

Maximum Time: 2 ½ Hours

Maximum Marks: 75

Note: Working note will be part of your answer

Use of simple calculator is allowed

Each question will carry 15 marks with internal option

Q.1.A Select the appropriate option and rewrite the answer. (8 out of 10)

8 Marks

1. Banking Regulation Act _____
a) 1947 b) 1932 c) 1949 d) 1956
2. Reserve and Surplus does not include _____
a) Statutory Reserve b) Capital Reserve c) Security Premium d) Reserve Bank of India
3. Insurance industry is classified into _____
a) Life Insurance b) General Insurance c) Life and General Insurance d) None of above
4. Insurance business deals with _____
a) Risk Management b) Wealth Management c) Portfolios Management d) Marketing Management
5. Interest on securities is always calculated on _____
a) Cost price b) Market price c) Face value d) All of the above
6. At the end of the year the balance on foreign exchange fluctuation a/c is transferred to _____
a) Foreign exchange fluctuation a/c b) Profit and loss a/c c) Balance sheet d) none of the above
7. Unclaimed dividend is shown by bank under _____
a) Deposits b) Advances c) Other liabilities d) Contingent liabilities
8. Money at call and short notice is disclosed under _____
a) Cash and Bank balance b) Investment c) Provision d) None of the above
9. The exchange rate at the balance sheet date is known as _____
a) Average rate b) Closing rate c) Non monetary rate d) Monetary rate
10. The cost of Right Shares is _____
a) Added to the cost of the Investment b) Subtracted from the cost of Investments
c) No treatment is required d) None of the above.

Q.1.b Match the following columns (8 out of 10)

8 Marks

Column A		Column B
1.	Operating expenses	a. Schedule 1
2.	Deposits	b. Person whose risk is insured
3.	Premium Earned	c. Schedule 3
4.	Exchange difference	d. Schedule 16
5.	Shares	e. Sale of Investment
6.	100% Reserve for unexpired risk	f. Difference due to different rates
7.	Insured	g. No Fixed Income
8.	Weighted Average	h. Currency used in presenting the financial statements
9.	Cash credits, overdrafts and Loan payable on demand	i. Fire Insurance
10.	Reporting currency	j. Marine Insurance
		k. Advances

15 Marks

Q.2. The following figures are taken from the books of Canara Bank Ltd. You are required to prepare the Balance sheet as at 31st March , 2018 and Profit and Loss A/C for the year ended as on that date:

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
Current Accounts	32,00,000	Interest and Discount received	30,00,000
Saving Bank Account	1,20,00,000	Interest accrued and paid	8,00,000
Fixed and Time Deposits	38,00,000	Salaries and Allowances	2,04,000
Sundry Creditors	1,20,000	Salary to General Manager	96,000
Bills Payable	32,00,000	Directors Fees	20,000
Bill for collection	5,60,000	Rent and rates	80,000
Acceptances and endorsement on behalf of customers	8,00,000	General expenses	12,000
Borrowing from Bank	28,00,000	Stationery and Printing	20,000
Unclaimed Dividend	1,20,000	Audit fees	8,000
Dividend for 2016	2,00,000	Money at call and short notice	12,00,000
Profit and Loss Account (cr.)	8,40,000	Investment at cost	1,20,00,000
Reserve fund	14,00,000	Premises (after depreciation up to March 2017 Rs. 4,00,000)	48,00,000
Share Capital (Authorised & Issued 2,00,000 shares of Rs. 20 each Rs. 10 paid up)	20,00,000	Cash in hand	2,40,000
		Cash with RBI	60,00,000
		Cash with other bank	52,00,000
		Bills discounted and purchased	24,00,000
		Loans overdrafts and cash credit	2,80,00,000

Rebate on bill discounted for unexpired term amounted to Rs. 20,000. Create provision for taxation Rs. 4,00,000 and for Doubtful debtors Rs. 1,20,000. Allow 5% Depreciation on premises on the original cost.

OR**15 Marks**

Q.2. The following information have been obtained from the books of the Satara Bank Ltd for the year ended 31st March, 2018

Particulars	Rs
Issued & Subscribed Capital	1,000
Interest & Discount earned	3,800
Commission & Exchange	195
Interest Paid	2,000
Salaries & Wages	210
Director's fees	35
Rent & Taxes	70
Postage & Telegrams	61
Profit on sale of Investments	240
Loss on sale of Investments	38
Rent Received	62
Depreciation	31
Stationery	60
Auditor's Fees	8

Additional Information:

1. The profit & loss account had a balance of Rs 1,000 on 1st April, 2017
2. An advance of Rs 284 has become doubtful debts.
3. The provisions for tax be made at 35%
4. The directors desire to declare 10% dividend.

