

**THE INSTITUTE OF BANKERS, BANGLADESH (IBB)**  
**99<sup>th</sup> Banking Professional Examination, 2024**  
**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) What is Accounting? What is the main objectives of Accounting?                                      | 6     |
| (b) What is accounting cycle? What are the mandatory steps and optional steps of accounting?               | 6     |
| (c) Who are the internal users of accounting data? How does accounting provide relevant data to the users? | 8     |
| 2. (a) What is the basic accounting equation? Define it's components.                                      | 5     |
| (b) How does the differences in the nature of business influence the accounting process?                   | 6     |
| (c) "All transactions are events but all events are not transactions"—Explain.                             | 4     |
| (d) Briefly discuss the principles of accounting.  | 5     |
| 3. The following transactions are collected from the books of Mr. Karim for the month of December, 2023 :  |       |
| Dec 01 Mr. Karim invested cash Tk. 2,00,000 and furniture Tk. 50,000 into business.                        |       |
| 05 Purchased office supplies for cash Tk. 30,000 and on account Tk. 20,000.                                |       |
| 10 Received cash Tk. 1,00,000 for service rendered.  |       |
| 15 Paid office rent Tk. 10,000 for the month.  |       |
| 24 Insurance premium paid in advance Tk. 5,000.  |       |
| 27 Paid salaries Tk. 25,000 for the month.   |       |
| 31 Mr. Karim withdrew Tk. 10,000 for personal use.   |       |
| Required :   |       |
| (i) Prepare journal entries for the transactions.  | 5     |
| (ii) Prepare necessary ledger accounts.  | 10    |
| (iii) Prepare trial balance.   | 5     |
| 4. Trial Balance of ABC Company is given below :   |       |

ABC Company  
 Trial Balance  
 31 December, 2023

Account Title	Debit (BDT)	Credit (BDT)
Accounts payable		37,500
Cash	25,400	
Accounts receivables	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
Capital		2,67,800
Drawings	10,000	
Sales revenues		9,04,100
Sales discount	4,600	
Cost of goods sold	7,09,900	
Salary expenses	69,800	
Utilities expenses	19,400	
Repair expenses	5,900	
Gas and Oil expenses	7,200	
Insurance expenses	3,500	
<b>Total</b>	<b>13,55,800</b>	<b>13,55,800</b>

**Additional Information :**

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

**Required:**

- |   |   |
|---|---|
| (a) A multiple step income statement.                   | 8 |
| (b) Statement of changes in owner's equity.             | 4 |
| (c) A classified balance sheet as of 31, December 2023. | 8 |

[Please turn over

5. (a) Describe the constraint inherent in the presentation of accounting information. Marks  
4
- (b) Two students are discussing the use of a trial balance. They wonder whether the following errors, each considered separately, would prevent the trial balance from balancing: 6
- (i) The accountant debited cash for Tk. 6,000 and credited salaries and wages expenses for Tk. 6,000 for the payment of wages.
- (ii) Cash collected on account was debited to cash Tk. 8,000 and service revenue was credited for Tk. 80,000.
- What would you suggest them?
- (c) Indicate whether the following statements are true or false. If false indicate how to correct the statement. 2×5=10
- (1) The historical cost principle dictates that companies record assets at their cost. In the later periods, however, the fair value of the assets must be used, if fair value is higher than its' cost.
- (2) Relevance means that financial information matches what happened; the information is factual.
- (3) The revenue recognition principle states that expenses should be matched with revenues.
- (4) Cash flows from operating activities is always less than or equal to the net income of an organization.
- (5) In horizontal analysis, each item is expressed as a percentage of the base year's amount.

6. (a) Income statement of XYZ Company is given below :

Income Statement	2022 (Tk.)
Revenue	1,80,000
Cost of goods sold	65,000
Gross profit	1,15,000
Operating expenses	39,900
Profit from operations	75,100
Interest expenses	12,000
Profit before tax	63,100
Tax	17,300
Profit after tax	<u>45,800</u>
<b>Balance sheet</b>	
Property plant and equipment	2,66,200
<b>Current assets :</b>	
Inventory	15,000
Receivables	49,300
<b>Total assets :</b>	<u>3,30,500</u>
Share capital	1,46,700
Loans	1,50,000
<b>Current Liabilities :</b>	
Trade payables	11,700
Overdrafts	9,100
Taxation	13,000
<b>Total liabilities and capital</b>	<u>3,30,500</u>

Required to calculate :

