

TRIBHUVAN UNIVERSITY

2081

B.B.S. 4 Yrs. Prog./ IV Year / MGMT

Accounting for Banking ACC- 250
(New Course)

Full Marks: 100
Time: 3 hrs.

Candidates are required to give their answers in their own words as far as practicable.

The figures in the margin indicate full marks.

Group "A"

Attempt ALL Questions

Brief Answer Questions

(10x2=20)

1. What is debit card?
2. Write about fixed deposit.
3. Define remittance.
4. Explain about BAFIA.
5. What is endorsement?
6. A customer discounted a bill amounting to Rs.300,000 from a bank on 1stAshad, 2081 and bank charged Rs.3,000 as discount. Accounts are closed on 31stAshad every year.
Required: Entries in the books of the bank
7. Different in revenues and profit for the two periods of a trading concern are Rs.600,000 and Rs.120,000 respectively. Similarly, it has fixed cost of Rs.225,000
Required: Profit if revenue is Rs.1,500,000
8. PP Bank Ltd. approved personal overdraft of Rs.1,000,000 to Mr. Keshav for his personal use and amount was disbursed to his account. Processing fee of Rs.10,000 was charged.
Required: Journal entries to record the loan disbursement

9. Jumla Branch of KK Bank Ltd. issued a draft on request of its customer for Rs.600,000 payable at Main Branch, Kathmandu. Bank charged Rs.600 as commission and Rs.60 as communication.

Required: Accounting entries in Jumla Branch

10. A firm can invest Rs.100,000 in a project with a life of five years. The project can generate cash flow after tax of Rs.22,000 each year. The firm's cost of capital is 12%.

Required: Net Present Value

Group "B"

Short Answer Questions

[5x10=50]

Attempt any FIVE questions.

11. The following foreign currency assets and liabilities are extracted from the records of the KK Bank Ltd. as on 31stAshad 2081.

(Rs. in millions)

Currency	Exchange Rate	Assets	Liabilities
Indian Rupees	1.6	17	12
USD	138	65	72
GBP	172	14	11
EURO	148	18	12
Thai Bhat	4.35	11	
Australian Dollar	86	50	52
Canadian Dollar	95	86	25
Singapore Dollar	88	30	
Japanese Yen	1	15	12
Total		306	196

Required: The risk weighted exposure for market risk as per the Capital Adequacy Framework, assume that the bank allocate 5% of their net open position and risk weightage is 10%. [10]

12. The following is the statement of profit and loss account of ZZ Bank limited for the period ended 31 Ashad 2080

Particulars	Rs. in Millions
Interest Income	4,500
Interest Expenses	3,300
Net Interest Income	1,200
Commission and Discount	210
Other Operating Income	90
Exchange Fluctuation Income	80
Total Operating Income	1,580
Staff Expenses	590
Depreciation	230
Bad Loans written off	30
Other Overhead Expenses	30
Operating Profit Before Provisions For Possible Loss	700
Provisions for possible losses	30
Operating Profit	690
Income from Sale of Investments	110
Profit From Regular Operations	800
Tax Provision	160
Net Profit /(Loss)	640

Statement of Financial Position of ZZ Bank Limited

Rs. in Millions

Capital & Liabilities	Ashad 2080	Ashad 2079
Share Capital	12,000	12,000
Reserve and Funds	3,440	2,800
Debenture & Bonds	-	-
Borrowings	3,400	3,000
Deposits	70,000	60,000
Bills Payables	40	40
Loan Loss Provisions	770	740
Income Tax Liabilities	160	190
Total Liabilities	89,810	78,770
Assets	Ashad 2080	Ashad 2079
Cash Balance	9,000	6,000
Balance with Nepal Rastra Bank	10,000	8,000
Balance with Banks/Financial Institution	2,200	2,000
Money at Call and Short Notice	1,000	800
Investment	21,670	19,230
Loans, Advances and Bills Purchase	45,000	42,000
Fixed Assets	900	700
Non-Banking Assets	40	40
Total Assets	89,810	78,770

Required: Cash Flow Statement for 2080

(10)

13. a . The following information of KK Bank Ltd. as at second quarter ending 2081 Poush were as under

