



CANDIDATE DETAILS			
Access Number	Roll Number	For Official Use Only	Serial Number
Subject ACCOUNTING FOR FINANCIAL SERVICES			
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 - 2018
Stage II
Accounting for Financial
Service

SEAL
BOOK
HERE

Section 2
Constructed and Extended
Response Questions

Number of Questions: 6
Marks: 55

Allotted time : 120 minutes



INSTRUCTIONS FOR THE CANDIDATE

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. Use of non-programmable scientific calculator is allowed;
4. The candidate is advised **NOT** to approach the invigilators for seeking any explanation related to the questions in the examination paper.
5. 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.
6. 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.
7. Write your answer **ONLY** in the given space for each question. Anything written outside the given space will not be considered for marking.
8. **ONLY** blue or black ball points are to be used.
9. The candidate must attempt **ALL** questions in the paper.

For Official Use Only								
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



Q1. Define the following accounting principles and concepts:

i. Business Entity

(2 Marks)

ii. Accounting Period

(2 Marks)

iii. Prudence

(2 Marks)



iv. Consistency

(2 Marks)

v. Accrual

(2 Marks)

Q2. ABC Courier Services purchased a delivery vehicle for its local operations in Islamabad on January 1, 2012. Following data are available in respect of vehicle:

- Cost Rs. 2,000,000
- Useful life 5 years
- Depreciation rate (declining-balance method) 20%

Company's year ends on December 31

Required

Prepare Depreciation Schedule over the span of the asset's life using declining-balance method. (5 Marks)



Q3.

A. XYZ Distributors use balance sheet approach to estimate bad debts relating to year-end accounts receivable. Following information is available with respect to Account receivables on December 31, 2017:

Customer	Not Yet Due	-----Past Due-----				Total
		15-30 Days	31-60 Days	61-90 Days	Over 90 Days	
------(Rupees)-----						
A	43,600	16,500	5,000	-	-	65,100
B	-	-	11,600	7,000	2,000	20,600
C	14,800	-	5,500	-	-	20,300
D	-	-	-	4,500	7,400	11,900
E	22,000	27,000	-	-	-	49,000
Total	80,400	43,500	22,100	11,500	9,400	166,900
Bad debts (%)	2%	8%	16%	28%	60%	

Required:

- i. Compute the closing balance of 'allowance for Bad debts' (to be carried forward to next year) as at December 31, 2017, by considering the respective percentage of Bad debts. (4 Marks)
- ii. Compute the amount of bad debts expense to be charged to statement of profit and loss on December 31, 2017, assuming that:
 - allowance for Bad debts account showed a credit balance of Rs. 30,000 on January 1, 2017, and (2 Marks)
 - a write off of Rs. 25,000 during 2017. (2 Marks)

Q4. The trial balance of 'M' Traders is given below:

**'M' Traders
Trial Balance
as at June 30, 2018**

Particulars	-----Rupees in '000'-----	
	Debit	Credit
Land	2,500	
Building		
Tools and equipment	250	
Accounts payable		300
Capital		
Retained earnings		150
Advertising expenses	50	
Wages expenses	25	
Utilities expenses	60	
Shop supplies	6	
Accounts receivable	190	
Cash and bank		
Sales		18,000
Purchases		
Sales return	5,000	
Return outwards		3,000
Carriage in	150	
Inventory	200	
	26,450	

Other Information:

1. The closing stock and cost of sales are Rs. 120,000 and Rs. 12,945,000 respectively.
2. Total non-current assets amounted to Rs. 4,750,000.

Required:

You are required to complete the missing data (boxes) in the trial balance.

(10 Marks)



Q5. Following financial statements relate to 'HQP' Traders:

HQP Traders
Statement of Financial Position
as at June 30

	<u>Rs.'000'</u>	<u>Rs.'000'</u>
	<u>2018</u>	<u>2017</u>
Assets		
Non-Current Assets		
Property, plant and equipment	28,500	13,000
Intangible assets	6,500	7,000
	35,000	20,000
Current Assets		
Inventory	9,500	11,000
Trade debts	8,900	5,200
Cash and bank balances	6,600	5,800
	25,000	22,000
	60,000	42,000
Equity and Liabilities		
Equity		
Share capital	30,000	22,000
Share premium	4,000	-
Retained earnings	10,000	2,000
	44,000	24,000
Non-current Liabilities		
10% Loan notes	8,000	8,000
Current Liabilities		
Trade payables	8,000	10,000
	60,000	42,000

Additional Information:

- i. During the year, a machine was sold for Rs. 550,000. This machine was purchased at a cost of Rs. 1,000,000 and had a carrying value of Rs.400,000 at the time of disposal.
- ii. Depreciation for the year was Rs. 1,200,000.
- iii. No intangible asset was sold or purchased during the year.
- iv. Finance cost incurred and paid on 10% loan notes.



Q6. Following information relates to 'R' Limited:

Statement of Financial Position	
As at December 31, 2017	
Non-Current Assets	Rs.'000'
Property, plant and equipment	1,950
Current Assets	
Inventory	550
Accounts receivable	930
Cash and bank balances	280
	1,760
Total Asset	3,710
Equity	
Share capital	1,000
Retained earnings	1,110
	2,110
Non-current Liability	
10% Loan	900
Current Liabilities	
Accounts payable	650
Taxation	50
	700
Total Equity and Liabilities	3,710

Extracts of Statement of Profit or Loss	
For the year ended December 31, 2017	
	Rs.'000'
Sales (all on credit)	12,640
Cost of sales	9,900
Net profit before tax	465



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