- (i) Current ratio 2×5=10
- (ii) Quick ratio
- (iii) Inventory turnover ratio
- (iv) Net profit margin
- (v) Interest coverage ratio.
- (b) How does ratio analysis help the decision makers? What are the limitations of ratio analysis? 5
- (c) What is vertical analysis and horizontal analysis? Describe with example. 5
7. (a) Contrast the advantages and disadvantages of the direct and indirect methods in preparing statement of cash flows. Are both methods acceptable? 4

(b) **Abdullah Electronics Ltd.**  
**Comparative Statement of Financial Position**  
31 December, 2023

	Amount in Tk.	
	2023	2022
<b>Assets</b>		
Equipment	60,000	78,000
Accumulated depreciation—Equipment	(29,000)	(24,000)
Inventory	30,000	20,000
Accounts receivable	33,000	14,000
Cash	37,000	20,000
<b>Total</b>	<u>1,31,000</u>	<u>1,08,000</u>
<b>Equity and Liabilities :</b>		
Share capital—Ordinary	18,000	14,000
Retained earnings	50,000	38,000
Bonds payable	27,000	33,000
Accounts payable	29,000	15,000
Income tax payable	7,000	8,000
<b>Total</b>	<u>1,31,000</u>	<u>108,000</u>

**Abdullah Electronics Ltd.**  
**Income Statement**  
For the year ended on December 31, 2023

	Amount in Tk.
Sales revenue	2,42,000
Cost of goods sold	<u>1,75,000</u>
<b>Gross profit</b>	<b>67,000</b>
Operating expenses	<u>24,000</u>
Income from operations	43,000
Interest expenses	<u>3,000</u>
Income before income tax	40,000
Income tax expenses	<u>8,000</u>
<b>Net Income</b>	<b><u>32,000</u></b>

**Additional Information**

1. Depreciation expenses is TK. 13,300.
2. Dividend declared and paid were Tk. 20,000.
3. During the year equipment was sold for Tk. 9,700 on cash. This equipment cost Tk. 18,000 originally and had accumulated depreciation of Tk. 8,300 at the time of sale.

**Instructions :**

- |       |  |   |
|-------|--|---|
| (i)   | Prepare a statement of cash flows using indirect method.   | 8 |
| (ii)  | Compute free cash flow.  | 4 |
| (iii) | Explain why free cash flow often provides better information than net cash provided by operating activities. | 4 |
| 8.    | (a) Identify the characteristics of useful accounting information.   | 4 |
|       | (b) Why is it necessary to prepare formal financial statements?  | 4 |
|       | (c) The trial balance of Delta Pvt. Ltd. is shown below does not balance :                                   |   |

**Delta Pvt. Ltd.**  
**Trial Balance**  
June 30, 2024

	Amount in Tk.	
	Debit	Credit
Cash		33,400
Accounts receivables	28,120	
Supplies	12,000	
Equipment	26,000	
Account payable		36,660
Unearned service revenue	11,000	
Owner's capital		80,000
Owner's drawings	8,000	
Service revenue		24,800
Salaries and wages	32,000	
Utilities expenses	8,100	
	<u>1,25,220</u>	<u>1,74,860</u>

Each of the listed accounts has a normal balance as per general ledger. An examination of the ledger and journal reveals the following errors :

- (i) Cash received from a customer in payment of its account was debited for Tk. 5,800 and accounts receivable was credited for the same amount.
- (ii) The purchase of a computer on account for Tk. 7,100 was recorded as a debit to supplier for Tk. 7,100 and a credit to accounts payable for Tk. 7,100.
- (iii) Services were performed on account for a client for Tk. 9,800. Accounts receivable was debited for Tk. 9,800 and service revenue was credited for Tk. 980.
- (iv) A debit posting to salaries and wages expenses of Tk. 7,000 was omitted.
- (v) A payment of a balance due for Tk. 3,060 was credited to cash for Tk. 3,060 and credited to accounts payable for Tk. 3,600.
- (vi) The cash withdrawal of Tk. 6,000 for owner's personal use was debited to salaries and wage expenses for Tk. 6,000 and credit to cash for Tk. 6,000.

**Instructions :** Prepare a Correct Trial Balance.

9. (a) What is worksheet? Is worksheet a mandatory step of accounting cycle? Explain briefly. 6  
 (b) The unadjusted trial balance of PQR Company is given below :

PQR Company Trial Balance As of 31 December, 2023		
Account Title	Debit(Tk.)	Credit(Tk.)
Cash	43,550	
Accounts receivables	17,000	
Prepaid insurance	450	
Interest receivables	-	
12% Investment	6,000	
Delivery equipment	1,55,000	
Advertising expenses	8,000	
Capital		80,000
Service revenue		1,50,000
<b>Total</b>	<b>2,30,000</b>	<b>2,30,000</b>

**Additional information for adjusting entries :**

- (i) Expired insurance during 2023 was Tk. 150.  
 (ii) Interest on investment (dated September 01, 2023) is collected annually each August 30.  
 (iii) Depreciation on delivery equipment during the year Tk. 10,000.

