

लोक सेवा आयोग
नेपाल नागरिक उड्डयन प्राधिकरण, प्रशासन, आर्थिक प्रशासन, चार्टर्ड एकाउण्टेण्ट, सातौं,
वरिष्ठ अधिकृत पदको खुला प्रतियोगितात्मक लिखित परीक्षा
२०७८।०८।२९

KEY [A]

पत्र : द्वितीय

समय : ३ घण्टा

पूर्णाङ्क : १००

विषय : सेवा सम्बन्धी

उत्तरपुस्तिकामा प्रश्नपत्रको KEY अनिवार्य रूपले उल्लेख गर्नुपर्नेछ । उल्लेख नगरेमा उत्तरपुस्तिका रद्द हुनेछ । परीक्षामा mobile प्रयोग गर्न पाइनेछैन । प्रत्येक Section को उत्तर छुट्टाछुट्टै उत्तरपुस्तिकामा लेख्नुपर्नेछ । अन्यथा उत्तरपुस्तिका रद्द हुनेछ ।

Section "A" : Objective

Multiple Choice

20×1=20 Marks

- Which capital budgeting technique is the most appropriate to evaluate a new project which is fully financed by debt fund?
A) Net present value
B) Adjusted present value
C) Internal rate of return
D) Modified internal rate of return
- What are the two fundamental qualitative characteristics of financial information according to conceptual framework?
A) Relevance and faithful representation
B) Accrual and going concern
C) Going concern and faithful representation
D) Relevance and accrual
- The spot rate is
A) unrelated to the foreign exchange rate
B) the rate of exchange for future delivery
C) the rate of exchange for immediate delivery
D) the black market exchange rate
- Firm with high operating leverage will have
A) higher breakeven point
B) lower business risk
C) higher margin of safety
D) all of the above
- If a swap ratio is calculated on the basis of EPS, then which of the following would be protected for two groups of shareholders?
A) Total Market Value
B) Total Earnings
C) Total Assets
D) All of the above

6. Activity ratio is calculated to check
- A) profitability of the business B) solvency of the business
C) efficiency of the business D) none of the above
7. Undervaluation of stock is
- A) technical error B) compensatory error
C) error of principles D) none of the above
8. Switching accounting principles every year would violate the
- A) Converatism principle B) Historical principle
C) Full disclosure principle D) Consistence principle
9. Corbet Co. purchased a copyright near the beginning of the current year from an author for Rs. 2,000,000. The legal life of the copyright is equivalent to the life of the author plus 50 years. Corbet expects to sell the book for five years. What amount should Corbet report as amortization expense related to the copyright at the end of the current year?
- A) Rs. 0 B) Rs. 40,000 C) Rs. 50,000 D) Rs. 400,000
10. The annual ground Handling charges for one airline company is Rs. 100,000 of which Rs. 45,000 was paid instantly and balance Rs. 55,000 is to be paid after 12 month. Annual market interest rate is 10%. What should be the income that CAAN recognizes in its books of account?
- A) Rs. 100,000 B) Rs. 95,000 C) Rs. 98,000 D) Rs. 96,240
11. Who will be responsible for errors in respect if external auditor relies on the work of internal auditor?
- A) External Auditor B) Internal Auditor C) Management D) Shareholders
12. Confirmation of the court is necessary for
- A) increasing the share capital B) conversion of shares into stock
C) reduction of share capital D) issue of share capital
13. What is the COVID-19 rebate provided to Hotel, Travels, Trekking, Transportation and Air service whose transaction is more than Rs. 1 crore, as per Financial Act, 2077?
- A) 20% rebate on applicable tax B) 25% rebate on applicable tax
C) 50% rebate on applicable tax D) 75% rebate on applicable tax
14. Civil Aviation Authority of Nepal was established on
- A) 15th Poush 2054 B) 16th Poush 2054
C) 15th Poush 2055 D) 16th Poush 2055