Loan outstanding	Amount (Rs. in '000)
Up to 3 months	2,200,000
More than 3 months but less than 6 months	140,000
More than 6 months but less than 12 months	50,000
More than 12 months	10,000
Total	2,400,000

The bank has not rescheduled or restructured any of its credit.
Following additional information relating to previous quarter ending were

Paid up equity share capital	300,000
Statutory general reserve	60,000
Retained earning	30,000
Loan loss provisions	70,000
Exchange equalization reserve	14,000
Unaudited current year cumulative profit	66,000
Deferred revenue expenses	500

The bank has provided a term loan of Rs.150,000 to a party

Required:

- Core Capital
 - Single Obligor Limit (SOL) 25% of Core Capital
 - Loan Loss Provision required for the quarter (1+1+3)
- b. Write in brief about business risk analysis. (5)

14 a. The bank statement of a company shows a balance of Rs.50,000 on 30th Poush 2081. However the company balance showed a different balance of Rs.46,000. On the investigation, the following differences were noticed:

Outstanding cheque Rs.15,000

Deposit in transit Rs.12,000

A customer's cheque of Rs.6,000 was return with the bank statement marked NSF.

Collection of notes receivable for Rs.8,000 and interest on investment Rs.4,000

Bank charge Rs.3,000 for the service provided by the bank

Bank deposited Rs.10,000 but the company recorded Rs.12,000 in its statement.

Required: Bank Reconciliation Statement (5)

b. Explain Cost Volume Profit Analysis with its importance. (2+3)

15. Write about Anti Money Laundering (AML). Also, explain the importance of AML. (4+6)

16. What is treasury management? Also, write down the dimension of treasury management. (5+5)

Group "C"

Long Answer Questions

[2×15=30]

Attempt any TWO questions

17. The following information are extracted from the financial statement of a commercial bank:

Particulars	Amount (Rs.)
Net profit before tax	600,000
Fixed assets	2,000,000
Current assets	1,000,000
Borrowing	900,000
Deposit	1,400,000
Non-performing loan	50,000

Total operating expenses	500,000
Current liabilities as percentage of fixed assets	30 %
Equity as percentage of total assets	40 %
Non-performing loan to total loan	5 %
Interest on loan	10 %
Tax rate	25 %

Required: (a) Net profit after tax (b) Current ratio (c) Return on fixed assets (d) Return on assets (e) Amount of total loan (f). borrowing to shareholder equity (g) Assets growth rate (h) Interest to total operating expenses (i) Cost of fund (j) Credit deposit ratio. (10×1.5)

18. The following Trail Balance of Hamro Bank Ltd. for the year ended 31st Ashad 2081 is given below:

Account Heads	Debit	Credit
Share Capital @ Rs.100 each		1,900,000
Reserve on 1 st Shrawan, 2078		130,000
Bad Debts Recovered		50,000
Establishment Expenses	100,000	
Current Deposits		1,300,000
Interest Paid on Deposit	700,000	
Saving Accounts		1,700,000
Discount Received		70,000
Fixed Deposits		2,200,000
Income from Commission and Exchanges		200,000
Income from Lockers and Service Charges		150,000
Land and Building	2,600,000	

Cash in Hand	650,000	
Balance with Nepal Rastra Bank	350,000	
Interest Received		1,100,000
Investment in Shares	700,000	
Cash with Other Banks and Financial Institutions	400,000	
Term Loan in Nepal	1,300,000	
Cash Credit – Hypothecation in Nepal	800,000	
Bills Purchased	350,000	
Salaries, Allowances and Provident Fund	800,000	
Investment in Government Securities (T. Bills)	400,000	
Dividend Received		50,000
Bills Payable		170,000
Pension and Gratuity Payable		130,000
Total	9,150,000	9,150,000

Additional information:

- Unexpired discount as on 31st Ashad, 2081 was 50,000
- Provision for bad debts is Rs.40,000
- Provision for taxation is 25%
- Amount transfer to statutory reserve is 20%

Required: a. Income Statement and Balance Sheet on 31st Ashad, 2081 as per the directives of Nepal Rastra Bank (15)

19. Explain about the concept, objectives and functions of banks. (4+4+7)

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