

Course No: ACC3306
Course Title: Bank and financial
Institutions
Date: 11/01/2014
No. of Questions: (6)
Time: 2hours
Using Calculator (No)

University of Palestine



Final Exam
2013/2014
Total Grade:

Instructor Name: _____
Student No.: _____
Student Name: _____
College Name: _____
Dep. / Specialist: _____
Using Dictionary (No)

Question No. (1):

(20 Marks)

Decide if these sentences are (√) or (X) in the bellow box:

1. A promissory note is a legally binding certificate that obliges the debtor to repay the amount of money whenever the lender ask for it.
2. Usually the payee is the one who signs the promissory note for certifying the due amount as borrowed.
3. The dishonoring of the bill is resembled in the default of the promisor.
4. The functions of the promissory departments at banks include receiving notes for collection but not for discounting.
5. "Interbank" means the relationship between banks around the world.
6. Negotiable promissory note need to be signed by its holder "lender" before endorsement to others.
7. Notice deposits are the same as current deposits in terms of granting depositors the advantage of direct access to funds whenever needed.
8. The opening of any type of account involves filling a form and accepting the terms as indicated which resembles a legally binding contractual agreement between banks and depositors.
9. Some Banks give online facilities to open saving/time / notice deposits by a click of transfer from the online current accounts to other accounts.
10. Banks only cash out checks withdrawn on the same bank but not others.
11. Banks pay interest on current and notice deposits.
12. Credit card bills are a form of long term debt.
13. Bank overdrafts and corporate bonds are usually unsecured loans
14. Lender hedging the stocks of the borrower against possible loss using a put option contract is called stock hedge loan.
15. Banks give recourse note loans for limited liability partnerships LLP in order to minimize bad debt outcomes from lending to such institutions.
16. Selling off current loans is termed as factoring while selling bad loans is termed as securitization.
17. Safe box deposits have at least 3 keys of which two held the bank personnel and one is held by the depositor.
18. Safe box deposits are charged with interest rate as set by the LIBOR.
19. Functions of safe box department include keeping and renting out safe boxes but not recording accounting entries for renting revenues.
20. Current accounts are charged interest only in the case of credit card bill.

3- Compare and contrast current, saving, time, notice, and safe box deposits in the following terms.6 Marks

	<i>Current</i>	<i>Saving</i>	<i>Time</i>	<i>Notice</i>	<i>Safe box</i>
<i>Type of Revenue</i>					
<i>Contract period</i>					
<i>Access to funds</i>					
<i>Type of restriction on access to fund if any</i>					

4- List the options that a bank might take in case of dishonoring promissory notes ? 2 Marks

- 1- -----
- 2- -----

Question No. (3): (20 Marks)

Record the journal entries for the following transactions that took place at the Arab bank.

- 1- 30/05/2009 time deposits of \$50000 were received and \$30000 of current account were transferred to saving accounts.
- 2- 5/06/2009 cheques worth \$15000 were received from customers to be collected and deposited at their current account; these cheques are withdrawn on the bank of Palestine.
- 3- 19/06/2009 A total of \$70000 were transferred from current accounts to clients at other branches.
- 4- 19/06/2009 A total of \$90000 were transferred from current accounts to clients at other banks.
- 5- 30/10/2009 Al-Quads bank have handed us in the clearing house 63 cheques Worthing \$175000 in total withdrawn oncurrent accounts of our customer.
- 6- 1/1/2010 The bank provided a loan without collateral of \$40000 (commission 2%, interest 10%). The customer repaid the loan at the end of the year.
- 7- The bank made a loan with personal collateral of \$40000 (commission 2%, interest 10%).
- 8- 1/1/2010 The bank sold a building as a loan collateral with \$50000 (loan amount) and the amount of the building is \$65000 (market price as sold for). The building has a nominal value of \$90000. The bank paid expenses of \$1000.
- 9- 5/1/2010 the bank received \$300 in cash for leasing safe box deposits for one year.