Prepare Profit & Loss Account for the year ending 31st March 2018.

15 Marks

Q.3. Reliance General Insurance submits the following information for the year ended 31st March 2017.

Particulars	Direct Business (Rs)	Reinsurance (Rs)
Premium received	65,75,000	9,50,000
Premium paid	-	4,75,000
Claims paid during the year	42,50,000	5,00,000
Claims Payable- 1 st April 2016	6,25,000	87,000
Claims Payable- 31 st March 2017	7,18,000	60,000
Claims Received	-	3,25,000
Claims Receivable-1 st April 2016	-	65,000
Claims Receivable – 31 st March 2017	-	1,10,000
Expenses of Management	2,30,000	
Commission		
-On Insurance Accepted	1,50,000	11,000
-On Insurance Ceded		14,000

Additional Information:

1. Expenses of management include Rs 35,000 Surveyor's fees and Rs 45,000 legal expenses for settlement of claims.
2. Reserve for unexpired risk is to be maintained @ 40%. The balance of reserve for unexpired risk as on 1-4-2016 was Rs 24,50,000.

OR**15 Marks**

Q.3. From the books of Tata General Insurance Company Ltd as on 31st March, 2017, you are required to prepare Revenue Accounts in respect of Fire and Marine Insurance Business for the year ended 31st March 2017.

Particulars	Fire (Rs)	Marine (Rs)
Outstanding claims as on 1 st April, 2016	28,000	7,000
Claims Paid	1,00,000	80,000
Reserve for unexpired Risk as on 1 st April 2016	2,00,000	1,40,000
Premium received	4,50,000	3,30,000
Agent's Commission	40,000	20,000
Expenses of Management	60,000	45,000
Reinsurance Premium (Debit)	25,000	15,000

Additional Information:

1. Claims outstanding as on 31st March 2017 were Fire insurance Rs 10,000 and Marine insurance Rs 15,000
2. Premium outstanding as on 31st March 2017 were Fire insurance Rs 30,000 and Marine insurance Rs 20,000.

3. Reserve for unexpired risk to be maintained at 50% and 100% of Net premium in respect of Fire and Marine insurance respectively.
4. Expenses of Management due on 31st March, 2017 were Rs 10,000 for Fire insurance and Rs 5,000 for Marine insurance.

15 Marks

Q.4. Mr Rajesh holds 2,400, 6% Debentures of Rs 100 each in Infosys Ltd as on 1-4-2016 at a cost of Rs 2,80,000. Interest is payable on 30th June and 31st December every year.

Other details are as follows:

- a. On 1-6-2016, 800 6% Debentures are purchased cum-interest at Rs 81,600.
- b. On 1-11-2016, 800 6% Debentures are purchased ex-interest at Rs 76,800
- c. On 30-11-2016, 1200 6% Debentures are sold cum-interest for Rs 1,29,000.
- d. On 31-12-2016, 1600 6% Debentures are sold ex-interest for Rs 1,54,600.

Prepare 6% Debenture account in the books of Mr Rajesh valuing closing balance 31-3-2017 at cost or market price whichever is lower.

The Debentures are quoted at par on 31-3-2017.

OR

15 Marks

Q.4. On 1st January 2016, Tata Ltd an Indian importer, purchased \$ 2,50,000 worth goods from German Trading company of Germany.

The payment for the import was made as follows:

On 10th February, 2016 - \$ 1,00,000

On 15th March, 2016 - \$ 75,000

On 20th April 2016 - \$ 75,000

German Limited closes its books on 31st March every year.

The exchange rate for \$ 1 was follows:

1st January 2016 - Rs 49

10th February 2016 - Rs 49.50

15th March 2016 - Rs 47.60

31st March 2016 - Rs 45

20th April 2016 - Rs 46.75

(1) Pass Journal Entries

(2) Prepare German Trading Company Account and Foreign Exchange Fluctuation Account in the books of Tata Ltd.

Q.5. A. Explain in brief the provisions of Insurance Act relevant to Insurance Accounting.

8 Marks

Q.5. B. Distinguish between Ex-interest and Cum-interest Transactions in investments.

7 Marks

OR

Q.5. Write short notes on: (Any 3)

15 Marks

1. Rebate on Bills Discounted.
2. Unexpired Risk Reserve
3. Pre-acquisition dividend.
4. Foreign Exchange Fluctuation
5. Provisioning requirements of Banks.