15. Due diligence is an example of
- A) review engagement
 - B) agreed upon procedure
 - C) compilation engagement
 - D) none of the above
16. Which of the following is most important to ensure before communicating the audit findings to the top management during the closing meeting?
- A) Risk statement includes an explanation of business impact
 - B) Findings are clearly tracked back to evidence
 - C) Recommendations address root causes of findings
 - D) Remediation plans are provided by responsible parties
17. Which of the following is an intangible asset under NAS 38?
- A) Patent rights
 - B) Market share
 - C) Customer loyalty
 - D) Technical knowledge training
18. The risk that the financial statements are materially misstated prior to audit is called
- A) risk of material misstatement
 - B) detection risk
 - C) audit risk
 - D) significant risk
19. As per VAT Act, 1996, VAT shall be charged on goods and services
- A) supplied within Nepal
 - B) imported into Nepal
 - C) exported outside Nepal
 - D) all of the above
20. Standard on Quality Control (SQC) 1 provides that, unless otherwise specified by law or regulation, audit documentation is the property of
- A) the management
 - B) those charged with governance
 - C) the management and those charged with governance
 - D) the auditor

Subjective

Section "B"

40 Marks

1. The following information regarding ABC Limited are supplied to you:

- i) Current ratio - 2.50
- ii) Liquid ratio - 1.50
- iii) Proprietary ratio - 0.75
- iv) Working capital - Rs. 60,000
- v) Reserve and surplus - Rs. 40,000
- vi) Bank overdraft - Rs. 10,000
- vii) There is no long term loan

Make out a statement of assets and liabilities with complete details. 5

2. When I have already determined the individual materiality level for each class of transactions, account balances and disclosure, then why do I need to calculate performance materiality? 5

3. What are the risks in treasury and financial transactions? 5

4. Darshan Ltd. purchased a Machinery on 1st Shrawan, 2074 for Rs. 130 lakhs (Useful life is 4 years). Government grant received is Rs. 40 lakhs for the purchase of above Machinery. Salvage value at the end of useful life is estimated at 60 lakhs. Darshan Ltd. decides to treat the grant as deferred income.

You are required to calculate the amount of depreciation and grant to be recognized in profit and loss account for the year ending 31st Ashad 2075, 31st Ashad 2076, 31st Ashad 2077 and 31st Ashad 2078.

Darshan Ltd. follows straight line method for charging depreciation. 5

5. Answer the following:

15+5=20

a) Ankit Co. purchased 75% of Bishal Co. for Rs. 2,000 million five years ago when the balance on its retained earnings was Rs. 1,044 million. The statement of financial position of the two companies as at 31st Ashad 2078 are as follows:

	Ankit Co.	Bishal Co.
Rs. in million		
Non-Current assets		
Investment in Bishal Co.	2,000	-
Land and buildings	3,350	-
Plant and equipment	1,010	2,210
Motor vehicles	510	345
	<u>6,870</u>	<u>2,555</u>
Current assets		
Inventories	890	352
Trade receivables	1,372	514
Cash and Cash equivalents	89	51
	<u>2,351</u>	<u>917</u>
	<u>9,221</u>	<u>3,472</u>
Equity		
Share Capital - Rs. 100 ordinary shares	1,000	500
Retained earnings	4,225	2,610
Revaluation surplus	2,500	-
	<u>7,725</u>	<u>3,110</u>
Non-current liabilities		
10% debentures	500	-
Current liabilities		
Trade payables	996	362
	<u>9,221</u>	<u>3,472</u>

The following additional information is available:

- Included in trade receivables of Ankit Co. are amounts owned by Bishal Co. of Rs. 75 million. The current accounts do not present balance due to a payment for Rs. 39 million being in transit at the year end from Bishal Co.
- Included in the inventories of Bishal Co. are items purchased from Ankit Co. during the year for Rs. 31.20 million. Ankit Co. marks up its goods by 30% to achieve its selling price.
- Rs. 180 million of the recognised goodwill arising is to be written off due to impairment losses.
- Bishal Co. shares were trading at Rs. 440 just prior to acquisition by Ankit Co. and this price is used to value non-controlling interests.

Prepare the consolidated statement of financial position for Ankit Group of companies as at 31st Ashad 2078. It is the group policy to value the non-controlling interests at full (or fair) value.

