

THE INSTITUTE OF BANKERS, BANGLADESH (IBB)

98th Banking Professional Examination, 2024

AIBB

Accounting for Financial Institutions (AFI)

Subject Code :

2 0 6

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) Why accounting is called the language of business? | 4 |
| (b) How does accounting assist management? | 4 |
| (c) Describe accounting process in a business organization. | 6 |
| (d) Discuss some limitations of accounting information. | 6 |
| 2. (a) What is accounting cycle? Briefly discuss the steps of accounting cycle. | 3+4=7 |
| (b) What is the conceptual framework for financial reporting? | 5 |
| (c) Briefly discuss the assumptions in financial reporting. | 8 |
| 3. (a) "The terms debit and credit mean increase and decrease respectively." Do you agree? Explain. | 4 |
| (b) What is accounting information system? Briefly discuss the principles of an efficient and effective accounting information system. | 2+5=7 |
| (c) Indicate whether each of the following account is an asset, a liability, or an owner's equity account and whether it has normally debit or credit balance : | 1.5×6=9 |
| (1) Accounts Receivable | |
| (2) Accounts Payable | |
| (3) Equipment | |
| (4) Unearned Revenue | |
| (5) Prepaid Insurance | |
| (6) Owners Drawings. | |
| 4. (a) Why double entry system is called the scientific method? | 2 |
| (b) State some limitations of double entry system. | 2 |
| (c) The following transactions are obtained from the books of Mr. Sajjad for the month of December, 2023 : | |
| December 1 Mr. Sajjad invested cash Tk. 200,000 and furniture Tk. 50,000 into business. | |
| 5 Purchase office supplies for cash Tk. 30,000 and on account Tk. 20,000. | |
| 15 Received cash Tk. 100,000 for services rendered. | |
| 22 Paid office rent Tk. 10,000 for the month. | |
| 24 Insurance paid in advance Tk. 5,000. | |
| 27 Paid salaries Tk. 25,000 for the month. | |
| 31 Mr. Sajjad withdrew Tk. 10,000 for personal use. | |
| You are required to : | |
| (1) Prepare journal entries of the transactions. | 4 |
| (2) Open necessary ledger accounts. | 8 |
| (3) Prepare trial balance. | 4 |
| 5. (a) What is the difference between Statement of Cash flow and Income Statement. | 5 |
| (b) From the following details prepare a cash flow statement for the year ended 31, December 2023 under indirect method : | 15 |
| (1) Balance of cash in hand and at bank on 31 December 2023 was Tk. 26,200. | |
| (2) Total sales for the year Tk. 18,38,000 that include credit sales Tk. 15,98,000. | |
| (3) Cash collected during the year from credit customers Tk. 12,48,000. | |
| (4) Cash paid to suppliers and employees Tk. 10,32,000. | |
| (5) Income tax paid Tk. 1,34,000. | |
| (6) 10% Preferred stock; face value Tk. 3,00,000, issued at a premium of 10%. | |
| (7) Bonds of face value of Tk. 200,000 redeemed at par and interest paid upto the date of redemption Tk. 15,000. | |
| (8) The book value of the equipment of Tk. 26,000 disposed of for Tk. 30,000 and new equipment costing Tk. 3,20,000 purchased. | |
| (9) Dividend received on investments Tk. 13,800. | |
| (10) Dividend paid for the year 2020 Tk. 80,000 and for the year 2022 Tk. 50,000. | |

[Please turn over]

6. (a) Why may a trial balance not contain up-to-date and complete financial information? 5
 (b) Sonia Graphics was established on January 1, 2023 by Sonia Islam. At the end of 5+10
 6 months of operations, the trial balance contained the following accounts : =15

	Debit (Taka)		Credit (Taka)
Cash	86,000	Notes Payable	2,00,000
Accounts Receivables	1,40,000	Owner's Capital	2,20,000
Equipment	4,50,000	Accounts Payable	90,000
Insurance Expense	27,000	Sales Revenue	5,21,000
Salaries and Wages	3,00,000	Service Revenue	60,000
Supplies Expense	37,000		
Advertising Expense	19,000		
Rent Expense	15,000		
Utilities Expense	17,000		
	<u>10,91,000</u>		<u>10,91,000</u>

Analysis reveals the following additional information :

- (1) The Tk. 37,000 balance in supplies expense represents supplies purchased in January. At June 30, Tk. 13,000 supplies are on hand.
- (2) The notes payable was issued on February 1. It is a 6%, 6 month note.
- (3) The balance in Insurance Expense is the premium on a one-year policy, dated April 1, 2023.
- (4) Service revenues are credited to revenue which received. At June 30, service revenue of Tk. 13,000 are unearned.
- (5) Revenue for service performed but unrecorded at June 30 totals Tk. 20,000.
- (6) Depreciation is Tk. 22,500 per year.

