

B.COM DEGREE EXAMINATION - APRIL 2023
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. Define the term Banking.
2. What do you understand by the term customer of a Bank?
3. Define Bills of Exchange.
4. Give an outline of mechanism involved in Internet Banking.
5. Why do we need Insurance?
6. What do you mean by the term 'utmost good faith' with reference to Life Insurance?
7. The Trial Balance of the N Bank Ltd. as on 30th June 2014 shows the following balances:

	RS.
Interest and Discount	45,40,600
Rebate and Bills discounted (1.7.2013)	4,750
Bills discounted and purchased	3,37,400

The unexpired discount as on 30.6.2014 is estimated to be Rs.5,560. Draft necessary adjusting entries.
8. From the following particulars relating to the P Bank Ltd. ascertain the profit balance carried over to the Balance Sheet:

	Rs.
Net profit for the year	1,28,000
Profit brought forward from the previous year	1,20,000
Transfer to Statutory Reserve	25%
Transfer to other reserves	10%
Transfer to Proposed Dividend	20,000
9. Compute the Net premium to be credited to Revenue Account from the following data:

	Rs.
Premium received during the year ended 31.3.2018	16,00,000
Reinsurance Premium paid	5,40,000
Reinsurance Premium received	6,20,000
Bonus in reduction of Premium (not yet adjusted)	20,000
10. Calculate the net claim to be debited to Revenue Account of an Insurance Company:

	Rs.
Claims paid for the year ended 31.3.2019	5,75,000
Claims outstanding on 1.4.2018	55,000
Claims outstanding on 31.3.2019	98,000
Claims covered Under reinsurance	28,000

Section B**Answer any FIVE questions:****(5x8 =40)**

11. Write a note on general relationship between a banker and his customer.
12. Give an account of E Banking services provided by a Modern Banker.
13. What is an ATM? What are the features of ATM?
14. Write down the differences between Life Insurance and Non-life Insurance.
15. Write the procedure to be followed for settlement of claims in case of unfortunate death in life insurance.
16. From the following particulars, prepare the Profit and loss Account of Chennai Bank Ltd. for the year ending 31st March 2022.

Particulars	(Rs. In '000)
Interest on Deposits	3,200
Commission (Cr.)	100
Interest on loans	2,490
Sundry charges (Dr.)	100
Rent and taxes	200
Establishment	500
Discount on Bills Discounted	1,490
Interest on overdrafts	1,600
Interest on cash credits	2,320
Auditor's fees	35
Directors 'fees	16
Bad debts to be written off	300

17. From the following particulars of an Insurance Company, ascertain the amount of claims chargeable to Revenue Account and Claims outstanding for the year ended 31.3.2016

Intimated in	Admitted in	Paid in	Rs.
2014-15	2014-15	2015-16	1,36,000
2014-15	2015-16	2016-17	1,20,000
2014-15	2016-17	2016-17	80,000
2015-16	2015-16	2015-16	4,00,000
2015-16	2015-16	2016-17	2,20,000
2015-16	2016-17	2016-17	1,44,000

Section C**Answer any Two questions:****(2x20=40)**

18. Explain in detail the circumstances under which a banker can close the account of his customer.
19. Explain in detail the various principles of Insurance.
20. On 31st December 2016 the following balances stood in the books of Asian Bank Ltd. after preparation of its profit and loss account.

Particulars	Rs. (in '000)
Share Capital Issued and subscribed	4,000
Reserve fund (under sec 17)	6,200
Fixed Deposits	42,600
Savings bank deposits	19,000
Current accounts	23,200
Money at call and short notice	1,800
Investments	25,000
P & L Account (cr) 1st Jan 2016	1,350
Dividend for 2015	400
Premises	2,950
Cash in Hand	380
Cash in RBI	10,000
Cash with other banks	6,000
Bills discounted and purchased	3,800
Loans, Cash credits and over drafts	51,000
Bills Payable	70
Unclaimed dividend	60
Rebate on Bills discounted	50
Short loans (borrowing from other banks)	4,750
Furniture	1,164
Other Assets	336
Net profit for 2016	1,550

Prepare Balance Sheet of the Bank as on 31st Dec 2016

21. From the following balances extracted from the books of the LIC as at 31.3.2016, Prepare a Revenue Account for the year ending 31.3.2016 in the prescribed form:

Particulars	Rs. (in '000)		Rs. (in '000)
Claims by death	3,30,000	Life Assurance Fund (1.4.2015)	63,31,000
Claims by Maturity	2,15,000	Premiums	20,65,000
Agents allowance	26,500	Bonus in reduction of Premium	1,000
Salaries	44,200	Income tax on interest and Dividends	5,700
Travelling expenses	1,200	Printing and Stationery	13,900
Directors 'fees	8,700	Postage and telegrams	14,300
Auditor's fees	1,000	Receipt Stamps	2,300
Medical fees	52,000	Reinsurance Premiums	40,950
Commission	2,18,000	Interest and Dividend (Gross)	2,72,000
Rent	2,800	Policy renewal fees	9,600
Law charges	200	Assignment fees	540
Advertising	4,300	Endowment fees	690
Bank charges	1,500	Transfer fees	1,400
General charges	2,000		
Surrenders	47,500		

Provide Rs.1500 Thousands for depreciation of Furniture and Rs.2,20,000 Thousands for depreciation on investments.
