



Summer Exam-2015
PMAD SECTOR
Performance Measurement (05.05.2015)

Duration: 3 hrs.

Marks-100

[Instructions]

- Ensure that the question paper delivered to you is the same, in which you intend to appear.
- Read the instructions given on the title page of Answer Script.
- **Start each question from fresh page.**

Attempt all Questions

Q.1. A company produces a single product. The planned production and sales for the latest quarter was 46,000 litres. The budgeted costs per litre were as under:

	Rs.
Prime costs	5.20
Production overheads – all fixed	2.80
Non-production overheads	
Variable	0.65
Fixed	1.70
	<u>10.35</u>

Actual production and sales during the quarter were as follows:

Production: 46,000 litres
Sales: 45,600 litres (at Rs. 12 per litre)

There was no finished inventory at the beginning of the period. Both fixed as well as variable costs were incurred as per the budget.

Required:

- (a) Prepare a Profit Statement for the period using Absorption Costing. **08**
- (b) Briefly explain the main difference between Absorption Costing and Marginal Costing and calculate the increase/decrease in profits if marginal costing was used instead of absorption costing. **06**

Q.2. Star Ltd has designed a new product **MLH**. Based on the current market, the price of **MLH** has been fixed at Rs. 200 per unit.

Cost of each unit of **MLH** has been estimated as under;

Direct Material:	5 kg at Rs. 12/kg. Loss in production is estimated at 10% of the material used
Direct Labour:	2 hours at Rs. 20 per hour.
Production overheads:	Rs. 25 per direct labour hour

Required:

- (a) Expected Cost of Production. **02**
- (b) Target Cost of Product if the Target Profit is 30% of Sales. **02**
- (c) The Size of Cost Gap **02**

Contd. on back

Q.3. A company manufactures three products. Sales demand for the products in the next period is estimated as follows:

Product A	6,200 units
Product B	8,000 units
Product C	11,500 units

Selling prices and unit costs are estimated as under:

	Product A Rs.	Product B Rs.	Product C Rs.
Selling Price	9.70	11.10	13.80
Costs:			
Direct Materials	2.80	3.90	4.92
Direct Labour (Rs. 8 per hour)	2.40	2.40	3.20
Variable Overheads	0.90	0.90	1.20
Fixed Overheads	2.70	2.70	3.60

The company is experiencing a shortage of direct labour and estimates that a maximum of 8,500 labour hours will be available in the next period.

Required:

Determine the Production Schedule for the next period which will maximize profit.

14

Q.4. A publisher makes an initial payment of Rs. 25,000 to authors for each accepted manuscript. Thereafter, royalty is paid at 15% of the net sales price of the books sold.

The net sales price of a book is the revenue received by the publisher which is the listed selling price of the book less the bookstore margin of 20% of the listed selling price.

A particular book has a listed selling price of Rs. 15. Costs incurred on the book by the publisher (excluding payments to the author) are:

	Rs.
Variable costs per copy	3.20
Total fixed costs	80,000

Required:

Calculate the number of copies of the book that need to be sold to allow the publisher to:

a) Break Even.

09

b) Make a profit of Rs. 35,000.

03

Q.5. Mars Limited (ML) operates an activity-based costing system and projected the following, for the next year.

Cost Pool	Cost (Rs.)	Number of Drivers
Production Set-ups	105,000	300 set-ups
Product Testing	300,000	1,500 tests
Component Supply and Storage	25,000	500 orders
Customer Orders and Deliveries	112,500	1,000 orders

The annual costs of production and general overheads which cannot be linked to any specific activity are estimated at Rs. 900,000 and these overheads are absorbed on a direct labour hour basis. Total direct labour hours for next year are estimated at 300,000 hours.

ML is introducing a new product AB1. The projected cost and profit relating to AB1 is as follows:

Component Cost:	Rs. 1 per unit
Direct Labour:	10 minutes per unit at Rs. 7.80 per hour
Profit Mark up:	40% of total unit cost

During the next year, ML expects to receive 100 orders of 60 units per order and 60 orders of 50 units per order for Product AB1. 900 units would be produced in each production run. Four tests would be carried out during each production run to ensure that quality standards are maintained. Components would be purchased prior to each production run.

