

**THE INSTITUTE OF BANKERS PAKISTAN**  
**ISQ Examination (Winter-2010)**  
**ACCOUNTING FOR FINANCIAL SERVICES**

- Q.1** State True or False in the answer column.
- Q.2** Please write the alphabet of the selected answer in the given space:
- Q.3** Choose one of the two alternatives given below and fill in the blank in the following statements:
- Q.4** Following is the trial balance of Shahid & Co as on 30th June, 2010

(Rupees)

Title of Account	Debit	Credit
Finished goods Inventory --- July 1, 2009	458,000	
Process Inventory--- July 1, 2009	172,000	
Materials Inventory---July 1, 2009	178,000	
Book Debts	226,200	
Creditors		771,000
Buildings	800,000	
Accumulated depreciation on building		80,000
Machinery & Equipment	1,700,000	
Accumulated depreciation on machinery		340,000
Cash in hand	112,600	
Bank overdraft		471,800
Unexpired Rent	6,000	
Accrued Expenses		66,000
Paid up capital		800,000
Retained Earnings		176,400
Material Purchased	3,504,000	
Sales		5,395,000
Salaries and other benefits	370,000	
Stores and spare consumed	40,000	
Electricity & Gas	70,000	
Rent Expenses	7,000	
Other Factory Expenses	222,000	
Administrative Expenses	83,000	
Selling & Distribution Expenses	144,000	
Bank Charges	7,400	
	8,100,200	8,100,200

Following adjustments have to be made in the above data:-

(i)	Closing Inventories on 30th June, 2010 were	
	a) Materials	204,000
	b) Work in Process	77,000
	c) Finished goods	512,000
(ii)	Provision for Insurance	16,000
(iii)	Depreciation to be charged on straight line method at 5% on Building and 10% on Machinery	
(iv)	Provision for doubtful debts	5,900
(v)	Sales return to be recorded	77,000

Required:

- 1) Journal entries to record the adjustment
- 2) A profit & loss account for the year ended 30th June, 2010
- 3) A balance sheet as on 30th June, 2010

**Q.5 A) Differentiate among Deferred Costs, Accrual and Prepayments**

**B) How would you classify the following transactions?**

- i) Amount spent on making an advertisement film which will be used for many years
- ii) Portion of Rent paid in advance for one year at the end of the year
- iii) Wages for the last month of the accounting year remained unpaid.
- iv) Amount for the services rendered not received till the end of the year.

**Q.6 A company purchased items for inventory during 2009 at continuously higher costs. Its last two purchases of 2009 were 20 units on December 20 at a cost of Rs.14 per unit and 30 units on December 30 at a cost of Rs.15 per unit. On December 28, 2009 the company made its last sale for the year when it sold 10 units. Calculate Cost of Goods Sold based on following methods. Complete Calculation must be shown:**

- A) LIFO periodic
- B) LIFO perpetual
- C) FIFO periodic
- D) FIFO perpetual

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