

B.COM DEGREE EXAMINATION - APRIL 2022
ACCOUNTING AND FINANCE
FOURTH SEMESTER

COURSE : MAJOR CORE
PAPER : BANKING AND INSURANCE
TIME : 3 HOURS

MAX MARKS: 100

Section A

Answer all the questions:

(10x2=20)

1. What is a bill of exchange?
2. What are the steps involved in opening a bank account?
3. Who is an Insurance Broker?
4. Give the meaning of Digital Wallet.
5. List the different types of insurance products.
6. Write in brief about Promissory Note.
7. On 1st October 2018, Rupali Bank discounted a bill of Rs.20,000 @ 12% p.a. and the bill has on that date exactly four months to run considering the days of grace also. Accounts are closed on 31st December 2018. Journalise.
8. From the following particulars calculate the premium earned of a life insurance company
Premium less re-insurance - Rs.1,61,500
Accrued premium - Rs.5,000
Bonus in reduction of premium - Rs.5,000
9. Calculate Rebate on bills discounted as on 31.3.2000

Date of bill	Amount Rs.	Period	Rate of discount
15-1-2000	25,000	5 months	8%
10-2-2000	15,000	4 months	7%
25-2-2000	20,000	4 months	7%
20-3-2000	30,000	3 months	9%

10. A Life Assurance Fund of Rs. 25,00,000 was ascertained without taking into account the following:
 - a) Claims covered under re-insurance Rs.18,000
 - b) Reinsurance Premium Rs.15,000Calculate the correct Life Assurance Fund.

Section B

Answer any FIVE questions:

(5x8 =40)

11. List the differences between Debit Card and Credit Card.
12. Write a brief note on Cheque and its types.
13. Explain the various fund based and fee based financial services.

14. What is the procedure for settlement of claims under Life Insurance?
 15. Write short notes on Tele-Banking and Mobile Banking.
 16. From the books of accounts of Bharat Bank Ltd., as on 31st March 1998, the following particulars regarding loans and advances given by the bank are available.

(Rs. in '000)

Advances to priority sectors	3,500
Advances to public sector	1,000
Advances to:	
Other banks in India	250
Others	4,000

The details of the above advances were as under: (Rs. in '000)

Bills purchased and discounted (including Rs.2,50,000 outside India)	1,250
Cash credits, overdrafts and loans payable on demand	4,750
Term loans	3,000

Out of the above advances, Rs.75 lakhs were secured by tangible assets while those of Rs.5 lakhs were secured by Bank and Government guarantees. The rest were unsecured. You are required to show how the above items are statutorily required to be disclosed in the balance sheet of the bank.

17. The following are the balance extracted from the books of the Comet Insurance Co. Ltd. for the Fire and Marine departments as on 31st March 2006.

	Fire (Rs. in '000)	Marine (Rs. in '000)
Claim paid	112	107.4
Commission paid	109.6	89.4
Expenses of management	69.2	26.4
Commission on reinsurance accepted	8	5
Commission on reinsurance ceded	4	3
Outstanding premium 31.3.06	40.6	33.6
Reserve for unexpired risk	130.2	244
Additional reserve	142.8	15
Premium received less reinsurance	330.6	223.6
Claims outstanding 1.4.05	3.8	0.2

Adjustments to be taken in consideration:

- Estimated liability in respect of claims outstanding on 31.3.06 was fire - Rs.0.6 thousands and Marine - Rs.13.4 thousands
- Provide - Rs.20 thousands for survey expenses (marine) and Rs.16.24 thousands for survey expenses (fire).
- Provide in case of fire insurance for additional reserve at 10% of the net premium in addition of the operating balance.

Prepare Fire and Marine Revenue Accounts.

Section C

Answer any Two questions:

(2x20=40)

18. Explain in detail the Principles and Functions of Insurance.

19. What is E-banking? Explain with its Merits and Demerits.

20. From the following Trial Balance of a Marine Insurance Company, prepare Final Accounts for the year ended 31.3.2006

Particulars	Debit (Rs. '000)	Particulars	Credit (Rs. '000)
Management expenses	90,000	Marine fund as on 1.4.2005	14,50,000
Claims paid	1,50,000	Marine premium	6,30,000
Audit fees	4,000	Interest & dividend	1,30,000
Directors fees	6,000	Investment fluctuation fund	28,000
Debtors for premium due	3,000	Staff provident fund	40,000
Furniture	12,000	Transfer fees	600
Taxes	7,600	Sundry creditors	9,000
Contribution to staff provident fund	2,000	Reserve fund	51,000
Commission	24,000	Share capital (Rs.100 each)	5,00,000
Investment	20,00,000	Profit & Loss A/c (1.4.2005)	20,000
Land & Building	2,40,000		
Cash in hand	40,000		
Cash at bank	2,40,000		
Provident fund investment	40,000		
	28,58,600		28,58,600

Additional Information

- a) Depreciate furniture 10%, Land and Buildings 3%
- b) Outstanding claims Rs.11,000 thousand
- c) Provide Rs.7000 thousand to investment reserve fund in addition to existing balance.
- d) Adjustment has to be made for Rs.10,000 thousand reinsurance premium paid and Rs.5,000 thousand for claims covered under re insurance.

21. The following balances have been extracted from the books of Bharat Commercial Bank Ltd., as on 31st December 1986, prepare the relevant Profit and Loss account and Balance Sheet:

	(Rs. in thousands)
Paid up capital - Rs. 100 shares	500
Reserve fund	200
Interest, discount, etc	410
Commission	60
Postage & Telegrams	6
Rent and Insurance	12
Director's fees	4
Depreciation	7.5
General charges recovered	15
Auditor's fees	5
Law charges	2
Other expenditure	18
Deposits	490
Current accounts	155
Cash in hand	65
Cash with other banks	85
Traveller's cheques	12
Furniture	50
Loans and over drafts	600
Rebate on bills discounted 1.1.86	25

Investments	375
Owing by foreign correspondents	25
Bills discounted	80
Pension fund	15
Rebate on bills discounted 31.12.86	20
Profit and loss account (Cr)	24
Salaries and Allowances	80
Premises	511.5

Adjustments:

- a) Write off bad debts Rs.12,000 and provide for doubtful debts Rs.7,500
- b) Provide for taxation Rs.18,000
- c) The liability of the bank for acceptances on behalf of customers is Rs.5,00,000
- d) The item interest includes Rs.6,000 interest on doubtful debts
- e) Traveller's cheque paid Rs.2,000
- f) There is a liability on bill of exchange rediscounted Rs.50,000