Required:

(a) Calculate the activity – based recovery rates for each cost pool. 04

(b) Calculate the total unit cost and selling price of Product AB1. 09

Q.6. The following information relates to Yazdan Motor Car Company for the year ended 31st December 2014 and 2013.

Operating Results	<u>2014</u>	<u>2013</u>
	Rs.	Rs.
Sales	5,930	4,096
Gross profit	570	272
Operating profit	470	184
Profit before taxation	496	180
Profit after taxation	270	110
Dividend	50	28
Profit retained	220	82
Capital employed:		
Share capital	170	142
Revenue reserves	580	334
Unappropriated profit	2	1
	<u>752</u>	<u>477</u>
Long term and deferred liabilities	842	12
	<u>1,594</u>	<u>489</u>
Represented by:		
Property, plant & equipment	124	100
Non current receivables	28	24
	<u>152</u>	<u>124</u>
Current Assets		
Stores & spares	24	26
Stock in trade	1,214	822
Trade debtors	48	36
Cash & bank	514	304
Other current assets	1,152	82
	<u>2,952</u>	<u>1,270</u>
Less: Current liabilities	<u>1,510</u>	<u>905</u>
Net current assets	<u>1,442</u>	<u>365</u>
Total Assets	<u>1,594</u>	<u>489</u>

Required:

From the above information calculate the following for both the years:

- | | |
|------------------------------|-----------|
| (a) Gross Profit Percentage | 02 |
| (b) Current Ratio | 02 |
| (c) Quick Ratio | 02 |
| (d) Debt Equity Ratio | 02 |
| (e) Inventory Turnover Ratio | 02 |
| (f) Debtor Days | 02 |

- Q.7.** The Capital employed at Division **A** of Moon Ltd is Rs. 2 million. Currently, the division earns a return on investment of 22%. It can make an additional investment of Rs. 500,000 for a 5 year life with nil residual value. The average net profit from this investment would be Rs. 48,000 per annum. Division **A**'s cost of capital is 14%.

Required:

Calculate Residual Income before and after additional investment.

07

- Q.8.** A company manufacturing 'distempers' operates a Standard Costing System. The Standard Cost of one of its products is as follows:

Materials	Quantity	Standard Price Per kg	Total (Rs.)
A	40 kg.	Rs.75	3,000
B	10 kg.	Rs.50	500
C	50 kg.	Rs.20	1,000
Material Cost per unit (Total)			4,500

The Standard Input Mix is 100 kg. and the standard output of the finished product is 90 kg.

Actual output of the finished product was 420,000 kg. The actual consumption for the period was as follows:

A	240,000 kg	@ Rs. 80 / kg
B	40,000 kg	@ Rs. 52 / kg
C	220,000 kg	@ Rs. 21 / kg

Required:

Calculate the following Material Variances:

- | | |
|--------------------|-----------|
| (a) Cost Variance | 04 |
| (b) Price Variance | 04 |
| (c) Usage Variance | 04 |
| (d) Mix Variance | 05 |
| (e) Yield Variance | 05 |



Summer Exam-2015

PMAD SECTOR

Bus. Com. & Beh. Studies (06.05.2015)

Duration: 3 hrs.

Marks-100

[Instructions]

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Attempt all Questions

Q.1. Rephrase the following sentences using the “You” attitude? **05**

1. To help us process this order, we must ask for another copy of the requisition.
2. We are pleased to announce our new flight schedule from Atlanta to New York, which is any hour on the hour.
3. We offer MP3 players with 50, 75, or 100 gigabytes of storage capacity.
4. You should never use that type of paper in the copy machine.
5. You must correct all five copies by noon.

