

CANDIDATE DETAILS

| | | | |
|--|-------------|-------------------------|---------------|
| Access Number | Roll Number | For Official Use Only | Serial Number |
| Subject LENDING: PRODUCTS, OPERATIONS AND RISK MANAGEMENT | | | |
| Candidate's Name | | | |
| Father's Name | | | |
| CNIC Number | | | |
| Cell Number | | E-mail | |
| I verify that my particulars given above are correct and I declare that I have read the INSTRUCTIONS printed in the examination booklet, and/or given in the ISQ Examination Guidelines, violation of which would mean cancellation of my paper and debarment from appearing in future examinations. | | | |
| Candidate's Signature | | Invigilator's Signature | |



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The Institute of Bankers Pakistan

ISQ Examination Winter - 2017 Stage - II Lending: Products, Operations and Risk Management

SEAL
BOOK
HERE

Section 2
Constructed and Extended
Response Questions

Number of Questions: 6
Marks: 55

Allotted time : 120 minutes



INSTRUCTIONS FOR THE CANDIDATES

1. The candidate must abide by the ISQ Examination Guidelines sent along with the admit card.
2. The candidate must sign the booklet after verifying the particulars and should **NOT** write his/her name or roll number on any other page of the examination booklet.
3. The candidate is advised **NOT** to approach the invigilators for seeking any explanation related to the questions in the examination paper.
4. Laptops, mobile phones or any other gadgets are **NOT** permitted in the examination hall. **ONLY** simple calculators are allowed except where indicated in the ISQ Examination Guidelines. If any candidate is found in possession of any restricted gadgets or items, his/her examination paper will be cancelled immediately.
5. The candidate must ensure that the examination booklet has all the pages duly numbered. If any page is missing, damaged or not numbered, then return the booklet to the superintendent / invigilator and obtain another booklet.
6. Write your answer **ONLY** in the given space for each question. Anything written outside the given space will not be considered for marking.
7. **ONLY** blue or black ball points are to be used.
8. The candidate must attempt **ALL** questions in the paper.

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| Marks Obtained | Q.1 | Q.2 | Q.3 | Q.4 | Q.5 | Q.6 | Total Marks | Total in words |
|----------------|-----|-----|-----|-----|-----|-----|-------------|----------------|
| Marker - I | | | | | | | | |
| Q.C | | | | | | | | |
| Scrutiny | | | | | | | | |
| Re-Scrutiny | | | | | | | | |
| Marker- II | | | | | | | | |

Signatures:

1. Marker - I

2. QC

3. Scrutinizer

4. Re-Scrutinizer

5. Marker - II

Q3. A small firm earned a profit of Rs. 13,587 during the calendar year 2012; It had a negative cash flow of Rs. 109,690.

Reconciliation of operating profit to net cash outflow from operating activities: (in Rs.)

| | |
|--|-------------------------|
| Operating profit | 13,587 |
| Depreciation charges | 99,966 |
| Profit on sale of tangible fixed assets | (83) |
| Decrease in stocks | 21,769 |
| Increase in debtors | (162,222) |
| Decrease in creditors | (82,707) |
| Net cash outflow from operating activities | <u>(109,690)</u> |

| | <u>2012</u> | <u>2011</u> |
|------------------------------------|-----------------------|-----------------------|
| Trade Debtors | 230,084 | 282,323 |
| Amounts owed by Group Undertakings | 197,202 | ---- |
| Other Debtors | 5,200 | 4,558 |
| Prepayments and accrued Income | <u>57,503</u> | <u>40,886</u> |
| | <u>489,989</u> | <u>327,767</u> |

A. Analyze why the company has a significant negative cash flow despite earning profit?
(5 Marks)

Q5. Differentiate between the following with examples:
A. Funded and Non-Funded Financing (5 Marks)

B. Fixed Charge and Floating Charge

(5 Marks)

Q6. Describe various collaterals with their attributes. Explain ease of enforcement and realization with regard to the type of collateral? (Illustrate with examples). (10 marks)



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