

**THE INSTITUTE OF BANKERS PAKISTAN**  
**ISQ Examination (Winter-2010)**  
**LEASING AND MICRO FINANCE**

- Q.1** Please write the alphabet of the selected choice in the answer column:
- Q.2** State True or False in the answer column:
- Q.3** Fill in the blanks:
- Q.4** According to some experts, the growth in microfinance sector that accelerated in 2007 and 2008 at an average of 43% per annum has remained stagnant for one and a half years.
- A)** What in your opinion are the causes of this stagnation in microfinance industry?
  - B)** What remedial measures would you suggest to overcome stagnation in the microfinance industry and make it a vibrant engine of economic development?
- Q.5** Briefly discuss the classification and provisioning of non-performing assets of a leasing company
- Q.6** Describe briefly the following concepts
- A)** Time Value of Money
  - B)** Annuity
  - C)** Discounting
  - D)** Net Present Value
  - E)** Internal Rate of Return
- Q.7** **A)** A identify the general problems faced by the leasing industry in Pakistan?
- Q.7** **B)** Suggest measures for overcoming these problems.
- Q.8** Why is leasing an attractive way for many entities as against buying an asset?

**Q.9** ABC company sold a two year old motor Vehicle costing Rs. 8.6 million on 30, 2008 to XYZ leasing limited for Rs. 6.2 million. It was taken back on lease for six months, at a lease rental of Rs. 50,000/- payable at the end of each month. Depreciation rate for motor vehicle is 15%.

**Required:**  
Compute the amount of gain / loss to be recognized by ABC Company.

**Q.10** Lease signed on Jan 1, 2010

|   |              |
|---|--------------|
| Lease Term                                    | 5 Years      |
| Fair Value of equipment at inception          | Rs 32,000/-  |
| Useful Life of Assets                         | 9 Years      |
| Rental Payments (Payable on Dec 31 each year) | Rs. 10,000/- |
| Interest Rate                                 | Rs. 24%      |

**Required:**  
Calculate the amount which the lessee will record as lease liability.

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