Q.2. You are Manager Loan Department. You have received Rs. 2.5 million running finance loan request which you have to decline. Assume necessary details and draft a refusal letter? **10**

Q.3. Paraphrase the following passage taken from Raymond S. Nickerson's "How We Know and Sometimes Misjudge What Others Know: Imputing One's Own Knowledge to Others". **10**

In order to communicate effectively with other people, one must have a reasonably accurate idea of what they do and do not know that is pertinent to the communication. Treating people as though they have knowledge that they do not have can result in miscommunication and perhaps embarrassment. On the other hand, a fundamental rule of conversation is that one generally does not convey to others information that one can assume they already have.

Q.4. Write an essay on “Why should I be a good Responsible Citizen?” **15**

Q.5. (a) How does Job Enrichment adds to the motivation of an employee? **05**

(b) What is meant by Attitude? What are its components? **05**

Q.6. Your Organization provides consultancy and training services in the area of Accounting, Finance and Human Resources along with providing different services of Accounts and Finance department as an outward agency. **10**

Write an unsolicited sales letter to introduce your products and services to the prospective corporate clients.

Contd. on back

- Q.7.** Discuss Alderfer's ERG "**Theory of Motivation**". **08**
- Q.8.** What are the characteristics and approaches of a "**Transformational Leader**"? **07**
- Q.9.** You are Director Training and Development. In your organization employee turnover rate is higher than industry average. You have been assigned the task to research the problem and submit a detailed formal report. Assume necessary details. **15**
- Q.10.** Define the following Financial Market Terminologies? **10**
1. Ready Business
 2. Bull
 3. Bull Account
 4. Off-Take
 5. Glut



Summer Exam-2015
PMAD SECTOR
Financial Audit Manual (FAM) [07.05.2015]
(Common to all)

Subjective	Marks-75	Duration: 2 hrs. 15Mins.
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[Instructions]

- Ensure that the question paper delivered to you is the same, in which you intend to appear.
 - Read the instructions given on the title page of Answer Script.
 - **Books are not allowed.**
 - **Start each question from fresh page.**
-

Attempt all questions from PART-I and any two from PART-II

Part-I

- Q.1. (a)** The Auditors and the DAGP must possess the required competence. **Explain.** **08**
- (b)** List the information an auditor generally gathers for most audits to understand the entity's business. **07**
- Q.2. (a)** Describe the methods of understanding the system and application of Internal Controls in an entity. **08**
- (b)** State the Role of Supervision during the field work to ensure the quality of the Audit Work. **07**
- Q.3. (a)** Describe the tests of details applied to individual transactions that make up an account balance. **08**
- (b)** List the information often included in permanent Working Paper File. **07**

Part-II

- Q.4. (a)** When do you think a Conflicting Evidence occurs? Give three examples. **09**
- (b)** What options are available to an auditor when Most Likely Error is greater than Materiality? **06**
- Q.5. (a)** State the Legislative basis under which the DAGP conducts audit. **08**
- (b)** List the tools that ensure the quality of the auditor's opinions and statements during the reporting phase. **07**
- Q.6. (a)** Describe the role of Information Technology and Audit Methods Specialist in improving the quality of audit. **08**
- (b)** Write a comprehensive note on 'Audit Follow up'. **07**



Summer Exam-2015

PMAD SECTOR

Military Accounting Procedure (Practical) [07.05.2015]

Subjective

Marks-50

Duration: 1 hr.30 Mins.

(Instructions)

- Ensure that the question paper delivered to you is the same, in which you intend to appear.
- Read the instructions given on the title page of Answer Script.
- **Start each question from fresh page.**

Books Allowed:

- Military Accounts Code
- Pamphlet of Revenue, Debt and Remittance Head
- Classification Hand Book of Defence Services Receipts and Charges

Attempt all Questions

Q.1. What are R.D.R Heads against those amounts, compiled under Major Head “Service Receipt” and Expenditure of Defence Services – Effective, Non-Effective and Capital Account (Met from Revenue) are adjusted in the Monthly Book compilation and how are closed at the end of each year? **10**

Q.2. A Met Officer is transferred from Civil to PAF and posted at PAF Base Sargodha. He has drawn House Building Advance from Additional AGPR Lahore (monthly rate of recovery is Rs. 1,500). Draw Punching Medium for compilation of his pay for the month of April 2014 with following data: **10**

