

**LEASING AND MICRO FINANCE – STAGE-III**  
**ISQ Examination (Summer-2010)**

- Q.1 (A) Please write the alphabet of the selected choice in the answer column:
- Q.1 (B) State True or False in the answer column. Give brief reason for your selection at the space provided below the question:
- Q.1 (C) Fill in the blanks:
- Q.2 How can microfinance lending contribute to GDP in Pakistan? Identify the sectors in which microfinance is extremely needed.
- Q.3 Discuss the role of international agencies in the micro enterprise financing and leasing initiatives in Pakistan.
- Q.4 Discuss the prospects and challenges for microfinance institutions in Pakistan.
- Q.5 The following balances appear in the post closing trial balance at December 31, 2007 of Asrar Ltd.

	Rs.
Equipment NBV	6,000 Dr.
Creditors	240 Cr.
Long term loan	3,000 Cr.
Retained earnings	750 Cr.

The company has signed a lease on January 1, 2007 for equipment. Lease term and useful life of the equipment was five years. Annual rentals, payable in arrears, amounted to Rs. 2,006.28. The first rental was paid on December 31, 2007 and charged as rental expense. Implicit rate was 20%.

The auditors recommended that the lease be treated as finance lease as it meets more than one criterion for capitalization.

**Required:**

Compute revised figures at December 31, 2007 for:

- A) Fixed assets.  
B) Creditors.  
C) Long term liabilities.  
D) Retained earnings.

**Q.6** A lease was signed on January 1, 2008 for a period of 4 years. The fair value of the equipment was Rs. 400,000. Rentals are payable in advance. Implicit interest rate of lessor is 9%.

**Required:**

**Compute:**

- A) Annual rental payments
- B) Gross investment in lease.
- C) Unearned finance income.
- D) Lease amortization schedule.

**Q.7** Define the following:

- A) Sale & Lease back
- B) Leveraged Lease
- C) Operating Lease
- D) Financial Lease

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