

THE INSTITUTE OF BANKERS, BANGLADESH (IBB)

96th Banking Professional Examination, 2023

AIBB

Accounting for Financial Institutions (AFI)

Subject Code :

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Time—3 hours

Full marks—100

Pass marks—45

[N.B. The figures in the right margin indicate full marks. Answer any five questions.]

Marks

1. (a) Discuss the role of accounting as language of business. 5
- (b) What are the permanent and temporary accounts in book-keeping? How are they different? Give example. 5
- (c) Pick the answers of the following questions: 10×1=10
- (i) Financial statements don't include
- Cash flows
 - Foot notes
 - Ratio Analysis
- (ii) Which is the best favourable audit opinion?
- Unqualified
 - Qualified
 - Adverse
- (iii) What would the journal entry for cash purchase of office supplies for BDT 5,000?
-----office supplies-----cash.
- Debit, Credit
 - Credit, Debit
 - Debit, Debit
- (iv) Selling an unused fixed asset is what type of business activity?
- Operating
 - Investing
 - Financing
- (v) If income, expense and other comprehensive income of a company is BDT 10,7 and 1 crore respectively; net income (in crore BDT) is—
- 10
 - 3
 - 4
- (vi) A fundamental principle of accrual accounting is that revenue is recognized when it is
- earned
 - billed
 - collected
- (vii) Owners equity and assets of a company is BDT 10 and 13 crores respectively. External liability (in crore BDT) of the company is—
- 3
 - 10
 - 13
- (viii) Current liquidity and current ratio of a company is BDT 2 crore and 1.5. Current asset (in crore BDT) of the company is—
- 1.5
 - 2
 - 3
- (ix) Average equity and return on equity of a company is BDT 5 crore and 0.20 respectively. Net income (in crore BDT) is
- 0.20
 - 1
 - 2.5
- (x) What does the acronym "IFRS" stand for?
- International Financial Reporting System.
 - International Financial Reporting standards.
 - International Financial Regulation Standards.

[Please turn over

- | | | Marks |
|----|--|---------|
| 2. | (a) What is transaction? How would you differentiate between event and transaction? Does tangibility matter to be a transaction? | 2+3+2=7 |
| | (b) What are the fundamental principles of Double Entry System of Book-Keeping? Is Double Entry Book-Keeping a scientific method to analyzing business transaction? | 5+3=8 |
| | (c) What are the basic recording process of business transaction under Double entry system of Book-keeping? | 5 |
| 3. | (a) How are the financial instruments classified under the IFRS9: Financial Instruments? How do the entity's business models and contractual cash flows differ in different classes? | 6 |
| | (b) Explain the Expected Credit loss (ECL) Model of the IFRS9. | 6 |
| | (c) What are some of the challenges that entities face when implementing IFRS9, and how can they overcome them? | 8 |
| 4. | (a) What is accounting equation? Define the elements of accounting equation with example. | 5 |
| | (b) Mr. Rahman started a travel agency on February 1, 2023. He conducted the following transactions during the month of February, 2023: | |
| | February 1: Invested Tk. 12,00,000 to start the business. | |
| | 2: Paid cash for purchasing office equipment Tk. 2,50,000. | |
| | 3: Paid cash Tk. 30,000 for office rent. | |
| | 4: Incurred advertising cost Tk. 1,00,000 in cash. | |
| | 10: Purchased office supplies Tk. 10,000 in cash. | |
| | 15: Earned service commission Tk. 3,00,000 of which Tk. 2,00,000 received in cash from customers and Tk. 1,00,000 is billed to customers on account. | |
| | 20: Withdraw cash Tk. 30,000 for personal use. | |
| | 23: Purchased office furniture on account of Tk. 70,000. | |
| | 25: Received in cash from customers who have previously been billed on February 15. | |
| | 28: Paid Tk. 10,000 for utility bills in cash. | |

Instruction:

12+3=15

- (i) Show the effects of the above transaction on the accounting equation in a tabular format.
- (ii) Prove the accounting equation.
5. (a) Discuss the cost model and revaluation model of reporting property, Plant and Equipment (PPE) 4
- (b) Briefly describe the straight-line, Accelerated and Units of Product Method of depreciation. 6
- (c) At the beginning of year-1, a company buys a box manufacturing equipment for \$ 2300. Estimated residual value :\$ 100 and estimated useful life : 4 years. Total estimated productive capacity : 800 boxes. Production in year 1, 2,3 and 4: 200, 300,200, 100 boxes respectively. 10
- Using these information, calculate Deprecation Expenses for 2nd and 3rd year using straight-line, Double Declining Balance and Unit of Production Methods.
6. (a) Discuss briefly the various steps of accounting cycle. 5
- (b) Mr. Talukder owns and manages a computer repair service shop which has the following trial balance on January 31, 2023:

