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**P.G. Diploma in Banking and Finance EXAMINATION, 2017
BANKS, FINANCIAL INSTITUTIONS AND FINANCIAL MARKETS**

Paper I

Time : Three Hours

Maximum Marks : 80

N.B. :— (i) *All questions are compulsory.*

(ii) *All questions carry equal marks.*

1. Explain the functions of Reserve Bank of India.

Or

(a) What are the fee based functions of Commercial Banks ?

(b) Discuss the operations of public sector banks in India.

2. (a) Describe the structure of Banking System in India.

(b) What is nature of Indian Money Market ?

Or

What is Mutual Fund ? What are the types and functions of Mutual Funds ?

3. (a) What are the futures of Indian Money Market ?

(b) Describe commercial paper and certificates of Deposits as submarkets of money market.

P.T.O.

Or

- (a) Distinguish between Banks and Financial Institutions.
 - (b) Discuss the functions of :
 - (i) Insurance Companies
 - (ii) Pension Funds.
4. (a) What is the role of SEBI as regulating authority ?
- (b) Explain the future of Indian Capital Market.

Or

Explain the following banking sector reforms :

- (a) Interest Rate Regulations
 - (b) Cash Reserve Ratio
 - (c) Statutory Liquidity Ratio
 - (d) Capital Adequacy.
5. Write short notes on (any *two*) :
- (a) Market Security
 - (b) Merchant Banking
 - (c) Provident Fund
 - (d) Co-operative Banks.

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P.G. Diploma in Banking and Finance EXAMINATION, 2017

ACCOUNTING SYSTEM AND FINANCIAL ANALYSIS

Paper IV

Time : Three Hours

Maximum Marks : 80

N.B. :— (i) *All questions are compulsory.*

(ii) *All questions carry equal marks.*

1. The following is the Trial Balance of Dhanoday Bank Ltd. as on 31st March, 2013 is as follows : [16]

Dr.		Cr.
Particulars	Debit Particulars	Credit
	(Rs.)	(Rs.)
Salaries	2,50,000	Paid up Share Capital 4,00,000
Directors' Fees	12,000	Reserve Fund 10,00,000
Rent, Rates and Taxes	5,600	Deposits : Current 7,48,000
Insurance	2,400	Savings 9,00,000
Postage & Telegram	1,000	Fixed 4,56,000
Printing	7,200	Interest and Discount 7,00,000

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Stationery	2,800	
Advertisement	4,000	
Legal Charges	2,600	
Audit Fees	4,800	
Depreciation	6,600	
Investment in Shares	1,60,000	
Cash Credit & Overdrafts	4,60,000	
Loans and Advances	5,20,00	
Bills Discounted		
& Purchases	3,60,000	
Govt. Securities	3,20,000	
Furniture	80,000	
Premises	5,60,000	
Cash in hand	4,80,000	
Cash with RBI	8,40,000	
Interest on Fixed Deposits	60,000	
Interest on Savings		
Deposits	40,000	
Interest on Current		
Deposits	25,000	
	42,04,000	42,04,000

The additional information is as follows :

- (i) Create a Reserve for Bad and Doubtful Debts Rs. 22,000.
- (ii) Rebate on Bills Discounted Rs. 54,000.
- (iii) Acceptances on behalf of Customers Rs. 1,60,000.
- (iv) Endorsement on behalf of Customers Rs. 60,000.

You are required to prepare the Profit & Loss A/c for the year ended 31st March, 2013 and Balance Sheet as on that date as required by the Banking Companies Act.

- 2.** Enter the following transactions in the Three Column Cash Book of Mr. Ramesh and balance the Cash Book : [16]

2013

- Aug. 1 Cash in hand Rs. 24,300 and cash at Bank Rs. 45,000.
- Aug. 2 Received from Vishwas cash Rs. 12,500 and a cheque of Rs. 4,500 on account.
- Aug. 5 Paid to Baburao by cheque Rs. 3,500 in full settlement of Rs. 3,700.
- Aug. 10 Cheque received from Vishwas deposited into the Bank.
- Aug. 16 Cash sales Rs. 8,900.

