

Course No:  
Course title: Banking & financial  
institution  
Date: 06/06/2017  
No. of Questions: (3)  
Time: 2 hours  
Using Calculator (Yes)

University of Palestine



Final Exam  
Second Semester  
2016/2017  
Total Grade:

Instructor: Dr. Ahmed A. M. Al-Afifi  
Student No.: \_\_\_\_\_  
Student Name: \_\_\_\_\_  
College Name: Business and Finance  
Dep. / Specialist: Accounting-English  
Using Dictionary (No)

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**Question One: Choose the best answer**

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**1- GSCo. Finished the contract with Islamic relief about providing food packages (contract amount 270,000\$). Islamic relief return the letter of guarantee amounted 13,000, “insurance 6,000\$, commission 130\$, fees 27\$) and then GSCo. returned it to bank. The journal entry to record the guarantee will include:**

- a. Debit to insurance of guarantee for \$6,000.
- b. Credit to insurance of guarantee for \$6,000.
- c. Debit to commission of guarantee for \$130.
- d. a and c.

**2- It is a legally binding certificate that obliges the debtor to repay the amount of money whenever the lender ask for it.**

- a. Letter of credit.
- b. Promissory note.
- c. Guarantee.
- d. None of them.

**3- when the bank collects loan without collaterals, the journal entry should be:**

- a. Dr. Current Account  
Cr. Loans without collaterals
- b. Dr. Current Account (A)  
Cr. Current Account (B)
- c. Dr. Loans without collaterals  
Cr. Current Account
- d. there is no entry in the bank system

**4- Promisor is**

- a. The debtor person.
- b. who is ultimately entitled or to receive money on the note
- c. The person who promises to pay a certain amount on demand or at future date.
- d. a and c.

**5- the account that customers can withdraw only by giving advanced notice and the bank will pay interest on this kind of deposits is:**

- a. Saving account.
- b. Time deposit account.
- c. A and b.
- d. None of them.

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**6- One of them is not of the Promissory Note's condition:**

- a. The promise to pay must be unconditional.
- b. Payment must be in legal money of the country.
- c. The maker must be a certain person.
- d. Payee can force the maker to pay the promissory note before the maturity date.

**7- If debtor refuses to repay the Promissory Notes:**

- a. The bank will pay Protesting and Noting Charges as an expense of them.
- b. The bank will pay Protesting and Noting Charges and discount from C.A. of payee.
- c. The bank will pay Protesting and Noting Charges and discount from C.A. of maker.
- d. None of them.

**8- When bank open LC, importer obligation of LC will be:**

- a. In the credit side of the journal.
- b. In the debt side of the journal.
- c. The obligation should be on the drawee bank not on the importer.
- d. All of them.

**9- which one of these accounts has the largest percentage of interest:**

- a. Saving account.
- b. Time deposit account.
- c. Note deposit.
- d. Current account.

**10- When the bank receive the notes for discounted, the journal entry should be:**

- a. Dr. Discounted Notes  
Cr. Treasury  
Cr. interest  
Cr. commission
- b. Dr. Treasury  
Cr. Discounted Notes
- c. Dr. Discounted Notes  
Cr. Depositors of Discounted Notes
- d. None of them

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**Question One: Choose the best answer**

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**1- What are the Steps which taken for the renewal of Promissory Notes?**

**2- What is unsecured loans? What are the types of it, with explain?**

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### **Question three:**

**The following transactions were done in the Arab bank during the period 2017:**

1. 25/3/2017, main treasury of Arab bank was 650,000\$. Subsidiary payment funds took 480,000\$ for customers payments.
2. 13/5/2017, GSCo. Signed a contract with U.P. to build new building amounted 3,200,000\$ within 2 years. UP required performance's guarantee 10% of contract to ensure the time and good performance. The bank made it with insurance 45%, commission 3%, and fees 0.5%.
3. 30/05/2017, time deposits of \$50,000 were received. In addition, \$30,000 of current account were transferred to saving accounts.
4. 22/6/2017, the notice deposits transfers from current account to deposits account in the same branch with 250,000\$.
5. 12/7/2017, Loans with tangible collaterals 170,000\$, commission 1%, interest 15%, total cost of the property 260,000\$, the bank paid 500\$ as Expenses transferring, 1500\$ Expenses storing.
6. 19/07/2017, A total of \$70,000 were transferred from current accounts to clients at other branches.
7. 1/8/2017, Loans with Personal collaterals with total amount 300,000\$, commission 1%, interest 10%, for 5 months discounted advanced.
8. 12/11/2017, the bank sold a property as a loan collateral with \$280,000 (market price as sold for). The bank paid expenses of \$1000 and return the left amount (if there) in C.A. of customer.
9. 31/12/2017, the bank collected 278,000\$ of a loan with personal collaterals in cash, and 20,000\$ were not repay, so the bank asked the Guarantors and withdrawn the amount from their current accounts.
10. 31/12/2017, the bank received \$3,000 in cash for leasing safe boxes deposits for one year.

**Required: Preparing journal entries for the previous transactions.**

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End of Questions ... Good Luck