	Rs.
Gross Pay	80,000
Income Tax	5,000
GP Fund	2,000
HBA	1,500
Recovery @5% rent of Gross Pay	
Recovery of TA/DA	3,000

Q.3. (a) AGPR Islamabad while sending Civil Exchange (outward) for the month of June 2014 to CMA (Pension) Lahore has not furnished details under Head I & III. What action will be taken by the CMA(Pension) Lahore in this regard? **05**

(b) How erroneous debit or credit in the Exchange Account of a previous year should be adjusted? **05**

Q.4. What do you know about Major Heads **C025** and **F02**? Enlist further codification under these Major Heads. **10**

Q.5. A cheque for Rs. 10,000 issued at Habib Bank PAF Branch Sargodha during June 2014 could not be encashed and returned in July 2014. How cheque will be reissued, if payment under the cheque was related to: **10**

(a) Payment of GP Fund Advance or

(b) Payment of Local Purchase Bill of contractor for purchase of Tea, by an Army Unit.

(Show adjustment & re-adjustment through punching Medium/Transfer Entry)



Summer Exam-2015
PMAD SECTOR
Military Accounting Procedure (Theory) [07.05.2015]

Subjective	Marks-50	Duration: 1 hr.30 Mins.
(Instructions)		
<ul style="list-style-type: none">• Ensure that the question paper delivered to you is the same, in which you intend to appear.• Read the instructions given on the title page of Answer Script.• Start each question from fresh page.		

Attempt all Questions

- | | | |
|-------------|--|-----------|
| Q.1. | Identify transactions which come under Head I to IV of Civil Exchange Account. | 08 |
| Q.2. | What is Consolidated Balanced Account? How Debt, Personal Accounts and the Remittance Heads are closed? | 08 |
| Q.3. | What important points are to be seen by the Controller's Offices during course of review of compilations for the closing months of the Financial Year? | 10 |
| Q.4. | How Remittance Heads are closed in annual review of Balance Report and what is reason behind for doing so? | 06 |
| Q.5. | What are the various classes of the Punching Media and Distinguishing Number? | 10 |
| Q.6. | Write a note on the System of Clearance under Head II. | 08 |



Summer Exam-2015

PMAD SECTOR

New Accounting Model (NAM) [04.05.2015]

(Common to all)

Subjective

Marks-75

Duration: 2 hrs. 15 Mins.

[Instructions]

- Ensure that the question paper delivered to you is the same, in which you intend to appear.
- Read the instructions given on the title page of Answer Script.
- **Quote reference of relevant para/section with the name of relevant manual.**
- **Start each question from fresh page.**

Books Allowed:

- Accounting Policies and Procedures Manual (APPM)
- Manual of Accounting Principles (MAP)
- Chart of Accounts (CoA)

Part 'A'

Q.1. Using COA, codify the followings: (only Alpha Numeric codes should be given in one line without explanation)

- | | | |
|-------|---|----|
| (i) | Defence Affairs & Services Defence Savings Certificates | 04 |
| (ii) | Motor Car Advance to Government Servants of Director Food Punjab | 04 |
| (iii) | Pension Fund Liability of Azad Jammu & Kashmir | 04 |
| (iv) | Revenue Division (FBR) Income Tax Receipts | 04 |
| (v) | Receipt for the Sale of other Government Assets by Inter Provincial Coordination Division | 04 |
| (vi) | Revaluation of Fixed Assets, Investment by the Government | 04 |

Q.2. (a) From the following data suggest a sub-ledger entry by picking the relevant data of payroll. **08**

	Rs.
Benevolent Fund	1,000
Income Tax	10,000
Capital Gain Tax	14,500
G.P. Fund	4,500
Petroleum Levy	12,000
Sui Gas Surcharge	3,500
Net Pay	100,000

(b) From the following statistics, prepare the Revised Estimates of Expenditure Budget of DDO XYZ. Ignore the effects of commitments. **08**