Instructions :

- (i) Journalize the adjusting entries at June 30 (Assuming adjustments are recorded every six months). Omit explanations.
 - (ii) Prepare an income statement and owner's equity statement for 6 months ended June 30 and a statement of financial position at June 30.
7. (a) Discuss worksheet as a substitute of financial statement. 4
 (b) Amin Delivery Service is completing accounting information processing cycle for the year ended December 31, 2023. The unadjusted trial balance taken from ledger was as follows : 16

Amin Delivery Service

Trial Balance

As at December 31, 2023

Account's Title	Debit (Taka)	Account's Title	Credit (Taka)
Cash	43,550	Amin's Capital	80,000
Accounts Receivables	17,000	Delivery Service Revenue	1,50,000
Prepaid Insurance	450		
Interest Receivable	—		
12% Investment	6,000		
Delivery Equipment	1,55,000		
Advertising Expenses	8,000		
	<u>2,30,000</u>		<u>2,30,000</u>

Additional data for adjusting entries :

- (i) Expired insurance during 2023 was Tk. 150.
- (ii) Interest on investment (dated September 1, 2023) is collected annually each August 30.
- (iii) Depreciation on delivery equipment, during the year Tk. 10,000.

Required : Prepare a worksheet.

- Marks
8. (a) Name the major ratios useful in assessing (i) Liquidity and (ii) Solvency. 4
 (b) Explain the difference between Horizontal Analysis and Vertical Analysis. 4
 (c) Samira Fashion's comparative statements of financial position are presented below : 12

Samira Fashion
Statement of Financial Position
 December 31

	2023 (Taka)	2022 (Taka)
Land	20,000	26,000
Building	70,000	70,000
Accumulated Depreciation Building	(15,000)	(10,000)
Inventory	10,000	7,000
Accounts Receivable	22,000	24,000
Cash	4,300	3,700
Total	1,11,300	1,20,700
Share Capital Ordinary	72,000	69,000
Retained Earnings	24,300	20,600
Accounts Payable	15,000	31,100
	1,11,300	1,20,700

Samira's 2023 income statement included net sales of Tk. 1,00,000, cost of goods sold of Tk. 60,350 and Net Income of Tk. 14,000.

Instructions : Compute the follow ratios for 2023 :

- (a) Current Ratio
 (b) Acid-Test Ratio
 (c) Accounts Receivable Turnover
 (d) Inventory Turnover
 (e) Profit Margin
 (f) Return on Assets.
9. The following is the Trial Balance of Trust Wholesale Company :

Trust Wholesale Company

Trial Balance
 December 31, 2023

Account Title	Debit (Taka)	Credit (Taka)
Cash	25,400	
Accounts Receivable	37,600	
Merchandise Inventory	90,000	
Land	92,000	
Building	1,97,000	
Accumulated Depreciation Building		54,000
Equipment	83,500	
Accumulated Depreciation-Equipment		42,400
Notes Payable		50,000
Accounts Payable		37,500
Rashed, Capital		2,67,800
Rashed, Drawings	10,000	
Sales Revenue		9,04,100
Sales Discount	4,600	
Cost of Goods Sold	7,09,900	
Salaries Expenses	69,800	
Utilities Expenses	19,400	
Repair Expenses	5,900	
Gas and Oil Expenses	7,200	
Insurance Expenses	3,500	
Total	13,55,800	13,55,800

Additional Information :

- (i) Depreciation in Tk. 10,000 on building and is Tk. 9,000 on equipment.
 (ii) Interest Tk. 7,000 is due and unpaid on notes payable at December 31.
 (iii) Merchandise inventory is actually on hand Tk. 89,200.
 (iv) Salaries expenses are 80% selling and 20% administrative.
 (v) Utilities expenses, repair expenses and insurance expenses are 100% administrative.
 (vi) Tk. 15,000 of notes payable are payable for next year.
 (vii) Gas and Oil expense is a selling expense.