Talukder Repairs

Trail Balance

January 31, 2023

Heads of Accounts	Debit Taka	Credit Taka
Cash	1,20,000	--
Account Reciable	1,20,000	--
Parts Inventory	2,00,000	--
Prepaid Rent	45,000	--
Office Equipment	2,50,000	
Accounts Payable		1,35,000
Mr. Talukder's Capital		6,00,000
Total :	7,35,000	7,35,000

- The following transactions were conducted during the month of January, 2023: Marks
- January 2: Advertising cost paid in cash Tk. 20,000.
 5: Repair service performed and received cash Tk. 1,00,0000.
 8: Belled Customers Tk. 75,000.
 12: Cash paid to creditors Tk. 65,000.
 18: Collected Tk. 50,000 from customers on March 8.
 26: Paid wages Tk. 30,000 in cash.
 31: Withdrew Tk. 50,000 by Mr. Talukder.

Instruction:

- (i) Prepare Journal Entries 5
 (ii) Post the journal entries to the accounts in ledger 5
 (iii) Prepare Trial Balance as on 31 January, 2023. 5
7. (a) What are the categories of Financial Ratios used to analyze the financial statements? Explain liquidity and solvency ratios. 6
 (b) Are there limitations of using financial ratios to analyze financial statement? Explain. 4
 (c) In a vertical common-size analysis, how are the Balance sheets, Income statements and Cash Flow statements made common? 6
 (d) How is the horizontal common-size analysis different from the vertical common-size analysis? 4
8. (a) Write two example each of the operating, Investing and Financing business activities. 6
 (b) Write the impact of the following transactions in the Cash Flow Statement stating with amount whether there would be cash inflow or outflow in the Operating, Investing or Financing segment of the Cash Flow Statement: 6
- (1) Issues 1000 shares of common stock at a price of \$100 per share, fully paid.
 (2) Purchase of raw material inventory for \$ 15,000 paying cash.
 (3) Cash payment of \$ 5000 for rent for the office space.
 (4) Sales an unused equipment for \$ 400 cash.
- (c) In 2022, a company made cash payments of Tk. 6 crore for salaries, Tk. 2 crore for interest expenses and Tk. 4 crore for income taxes as operating activities. Based only on the information given in the table, compute cash received from customers and cash paid to suppliers and the company's operating cash flow for 2022: 8

Tk. crore	2021	2022
Revenue	42	37
Cost of Goods sold	18	16
Inventory	36	40
Accounts Receivable	22	19
Accounts Payable	14	12

9. Following is the trial balance for Ahmed Consultancy Service on December 31, 2022; the end of accounting year:

Ahmed Consultancy Service

Trail Balance

December 31, 2022

Heads of Accounts	Debit (Tk.)	Credit (Tk.)
Cash	182,500	
Balance at Bank	150,000	
Office Supplies	40,000	
Accounts Receivable	142,200	
Prepaid Rent	45,000	
Salaries Expense	140,000	
Office Equipment	500,000	
Accumulated Depreciation		60,000
Accounts payable		144,000
Notes Payable		100,000
Unearned fees		40,700
Capital Mr. Ahmed		600,000
Drawing, Mr. Ahmed	80,000	
Fees Revenue		400,000
Rent Expense	40,000	
Utility Expense	25,000	
	13,44,700	13,44,700

Following information is also available:

Marks

- (a) Ending inventory of office supplies Tk. 14,000.
 (b) Prepaid rent expired Tk. 15,000.
 (c) Depreciation of office equipment Tk. 20,000.
 (d) Accrued interest on notes payable Tk. 9,000.
 (e) Accrued salaries at the end of the month Tk. 20,000.
 (f) Fees earned but not billed Tk. 12,000.

8+2+10=20

Instructions

- (i) Prepare Income Statement for the year end 2022.
 (ii) Prepare Owner's Equity Statement for the year ended 2022.
 (iii) Prepare Balance Sheet as on December 31, 2022.

10. Write short notes any five on the following :

4×5=20

- (a) Accrual and Cash Basis of Accounting
 (b) Off Balance Sheet Items
 (c) Classified Balance Sheet
 (d) Offshore banking
 (e) Depreciation and Amortization
 (f) Joint Ventures
 (g) IFRS
 (h) Conservatism principle.