**Requirement :** Prepare a Work Sheet.

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

- (i) Double Declining Method of Depreciation  
 (ii) Operating Cycle  
 (iii) Conservation Principle  
 (iv) Depreciation and Depletion  
 (v) Stakeholders  
 (vi) Intangible Assets  
 (vii) Provision for Loans and Advances  
 (viii) Depreciable Value.

14

4×5=20

[বাংলা অনুবাদ]

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

- |   | নম্বর |
|---|-------|
| ১। (ক) হিসাববিজ্ঞান কী? হিসাববিজ্ঞানের প্রধান উদ্দেশ্য কী কী?   | ৬     |
| (খ) হিসাববিজ্ঞান চক্র বলতে কী বুঝায়? হিসাববিজ্ঞান চক্রের আবশ্যিক ধাপ ও ঐচ্ছিক ধাপগুলো কী কী?                                 | ৬     |
| (গ) হিসাববিজ্ঞানের তথ্যের অভ্যন্তরীণ ব্যবহারকারী কারা? হিসাববিজ্ঞান কীভাবে এই ব্যবহারকারীদের নিকট প্রাসঙ্গিক তথ্য সরবরাহ করে? | ৮     |
| ২। (ক) মৌলিক হিসাব সমীকরণ কী? এর উপাদানসমূহ সংজ্ঞায়িত করুন।  | ৫     |
| (খ) ব্যবসায়ের ধরনের পার্থক্য কীভাবে হিসাবরক্ষণ প্রক্রিয়াকে প্রভাবিত করে?  | ৬     |
| (গ) "সকল লেনদেনই ঘটনা কিন্তু সকল ঘটনা লেনদেন নয়"—ব্যাখ্যা করুন।  | ৪     |
| (ঘ) হিসাববিজ্ঞানের নীতিগুলো সংক্ষেপে ব্যাখ্যা করুন।   | ৫     |
| ৩। ইংরেজি অংশ দেখুন।  |       |
| ৪। ইংরেজি অংশ দেখুন।  |       |
| ৫। (ক) হিসাববিজ্ঞানের তথ্যের উপস্থাপনে সহজাত সীমাবদ্ধতাসমূহ বর্ণনা করুন।  | ৪     |
| (খ) ইংরেজি অংশ দেখুন।   | ৬     |
| (গ) ইংরেজি অংশ দেখুন।   | ১০    |
| ৬। (ক) ইংরেজি অংশ দেখুন।  | ১০    |
| (খ) অনুপাত বিশ্লেষণ কীভাবে সিদ্ধান্ত গ্রহণকারীদের সহায়তা করে? অনুপাত বিশ্লেষণের সীমাবদ্ধতা উল্লেখ করুন।                      | ৫     |
| (গ) উল্লম্ব বিশ্লেষণ এবং আনুভূমিক বিশ্লেষণ কী? উদাহরণসহ ব্যাখ্যা করুন।  | ৫     |
| ৭। (ক) নগদ প্রবাহ বিবরণীর প্রত্যক্ষ ও পরোক্ষ পদ্ধতির সুবিধা ও অসুবিধাসমূহের মধ্যে বৈপরীত্য দেখান। দুটি পদ্ধতিই কি গ্রহণযোগ্য? | ৪     |
| (খ) ইংরেজি অংশ দেখুন।   | ১৬    |
| ৮। (ক) হিসাববিজ্ঞানের উপকারী তথ্যের গুণগত বৈশিষ্ট্যগুলো চিহ্নিত করুন।   | ৪     |
| (খ) কার্যপত্র (Work Sheet)-তে সকল তথ্য থাকা সত্ত্বেও কেন আনুষ্ঠানিকভাবে আর্থিক বিবরণী প্রস্তুত করা প্রয়োজন?                  | ৪     |
| (গ) ইংরেজি অংশ দেখুন।   | ১২    |
| ৯। (ক) ওয়ার্ক শীট বা কার্যপত্র বলতে কী বুঝায়? কার্যপত্র কি হিসাব চক্রের বাধ্যতামূলক ধাপ? সংক্ষেপে বর্ণনা করুন।              | ৬     |
| (খ) ইংরেজি অংশ দেখুন।   | ১৪    |
| ১০। ইংরেজি অংশ দেখুন।   |       |

8×5=20