Required :

- (a) A multiple-step income statement.
 (b) Owner's equity statement.
 (c) Classified balance sheet at December 31, 2023.

[Please turn over

10. Write short notes on any five of the following :

- Operating Cycle
- Accrual Basis of Accounting
- IFRS
- Cost Constraint
- Building Blocks of Accounting
- Qualified Audit Report
- Periodic Inventory Management System
- 3 C's in Accounting
- Allowance for Doubtful Debt
- Free Cash Flow.

[বাংলা অনুবাদ]

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

	নম্বর
১। (ক) হিসাব বিজ্ঞানকে ব্যবসায়ের ভাষা বলা হয় কে?	৪
(খ) হিসাব বিজ্ঞান কীভাবে ব্যবস্থাপনাকে সহায়তা করে?	৪
(গ) একটি ব্যবসায় প্রতিষ্ঠানে হিসাববিজ্ঞান প্রক্রিয়া বর্ণনা করুন।	৬
(ঘ) হিসাব তথ্যের কী কী সীমাবদ্ধ রয়েছে?	৬
২। (ক) হিসাব চক্র কী? হিসাব চক্রের ধাপগুলো সংক্ষেপে আলোচনা করুন।	৩+৪=৭
(খ) আর্থিক প্রতিবেদনের ধারণাগত কাঠামো (Conceptual Framework) কী?	৫
(গ) আর্থিক প্রতিবেদনের ধারণাগুলো (Assumptions) সংক্ষেপে আলোচনা করুন।	৮
৩। (ক) “‘ডেবিট ও ক্রেডিট’ শব্দ দ্বারা যথাক্রমে বৃদ্ধি ও হ্রাস বুঝায়” আপনি কি এ কথার সাথে একমত? ব্যাখ্যা করুন।	৪
(খ) হিসাববিজ্ঞান তথ্য ব্যবস্থা কী? একটি দক্ষ ও কার্যকর হিসাবরক্ষণ তথ্য ব্যবস্থার নীতিগুলো সংক্ষেপে আলোচনা করুন।	২+৫=৭
(গ) ইংরেজি অংশ দেখুন।	১+৫+৬=১২
৪। (ক) দুই তরফা দাখিলা পদ্ধতিকে কেন বিজ্ঞানসম্মত পদ্ধতি বলা হয়?	২
(খ) দুই তরফা দাখিলার সীমাবদ্ধতাগুলো বর্ণনা করুন।	২
(গ) ইংরেজি অংশ দেখুন।	৪+৮+৪=১৬
৫। (ক) নগদ প্রবাহ বিবরণী ও আয় বিবরণী এর মধ্যে কী কী পার্থক্য রয়েছে?	৫
(খ) ইংরেজি অংশ দেখুন।	১৫
৬। (ক) একটি রেওয়ামিলে কেন হালনাগাদ ও পূর্ণাঙ্গ আর্থিক তথ্য নাও থাকতে পারে?	৫
(খ) ইংরেজি অংশ দেখুন।	৫+১০=১৫
৭। (ক) কার্যপত্রকে আর্থিক বিবরণীর বিকল্প হিসাবে আলোচনা করুন।	৪
(খ) ইংরেজি অংশ দেখুন।	১৬
৮। (ক) তরল্য (Liquidity) ও স্বচ্ছলতা (Solvency) পরিমাপের জন্য সবচেয়ে গুরুত্বপূর্ণ অনুপাতসমূহ কী কী?	৪
(খ) অনুভূমিক বিশ্লেষণ (Horizontal Analysis) ও উল্লম্ব বিশ্লেষণ (Vertical Analysis) এর মধ্যে পার্থক্য কী? ব্যাখ্যা করুন।	৪
(গ) ইংরেজি অংশ দেখুন।	১২
৯। ইংরেজি অংশ দেখুন।	৭+৩+১০=২০
১০। ইংরেজি অংশ দেখুন।	৪+৫=২০