



The Institute of
Bankers Pakistan

Time Allowed: 3 Hours

Maximum Marks:100

Accounting for Financial Services

Date: December 12, 2019

JAIBP (Stage-II)

Roll No:

Instructions:

- i. Attempt ALL questions;
- ii. Answers must be neat, relevant and brief;
- iii. In marking the question paper, the examiners take into account clarity of exposition, logic of arguments, presentation and language;
- iv. Read the instructions printed inside the top cover of answer script CAREFULLY before attempting the paper;
- v. DO NOT write your Name, Access No. or Roll No. etc. anywhere inside the answer script(s);
- vi. Candidates are advised not to mark any of the objective answer on the question paper, otherwise their paper will be cancelled;
- vii. Question Paper must be returned to invigilator before leaving the examination hall.

SECTION B: SUBJECTIVE

All the questions from Section B are compulsory.

(55 Marks)

Q1. The owner of Abu-Turab Limited was shocked while reviewing the financial reports of his company. The Statement of Profit or Loss showed a profit of Rs. 30,570 for June 30, 2019, on the other hand cash flows from operating activities generated an outflow of Rs. 246,810. He approached you to make him understand and reconcile the both balances of the company. The following information is available:

- i. Depreciation charges Rs. 224,920
- ii. Gain on sale of non-current asset Rs. 190
- iii. Decrease in inventory Rs. 48,980
- iv. Increase in accounts receivable Rs. 365,000
- v. Decrease in accounts Payables Rs. 186,090

Required:

Prepare a reconciliation of net profit with net cash flow from Operating Activities.

(7 Marks)

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Q2. The following summarized figures relate to Faran Limited, a business operating in the retail sector.

Particulars	2018	2017
	(Rs. in million)	
Revenue	35,000	32,000
Gross Profit	6,000	5,800
Operating expenses	2,850	2,300
Interest on debenture debt	500	500
Taxation	1,100	1,400
Profit after tax	1,550	1,600
Total owner's Equity (end)	17,500	17,500
Debentures in issue throughout the period	6,250	6,250

Required:

Calculate the following ratios for Faran Limited in the year 2017 and 2018. (Round off the figure to three decimal places). **(10 Marks)**

- Gross profit/ margin ratio
- Interest coverage ratio
- Return on capital employed
- Return on equity

Q3. Define the following terms:

(16 Marks)

- A Prepayment
- Capital Expenditure
- Revenue Expenditure
- Going concern
- Accrual basis
- Business entity concept
- Money measurement concept
- Historical cost concept

Q4. The following information pertains to Al-Mardan Traders for the month of September, 2019:

	Rupees
Accounts receivable on September 1, 2019	73,500
Accounts payable on September 1, 2019	98,000
Transactions during the month of September, 2019:	
Counter sales to customers	73,500
Accounts receivable's written off	7,350
Cash received from accounts receivable	171,500
Cash paid to suppliers	98,000
Goods returned to suppliers	12,250
Goods purchased on cash	110,250
Accounts receivable on September 30, 2019	294,000
Accounts payable on September 30, 2019	367,500

Required:

- Calculate the amount of credit sales for the month.
- Calculate total sales for the month.

(8 Marks)

(2 Marks)



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Q5. Miracle University purchased six (06) coasters from M/s Firdous Company on January 1, 2016 at a list price of Rs. 5 million each with a salvage value of Rs. 240,000 each. The expected useful life of each coaster is 10 years. A trade discount of 10% was given by the seller. Miracle University uses straight line method of depreciation. Miracle University incurred and paid the following:

- a) Custom duty paid on invoice price for all coaches, Rs. 4,600,000.
- b) Freight charges were @ Rs. 330,000.

Required:

- i. Compute the cost of all coasters. **(6 Marks)**
- ii. Prepare an accumulated depreciation account till December 31, 2017. **(6 Marks)**

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