- | | | |
|-------|--------|--|
| (i) | A07401 | Last FY Nov. to June. Rs.2,000,000
CFY July to Oct Rs.1,000,000 |
| (ii) | A07402 | Last FY Nov. to June Rs.1,000,000
CFY July to Oct. Rs.500,000 |
| (iii) | A07403 | Last FY Nov. to June. Rs.1,000,000
CFY July to Oct. Rs.500,000 |

Contd. on back

Part 'B'

- Q.3. (a)** Describe in one or two lines what for the Departmental Treasuries are established? **07**
- (b)** Name three General Ledger Accounts required to be cleared on monthly basis. **07**
- (c)** Name the Statements on which the Annual Account comprises. **07**

OR

Who prepares the Annual Appropriation Accounts of the SAE? How the SAE is included in the Annual Appropriation Accounts of the Government?

- Q.4. (a)** Under what condition a pensioner can receive his/her pension through his/her representative? **07**
- (b)** Describe the Accounting Policy regarding the maintenance of Computerized Electronic Accounting Records? **07**

OR

Name the considerations that apply to the retention of particular Accounting Records.



Summer Exam-2015

PMAD SECTOR

Pay, Pension & TA Rules (Practical) [05.05.2015]

Subjective

Marks-38

Duration: 1 hr. 15 Mins.

[Instructions]

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Books Allowed:

- Pay & Allowances Regulations Vol I & II
- Pension Regulations Vol I, II & III
- Supplementary Rules (in FR & SR)
- Financial Regulations Parts I & II
- Military Leave Rules
- Passage Regulations
- Accounts Manual
- Relevant Military Accts. Dept. Manuals & Procedures Code
- CSR (Pay & Pension rules applicable to PMAD)
- Pay Accounting in Fields Service- general Instructions
- Regulation for PAF, PN, Army in Pakistan (Rules & Instructions)

Attempt all Questions

Q.1. (a) Major Muhammad Aslam proceeded on a course of instruction in March-2014 for two months. He was attached with a unit. He submitted his TA/DA claim as under: **10**

- Full DA for 60 days
- Re-imbusement of double room hotel charges 60 days

CMA(MC) Multan refused to admit the claim. **Comment** on the action of CMA(MC).

(b) Sub Abdul Haq was dismissed from service in the Pakistan Army. He has submitted his TA/DA claim for himself and family from his last station to his home town. **Comment.**

Q.2. Lt. Col. Muhammad Bilal proceeded on retirement putting more than 3 years service on completion of his service limit prescribed for the rank. Calculate his Pension/Commutation on the basis of following particulars: **10**

Date of birth	06.05.1965
Date of Cadet Service	02.11.1978
Date of Commission	28.03.1980
Last pay drawn	Rs. 27,805 PM
Non Q.S.	Nil
Last Rank held	More than 3 years
Date of SOD	29.03.2005
Date of SOS	29.03.2006

Q.3. Mr. Muhammad Azeem, Assistant Audit Officer of CLA (DS) Lahore Cantt had drawn Rs. 60,000/- Motor Cycle Advance. He refunded the advance in 12 equal installments. Calculate amount of interest to be recovered from AAO. The rate of interest to be charged is 14.84%. **10**

Q.4. (a) What are the main responsibilities of Data Coder Cell? **04**

(b) Suggest measures to curb the adjustment of fake TRs? **04**



Summer Exam-2015
PMAD SECTOR
Pay, Pension & TA Rules (Theory) [05.05.2015]

Subjective	Marks-38	Duration: 1 hr. 15 Mins.
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-

Attempt all Questions

- Q.1.** What is Education Training Grant and explain the circumstances in which the expenditure was incurred from Educational Training Grant. **10**
- Q.2.** Define the following: **10**
- i)** Time Scale Pay
 - ii)** Permanent Post
 - iii)** Tenure Post
 - iv)** Compensatory Allowance
 - v)** Joining Allowance
- Q.3.** What do you understand for the term “Casualty” and who will regulate the Pay and allowances of Officers and others who become casualties during operation? **10**
- Q.4.** Define any four of the following: **08**
- i)** Qualify Service
 - ii)** Military Service
 - iii)** Satisfactory Service
 - iv)** Combatant Service
 - v)** Family Pension to daughter



Summer Exam-2015
PMAD SECTOR
Works (MES) Stores (Practical) [06.05.2015]

Subjective

Marks-38

Duration:1 hr.15 Mins.