6, प्रशासन, आर्थिक प्रशासन, चार्टर्ड एकाउण्टेण्ट, सातौ, वरिष्ठ अधिकृत

- b) At Shrawan 1, 2077, the fair value of the assets of a defined benefit plan was valued at Rs. 110 million and the present value of the defined benefit obligation was Rs. 125 million. On Ashad 31, 2078, the plan received contributions from the employer of Rs. 49 million and paid out benefits of Rs. 19 million.

The current service cost for the year was Rs. 36 million and a discount rate of 8% is to be applied to the net liability/(asset).

After these transactions, the fair value of the plan's assets at Ashad 31, 2078 was Rs. 150 million. The present value of the defined benefit obligation was Rs. 155.36 million.

Calculate the gains or losses on re-measurement through OCI and the return on plan assets and illustrate how this pension plan will be treated in the statement of profit or loss and other comprehensive income and statement of financial position for the year ended on Ashad 31, 2078.

Section "C"

40 Marks

6. Explain provisions concerning "Procurement to be made in Special Circumstances" as per Public Procurement Act and Rules. 5
7. Describe provisions related to Audit Committee as per Sections 164 and 165 of the Company Act, 2063. 5
8. While auditing Civil Aviation Authority of Nepal, you observe certain material financial statement assertions have been based on estimates made by the management. As an auditor, how do you minimize the risk of materials misstatements? 5
9. Explain the compliance procedure for changes in operation and management ownership by more than 50% of organization having air service permit. 5

10. Future Industries P. Ltd., special industry as per Industrial Enterprise Act, 2076, is a resident Nepalese company. Management of the company has provided you the following extracts related to income and expenditure for income year 2075/76:

10+4+3+3=20

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Opening Stock	15,000	Sales	1,200,000
Head Office Expenses	500,000	Closing stock	10,000
Purchase of raw materials	650,000	Gain on sale of business assets	60,000
Freight Inwards	40,000	Prize from display competition	25,000
Direct wages	80,000	Miscellaneous Income	10,000
Manufacturing Expenses	150,000	Income from natural resources	120,000
Administration Expenses	260,000	Bad debts recovered	40,000
Interest Expenses	500,000	Interest received	5,000
Repair Expenses	42,000		
Depreciation	212,000		
Entertainment Expenses	12,000		
Miscellaneous Expenses	49,000		
Audit Fee	40,000		
Pollution control cost	280,000		
Advertisement	13,000		
Donation	145,000		
Research and Development Cost	200,000		

Additional Information:

- i) Sales include a consignment sold to an related person amounting to Rs. 100,000. The transaction is worth Rs. 450,000 in an arms' length dealing. IRD has sent a notification to the company treating it as transfer pricing arrangement and has instructed to book at arm's length price.
- ii) Management claims Head Office Expenses as expenses made by the Parent on its behalf. However the expenses could not be substantiated.
- iii) Purchase includes Rs. 60,000 incurred for purchase of office equipment in Chaitra 2075.
- iv) Administration expenses include a cash payment of Rs. 75,000 to a constitutional body.
- v) Opening WDV of assets are : Building Rs. 15,00,000, Plant and Machinery Rs. 350,000, Office Equipment Rs. 80,000.
- vi) Repair expenses include Rs. 20,000 of building and Rs. 22,000 of office equipment.

8, प्रशासन, आर्थिक प्रशासन, चार्टर्ड एकाउण्टेण्ट, सातौं, वरिष्ठ अधिकृत

- vii) Donation was made for conservation and promotion of religious heritage in Nepal with the prior approval of IRD.
- viii) Out of bad debts recovered, 20% was not allowed previously.
- ix) Expenses related to natural resource Rs. 2,000 was not recorded in above statement.
- x) No advance tax has been deposited during the year and advance tax return was not also deposited.
- xi) Extension for filing IT return has been taken upto Poush 2076 but the return is filed on Magh 09, 2076. Number of days in a month is 30.
- xii) Ignore interest under section 118 of the act.

You are required to calculate Taxable Income, Tax Liability, Fines and Interest.

- The End -