

**STELLA MARIS COLLEGE (AUTONOMOUS), CHENNAI - 600 086**  
**(For candidates admitted during the academic year 2019-2020 and thereafter)**

**SUBJECT CODE: 19AF/MC/BI43**

**B.COM (ACCOUNTING&FINANCE) DEGREE EXAMINATION APRIL 2021**  
**ACCOUNTING AND FINANCE**  
**FOURTH SEMESTER**

**COURSE : MAJOR CORE**  
**PAPER : BANKING AND INSURANCE**  
**TIME : 90 MINUTES**

**MAX MARKS: 50**

**Section A**

**Answer all the questions:**

**(3x2=6)**

1. What is Electric Clearing Service?
2. In respect of the following transaction of ABC Bank Ltd for the year ended 31.12.1989, calculate the closing rebate on bills discounted. The following bills were discounted at 7% per annum.

Discounted on	Amounts Rs	Due date inclusive of 3 days of grace period
29.10.89	8,00,000	30.4.90
27.7.89	1,50,000	30.11.89

3. Write any two importance of E-Banking.

**Section B**

**Answer any three questions:**

**(3x8 =24)**

4. Explain the principles of Insurance.
5. Write a brief note on Cheque and its types.
6. On 31/03/2005, the books of India Insurance Co. disclosed the following particulars in respect of fire insurance:

	(Rs. '000)
Premium	6,50,000
Survey expenses	15,000
Reserved for unexpired risk – opening	2,00,000
Commission paid	1,00,000
Reinsurance premium	40,000
Claims paid outstanding	1,50,000
Additional reserve opening	25,000
Management expenses	1,40,000
Commission earned on re-insurance ceded	50,000
Bad debts	5,000
Commission earned on re-insurance accepted	20,000

In addition to usual reserve, addition reserve is to be increased 5% on net premium.

7. From the following particulars, you are required to calculate the amount on account of claim to be shown in the revenue account for the year ended 31/03/2006.

Intimated in	Admitted in	Paid in	Rs
2004-05	2005-06	2006-07	1,18,000

2005-06	2006-07	2006-07	1,74,000
2004-05	2004-05	2005-06	1,08,000
2005-06	2005-06	2005-06	8,00,000
2005-06	2005-06	2006-07	1,40,000
2003-04	2004-05	2005-06	10,000
2004-05	2005-06	2006-07	99,000
2003-04	2004-05	2004-05	8,000

Claim on account of reinsurance in 2005-06 was 12,000.

### Section C

Answer any one question:

(1x20=20)

- State and explain in detail the two board categories of insurance products.
- The following is the Trail Balance extracted from the books of Propel Bank Ltd. You are required to Profit and Loss Account and Balance Sheet for the year ending on 31.12.1998, after taking into consideration the adjustments.

Trial Balance as on 31.12.1998		
	Debit Rs.	Credit Rs.
Issued Capital:		
20000 shares of Rs. 10 each	-	2,00,000
Interest and Discount	-	3,00,000
Statutory Reserve	-	4,00,000
Cash in hand	2,40,000	-
Deposits – Fixed	-	1,78,000
Cash with RBI	3,70,000	-
Postage and Telegram	900	-
Investments on Shares	84,000	-
Loans, Cash credit and Overdraft	3,40,000	-
Interest on FD	30,000	-
Premises	3,00,000	-
Bills discounted and Purchased	1,60,000	-
Deposits - Savings	-	4,00,000
Rent, Insurance and Taxes	4,000	-
Commission and brokerage	-	50,000
Interest paid on Current Deposits	12,500	-
Salaries (Including 18,000 to Managers)	1,31,000	-
Interest on Savings Deposit	20,000	-
Audit fees	4000	-
Deposits - Current	-	3,74,000
Government Bonds	1,80,000	-
Security Deposits of Employee	-	24000
Depreciation	3,300	-
Printing	7,000	-
Furniture	39,300	-
	<u>19,26,000</u>	<u>19,26,000</u>

Adjustments:

- Endorsement on behalf of Customers Rs. 5,000.

- b) Provide Rs. 5,000 for doubtful debts
- c) Rebate on Bills Discounted Rs.27,000
- d) Acceptances on behalf of Customers Rs. 1,00,000
- e) Additional Endorsement and Acceptances on behalf of Customer Rs.20000.

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