[Instructions]

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Books Allowed:

- MES Regulation
- MES UA Manual
- LAO Handbook Vol – I & II
- Financial Regulations Vol – I & II
- Store Accounting Instructions (SAI)
- Quarters & Rents
- Military Audit Code
- Office Manual – III
- LA Manual

Attempt all Questions

Part - I (MES)

- Q.1.** For construction of a building a revised Admin Approval has been issued, the abstract cost of which is as under: **10**

		Rs.
(i)	Building Work	28 millions
(ii)	Internal Electric Supply	2 millions
(iii)	Internal Water Supply	1 million
(iv)	Difference in Cost of Stores	4 millions

- (a)** What is acceptance limit of tender against such Admin Approval?
- (b)** Who is Authority to issue Admin Approval in this case?
- (c)** Who is the Authority to issue tender for the whole work?
- (d)** Who will be the Authority to conclude contract against tender valuing Rs. 33 millions?

- Q.2.** Which MES Schedule of Rates will apply for payment: **06**

- (a)** When MES Schedule Rates is taken as base on the date of issue notice of tender?
- (b)** When no notice was issued?

- Q.3.** G.E. has issued a number of contracts relating to one work and also another contract to a contractor whose first contract for same work is still in force. **03**
Comment.

Contd. on back

Part - II (STORES)

- Q.4.** A contract was concluded with Mr. X as contractor for supply of fire tender to be installed over a chassis imported from abroad. Mr. X employed an agent duly authorized by power of attorney, to act for them. During currency of contract, the principal contractor died. There was dispute that his legal heir did not allow to continue the contract and the holder of power of attorney intends to transfer the contract to his partner to continue the remaining work. The case has been referred to Controller of Accounts for advice in the circumstances when: **10**
- (i) Any new contract will enhance the financial value.
 - (ii) Continuation of existing contract is advantageous to State

In your opinion, what advice should be rendered by the Office of the Controller of Accounts; keeping view the valuable chassis imported by the Contractor from abroad.

- Q.5.** CLS Stands for what? Whether Corp Commander of the rank of Lt. General can exercise Financial powers of local purchase as equivalent to CLS (Lt. General)? **03**
- Q.6.** In the tender there was no provision for pre shipment inspection and test trial, but Management insisted to add such clause with lowest bidder in the contract who refused and eventually there was retendering causing loss to State due to increased price. How will you treat such case in audit? **03**
- Q.7.** During audit, the LAO intends for Special Stock Verification in consuming unit, but the opinion of the OC unit was that stock verification is entire role of Executive Authorities. Comment. **03**



Summer Exam-2015
PMAD SECTOR
Works (MES) Stores (Theory) [06.05.2015]

Subjective **Marks-38** **Duration:1 hr.15 Mins.**

[Instructions]

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Attempt all Questions

Part - I (MES)

- Q.1.** What are methods of control and the system of accounting for the Engineer Services and what is object of Administrative Control? **05**
- Q.2.** (a) What is difference in Inspection and Local Audit carried out by Subordinate Staff of LAO in MES? **03**
- (b) Write a note on Result of Local Audit. **03**
- Q.3.** What is procedure when it makes imperative to short circuit normal procedure? **04**
- Q.4.** What are main duties of the Unit Accountant (MES) to maintain Register of Public Buildings? **04**

Part - II (STORES)

- Q.5.** What is the procedure to deal; loss of vouchers in support of charge and where a contractor of ASC supply lost his original copy of the form required to prefer a claim to the Controller of Accounts? **06**
- Q.6.** What are the restrictions for erasures and over writings in Account Register, Cash Book & Voucher and rectification? **03**
- Q.7.** What is Sale Account? What documents in support are submitted to Controller of Accounts and what further action is taken by him? **06**
- Q.8.** What is role of Audit Officer where competitive tenders have not been sought or where high tenders have been accepted? **04**
