Q.1 You have sanctioned a Running Finance limit of Rs. 5 million for a customer against which h drawn Rs. 2 million and a cushion of Rs. 3 million is still available and his account shows a debit balance of Rs. 2 million. You have now received an order from the Income Tax authorities attaching his account and directing you to pay to the Income Tax department Rs. 2.5 million owing by the account holder on account of income tax. Discuss how you will deal with the order of the Income tax department.

Q.2 Study the following cases and give your answers. The answer must be prefixed with a clear statement of 'Yes' or 'No', wherever required, followed with the desired explanation. Simple 'Yes' or 'No. will not be eligible for any marks.

A. Should a banker accept from a customer an order to purchase stocks or shares in the name of his minor son? Also specify a suitable remedy in such a situation, if any.
B. A partnership firm approached for opening a 'Current Account'. On scrutiny of documents you noticed that the firm is not registered. Cana banker can open an account of an unregistered firm and what implications are involved for want of registration?
C. If a customer who has given to his banker an order to buy or sell stocks, shares or bearer securities dies before the settlement day, can the banker, notwithstanding his death, debit his account with the cost, or credit it with the proceeds, as the case may be?
D. In terms of Sec. 121 of the Companies Ordinance, a company shall, so far as any security on the company's property is conferred be void against creditors of the company, unless the prescribed particulars of the charge is created or evidenced are filed with the registrar for registration within 21 days after the date of its creation.

What is the date of creation of the charge in the following cases?

i. Deeds are deposited under an equitable mortgage on June 29, but no advance is made until July 2.
ii. Deeds are deposited under an equitable mortgage to secure any balance which may become due. The advance is made by way of running finance.

E. The opener of a usance letter of credit obtained an injunction order from the local court restraining the opening bank not to remit the amount of the bill of exchange on the due date due to violation of the terms of the contract. Can the opening bank remit the amount of the bill on the plea that the bill of exchange is drawn on the bank and not on the opener?

Q.3 Discuss how you will deal with an account when you learn that the account holder has died.

Q.4 In order to enthuse the sense of confidence and safety to foreign currency deposits (FE-25), State Bank of Pakistan has framed specific guideline for investment, placement and management of these funds. List at least five stipulations that have been laid down in the Prudential Regulations.

Q.5 A. List at least four instruments which are eligible for days of grace in terms of Sec. 22 of the Negotiable Instrument Act 1881.

B. What would be the maturity date of the following instruments?

C. A negotiable instrument dated 29th January, 2013 is made payable at one month after date.

D.A negotiable instrument, dated 30th August 2013 is made payable three months after date.
E.A promissory note dated 31st August, 2012 is made payable three months after date.

Q.6 What precautions you will take when drafting an agreement for restructure of an account wh is stuck up for non-payment by the customer.

Q.7 Elaborate how the liability of the Directors of a private limited company can be brought at par as the liability of the partners of a firm.

Q.8 Describe the difference between discharge of an instrument and discharge of a party to an instrument. Also list the various methods of discharge of a negotiable instrument.

Q.9 From the point of view of enforcing a mortgage by a bank for recovery of its dues, discuss the difference between a registered mortgage of any immovable property and an equitable mortgage created by deposit with the bank title deeds of that property.

Q.10 Banks are drifting from pledge to hypothecation arrangement as a popular mode of financing. Describe hypothecation arrangement and list the various precautions that a bank must undertake to safeguard its interest.