[বাংলা অনুবাদ]

দ্রষ্টব্য: ডান পাশের সংখ্যা প্রশ্নের পূর্ণমান জ্ঞাপক। যে কোনো পাঁচটি প্রশ্নের উত্তর দিন।

		নম্বর
১।	(ক) ব্যবসায়ের ভাষা হিসাবে হিসাব বিজ্ঞানের ভূমিকা আলোচনা করুন।	৫
	(খ) হিসাব রক্ষণের স্থায়ী এবং অস্থায়ী হিসাব কী? তাদের পার্থক্য কী? উদাহরণ দিন।	৫
	(গ) ইংরেজি অংশ দেখুন।	১০×১=১০
২।	(ক) লেনদেন কী? ঘটনা ও লেনদেনের মধ্যে কি পার্থক্য রয়েছে? লেনদেন কি দৃশ্যমান হতেই হবে?	২+৩+২=৭
	(খ) দুই তরফা দাখিলা পদ্ধতির মূলনীতিসমূহ কি কি? দুই তরফা দাখিলা পদ্ধতি কি বিজ্ঞানসম্মত পদ্ধতি?	৫+৩=৮
	(গ) দুই তরফা দাখিলা পদ্ধতিতে হিসাব রাখার প্রক্রিয়াসমূহ কী কী?	৫
৩।	(ক) আইএফআরএস৯: আর্থিক দলিলাদি (IFRS9: Financial Instrument) অনুযায়ী আর্থিক দলিলাদিকে কীভাবে শ্রেণিবিন্যাস করা হয়? উক্ত বিভিন্ন শ্রেণির প্রাতিষ্ঠানিক ব্যবসা মডেল ও চুক্তিভিত্তিক নগদ প্রবাহ কিরূপ ভিন্ন হয়?	৬
	(খ) আইএফআরএস৯ এ উল্লিখিত প্রত্যাশিত ঋণ-ক্ষতি (Expected Credit Loss-ECL) মডেল ব্যাখ্যা করুন।	৬
	(গ) আইএফআরএস৯ বাস্তবায়নে প্রতিষ্ঠানসমূহ কী কী প্রতিবন্ধকতার সম্মুখীন হয় এবং কীভাবে তা দূর করা যায়?	৮
৪।	(ক) হিসাব সমীকরণ কি? হিসাব সমীকরণের উপাদানসমূহের সংজ্ঞা দিন।	৫
	(খ) ইংরেজি অংশ দেখুন।	১৫
৫।	(ক) পরিসম্পদ, স্থাপনা ও সরঞ্জাম (Property, Plant and Equipment) প্রতিবেদনের ব্যয় (Cost) ও পুনঃমূল্যায়ন (Revaluation) মডেল ব্যাখ্যা করুন।	৪
	(খ) অবচয়ের সরল রৈখিক পদ্ধতি, ক্রমহ্রাসমান জের পদ্ধতি ও উৎপাদন-পরিমাপ পদ্ধতি ব্যাখ্যা করুন	৬
	(গ) ইংরেজি অংশ দেখুন।	১০
৬।	(ক) হিসাব চক্রের বিভিন্ন ধাপসমূহ সংক্ষেপে আলোচনা করুন।	৫
	(খ) ইংরেজি অংশ দেখুন।	১৫
৭।	(ক) আর্থিক বিবরণী পর্যালোচনার জন্য কোন কোন ধরনের আর্থিক রেশিও ব্যবহৃত হয়? তারল্য (Liquidity) ও স্বচ্ছলতা (Solvency) রেশিও ব্যাখ্যা করুন।	৬
	(খ) আর্থিক রেশিও ব্যবহারের সীমাবদ্ধতা থাকলে তার ব্যাখ্যা করুন।	৪
	(গ) উল্লম্ব সর্বজনীন-আকার বিশ্লেষণে (Vertical Common-size analysis) স্থিতিপত্র, লাভক্ষতি বিবরণী ও নগদ প্রবাহ বিবরণী কীভাবে সর্বজনীন করা হয়?	৬
	(ঘ) অনুভূমিক (Horizontal) সর্বজনীন-আকার বিশ্লেষণ ও উল্লম্ব সর্বজনীন-আকার বিশ্লেষণের পার্থক্য দেখান।	৪
৮।	(ক) পরিচালন, বিনিয়োগ ও অর্থায়ন ব্যবসায়িক কার্যক্রমের দুটি করে উদাহরণ দিন।	৬
	(খ) ইংরেজি অংশ দেখুন।	৬
	(গ) ইংরেজি অংশ দেখুন।	৮
৯।	ইংরেজি অংশ দেখুন।	২০
১০।	যে কোনো পাঁচটি বিষয়ের উপর সংক্ষেপে টীকা লিখুন :	৪×৫=২০
	(ক) বকেয়া ও নগদ ভিত্তিক হিসাব বিজ্ঞান	
	(খ) স্থিতিপত্র বহির্ভূত দফাসমূহ	
	(গ) শ্রেণিকৃত উদ্ধৃতিপত্র	
	(ঘ) অফশোর ব্যাংকিং	
	(ঙ) অবচয় ও অবলোপন	
	(চ) যৌথ মূলধনী ব্যবসায়	
	(ছ) আইএফআরএস	
	(জ) রক্ষণশীলতা নীতি।	