- Aug. 20 Amount deposited into the Bank Rs. 5,000.
- Aug. 21 Purchased goods from Umesh for cash Rs. 13,000.
- Aug. 25 Cheque received from Vishwas returned dishonoured.
- Aug. 26 Sold goods on credit to Ratan for Rs. 5,000.
- Aug. 28 Transferred Rs. 70,000 from Savings Bank Account to Current Deposit Account in the Bank.
- Aug. 30 Draw by cheque Rs. 4,500 for office use and Rs. 1,500 for personal use.

- 3.** (a) Madhav sold goods to Milind worth Rs. 20,000 on 1st July, 2012. On the same day, Madhav drew a Bill on Milind at 3 months period for the amount due. Milind accepted it and returned back to Madhav.

On 4th August, 2012, Madhav discounted the bill with his Bank at the rate 15% per annum. On due date Milind dishonoured the Bill. Bank immediately returned the bill to Madhav who had to pay the amount of the bill to the Bank.

On the same day, Milind paid Rs. 8,000 to Madhav and accepted a new bill for the period of 3 months for the balance

amount of the old bill plus interest at 18% p.a. Milind became insolvent before the due date of the new bill and only 50% amount was received as first and final dividend from his private property.

Pass necessary Journal Entries in the Books of Madhav. [8]

- (b) The cash book of Shri Raghbeer Singh showed a Bank Overdraft of Rs. 1,30,000 on 31st March, 2014. The Pass Book showed a different balance.

The following discrepancies were found on investigation :

- (i) Cheques of Rs. 25,000 were issued on 27th March to the creditors, but they were presented for payment after 1st April, 2014.
- (ii) Cheques amounting to Rs. 18,000 were deposited into Bank, out of which only one cheque of Rs. 4,000 was collected on 28th March, 2014.
- (iii) Dividend collected by the Bank Rs. 900 and credited in the Pass Book, but it was not recorded in the Cash Book.
- (iv) Smt. Surabhi directly deposited into our Bank Account Rs. 3,500. The intimation of the same received on 3rd April, 2014.

(v) Interest on overdraft Rs. 1,500 was debited in the Pass Book, but it was not recorded in the Cash Book.

(vi) Pass book showed a debit balance of Rs. 2,000 for dishonour of a bill receivable formerly discounted.

Prepare a Bank Reconciliation Statement of Shri Raghbeer Singh as on 31st March, 2014. [8]

4. The following is the Profit & Loss A/c and Balance Sheet of Modern Co. Ltd. : [16]

Trading and Profit & Loss A/c

For the year ending 31st March, 2012

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening Stock	15,00,000	By Sales	1,35,00,000
To Purchases	90,00,000	By Closing Stock	18,00,000
To Carriage Inward	3,00,000		
To Gross Profit	45,00,000		
	1,53,00,000		1,53,00,000

To Office and Administrative Expenses	21,00,000	By Gross Profit b/d	45,00,000
To Selling and Distribution Expenses	3,75,000	By Interest and Dividend Received	1,50,000
To Non-Operating Expenses	75,000		
To Net Profit transferred to Balance Sheet	21,00,000		
	46,50,000		46,50,000

Balance Sheet as on 31st March, 2012

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital	30,00,000	Land & Building	18,00,000
Reserves and Surplus	25,50,000	Plant & Machinery	15,00,000
Trade Creditors	15,00,000	Stock in Trade	18,00,000
Bills Payable	4,50,000	Sundry Debtors	21,00,000
Provision for Taxation	3,00,000	Cash at Bank	6,00,000
	78,00,000		78,00,000

Calculate the following ratios :

(i) Current Ratio

(ii) Liquid Ratio

(iii) Gross Profit Ratio

(iv) Net Profit Ratio

(v) Operating Ratio

(vi) Stock Turnover Ratio

(vii) Debtors Turnover Ratio

(viii) Proprietary Ratio. [16]

5. Write short notes on the following (any *four*) : [16]

(i) Ledger

(ii) Limitations of Financial Statements

(iii) Funds Flow Statement

(iv) Cash Book

(v) Parties to Bill of Exchange

(vi) Contra Entries.