



**Accounting for Financial Services**

The sample questions are related to the JAIBP Stage 2 course “Accounting for Financial Services”. The students are advised to thoroughly read the exam guidelines and the syllabus guide for this course before start studying for the paper. The questions are shared to give an idea to the student about the paper format and types of questions. For further information visit the IBP website [www.ibp.org.pk](http://www.ibp.org.pk)

**Multiple Choice Questions**

Each MCQ carry one mark.

Q1. Investment securities are classified as \_\_\_\_\_ in the financial statements.

- A. Assets (Answer)
- B. Liabilities
- C. Revenue
- D. Equity

Q2. Following information is available from the financial statements of Horizon enterprises:

Description	Rupees
Retained Earnings - Opening	200,000
Retained Earnings - Closing	500,000
Dividends	50,000

Calculate the net income from the above information.

- A. Rs. 750,000
- B. Rs. 650,000
- C. Rs. 350,000 (Answer)
- D. Rs. 250,000

Q3. Salim & Co. is a large manufacturer of mobile phones. At the end of the year 2021, it has Rs. 50,000 of obsolete mobile phones in inventory. What will be the correct entry for recording the provision for obsolete inventory?

	Debit (Rupees)		Credit (Rupees)	
A.	Expense	50,000	Provision for obsolete inventory	50,000
B.	Inventory A/ c	50,000	Provision for obsolete inventory A/ c	50,000
C.	Purchases A/c	50,000	Inventory A/ c	50,000
D.	Purchases A/ c	50,000	Profit & Loss A/ c	50,000

(Answer)