

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

**B.COM. DEGREE EXAMINATION - APRIL 2024**  
**ACCOUNTING AND FINANCE**  
**FOURTH SEMESTER**

**COURSE : MAJOR CORE**  
**PAPER : BANKING AND INSURANCE**  
**SUBJECT CODE : 19AF/MC/BI43**  
**TIME : 3 HOURS**

**MAX MARKS: 100**

**SECTION A**

**Answer all the questions:**

**(10x2=20)**

1. What are the primary functions of Banking?
2. Write a note on a Bill of Exchange.
3. Define Mobile Banking.
4. What is a Digital Wallet?
5. For the year ending on March 31, 2021, the balances of The Narmada Bank Ltd. are given here under. Prepare total Interest Earned as per Schedule 13:

(Rs.)

Interest on loan	2,50,000
Interest on fixed deposit	36,000
Salaries	30,000
Postage	5,000
Printing & stationery	6,000
Telephone & internet	4,000
Rent	7,000
Interest on saving bank deposit	20,000
Commission received	1,40,000
Legal charges	15,000
Insurance	9,000
Interest on cash credit account	3,40,000
Interest on overdraft	1,20,000

6. The following are the figures extracted from the books of The Mahananda Bank Ltd. as on March 31, 2021. Prepare Total Operating Expenses:

Interest on advances	3,40,000
Interest on overdraft	4,20,000
Interest on cash credit	3,10,500
Commission	40,000
Profit on sale of investment	5,000
Interest on savings deposit	3,40,500
Interest on fixed deposit	4,30,500
Printing & stationery	7,200

Postage & telephone	6,400
Audit fee	3,600
Rent & taxes	7,800
Sundry expenses	5,200
Insurance	2,800

7. State any two Principles of Insurance.
8. What is General Insurance?
9. Compute the net claim to be debited to Revenue a/c of an insurance company: Claims paid for the year Rs.5,75,000, Claims outstanding at the beginning of the year Rs.55,000, Claims outstanding at the end of the year Rs.98,000, and Claims covered under reinsurance Rs.28,000.
10. From the following particulars, ascertain the profit balance to be carried over to the balance sheet: Net profit for the year Rs.1,28,000, Profit brought forward from previous year Rs.1,20,000, Transfer to Statutory Reserve 25%, Transfer to other reserve 10%, Transfer to proposed dividend Rs. 20,000.

### Section B

**Answer any FIVE questions:**

**(5x8 =40)**

11. What are Negotiable Instruments? Explain the various types of such instruments.
12. Explain the recent developments in Commercial banking.
13. Explain the merits of E-banking.
14. List out the functions of Insurance.
15. Elucidate the procedures for settling the claims.
16. On 31<sup>st</sup> March, 1998 a bank held the following bills, discounted by it earlier:

Date of bill 1998	Term of bill (months)	Discounted @ % p.a.	Amount of bill Rs.
(i) January, 17	4	17	7,30,000
(ii) February, 7	3	18	14,60,000
(iii) March, 9	3	17.5	3,64,000

You are required to calculate the rebate on bills discounted. Also show the necessary journal entry for the rebate.

17. From the following information, prepare the Profit and Loss Account of South Indian Bank as on 31st March, 2004:

	Rs. ('000)
Interest and Discount	3,045
Income from Investments	115
Interest on Balances with RBI	180
Commission, Exchange and Brokerage	820
Profit on Sale of Investments	110
Interest on Deposits	1,225
Interest to RBI	161
Payment to and Provisions for Employees	1,044
Rent, Taxes and Lighting	210
Printing and Stationery	180
Advertisement and Publicity	95
Depreciation	92
Directors' Fees	220
Auditors' Fees	120
Legal Charges	230
Postage, Telegrams and Telephones	70
Insurance	56
Repairs and Maintenance	48

*Other information :*

1. Interest and discount mentioned above is after adjustment for the following :

	Rs. ('000)
(a) Tax provision for the year	220
(b) Provision during the year for doubtful debts	102
c) Loss on sale of investments	12
d) Rebate on bills discounted	58

2. 20% of profit to be transferred to Statutory Reserve; 5% of profit to be transferred to revenue reserve; Profit brought forward from last year Rs.16,000 only.

### Section C

Answer any Two questions:

(2x20=40)

18. Explain in detail the various functions and services of a commercial banks.  
 19. Elucidate the general provisions of IRDA act 1999.  
 20. Following trial balance was taken from the Bajaj life insurance corporation as on 31-3-2019.

	Debit (Rs.'000)	Credit (Rs.'000)
Life assurance fund as on 1 <sup>st</sup> April 2018		59,44,600
Claims by death and maturity	3,00,000	
Claims by Maturity	94,000	
Premium received		3,23,000
Commission paid	18,600	
Management expenses	64,600	
Consideration for annuities granted		25,000
Interest and dividend received		2,00,000
Income tax on Dividend and interest (gross)	5,000	
Fines		400
Surrenders	27,000	
Annuities	4,000	

Bonus paid in cash	64,000	
Bonus in redemption of premium	12,000	
Claims outstanding		3,000
Outstanding annuities		2,000
Agents balances	18,600	
Freehold premises	80,000	
Investments	46,10,000	
Loans on company policies	3,47,200	
Capital: 2,00,000 shares of Rs.10 each		2,00,000
Cash on deposits	54,000	
Cash in hand and current account	14,600	
Mortgages in India	9,84,400	
Total	66,98,000	66,98,000

Prepare a revenue account and balance sheet as on 31<sup>st</sup> March 2019 after taking into consideration the following information:

(Rs. '000)

Claims admitted but not paid	18,000
Management expenses due	400
Interest accrued	18,600
Premium outstanding	20,000

Bonus utilised in reduction of premium 4,000

Claims covered under reinsurance 4,600

21. The following balances appeared in the books of Kaveri Bank Ltd. as on March 31, 2021  
(Rs.)

Share capital 20,000 share ₹ 100each)	20,00,000
Reserve fund	5,00,000
Local bills discounted	6,00,000
Overdraft	10,00,000
Cash credit	5,00,000
Term loan	4,00,000
Investment in shares	5,60,000

Demand deposit:	
From banks	10,00,000
From others	5,00,000
Term Deposit:	
Banks	3,20,000
Others	2,80,000
Borrowing in India: other banks	8,00,000
Bills payable	1,00,000
Unclaimed dividend	2,50,000
Cash in hand	3,60,000
Cash with bank in India	7,40,000
Stationery & stamps	1,40,000
Building	15,00,000
Furniture & fixture	2,00,000
P&L A/c credit balance (Current year Profit 2,00,000)	2,50,000

Make Statutory Reserve @25%. Prepare Balance Sheet as per banking law.

\*\*\*\*\*