ are used in Third Generation computers instead of transistors:**
(A) Microprocessors (B) Vacuum Tubes
(C) Integrated Circuits (D) None of these
95. **Who invented the first computer?**
(A) Lee deforest, John Mauchly (B) John Mauchly , J. Presper Eckert
(C) Charles Babbage (D) None of these
96. **What is the smallest and largest font size available in Font Size tool on formatting toolbar?**
(A) 8 and 72 (B) 8 and 64 (C) 12 and 72 (D) None of above
97. **To remove selected paragraph or character formatting?**
(A) Ctrl+Spacebar (B) Ctrl+Enter (C) Ctrl+Del (D) Alt+Spacebar
98. **There are _____ bits in One byte:**
(A) 4 (B) 8 (C) 16 (D) None of these
99. **UNIVAC means:**
(A) Universal Array Computer (B) Unique Automatic Computer
(C) Universal Automatic Computer (D) None of these
100. **To produce high quality graphics (hardcopy) in color, you would want to use:**
(A) Ink jet Printer (B) Plotter (C) RGB monitor (D) None of these
