

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. Insurance business deals with _____
a) Risk management b) Wealth management c) Portfolio management d) Marketing management
3. _____ schedules are there in General Insurance Final Accounts.
a) 12 b) 10 c) 15 d) 9
4. Schedule B of IRDA _____
a) Revenue Account in form B-RA b) P/L A/c in form B-BL c) Balancesheet in Form b-BL
d) Deposit with RBI
5. 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.
6. Interest is always calculated on the _____
a) M.V of the security b) Cost of the security c) Face value of the security
d) Realizable value of the security
7. Accounting for investment is dealt with by _____
a) AS 9 b) AS 13 c) AS 11 d) AS 29
8. Every banking company is incorporated in India shall transfer _____
a) 20% b) 25% c) 30% d) 15%
9. Primary function of insurance companies is to protect _____
a) Individuals b) Policyholders c) Corporate d) None of the above.
10. The exchange rate at the balance sheet date is known as _____
a) Average rate b) Closing rate c) Non monetary rate d) Monetary rate

Q.1.B State whether the following sentences are True or False. (7 out of 10) 7Marks

1. Claim on Re- insurance accepted is added to claims Paid.
2. Discounting of bill is converting the bill into cash.
3. Ex interest price includes interest accrued.
4. In the case of bonus, only nominal value is entered in nominal value column of the investment account.
5. An asset becomes non performing asset when it ceases to generate income for the bank
6. Exchange rate is the ratio of exchange of two currencies.
7. General insurance business includes fire insurance only.
8. Foreign currency is the currency other than the reporting currency.
9. Dividend on shares accrues on the date of closure of books.
10. Every banking company incorporated in India shall transfer 15%.

Q. 2. From the Following balances of Indian Bank Ltd, Pune on 31.3.2018, prepare Profit and Loss Account and Balance Sheet as on that date.

15 Marks

Particulars	Debit Rs	Credit Rs
Equity Share Capital of Rs 100 each Rs 50 paid up	-	4,00,000
Profit and Loss Account on 1.4.2017	-	1,60,000
Current Deposit Account	-	13,64,000
Fixed Deposit Account	-	15,60,000
Saving Ac	-	10,26,000
Directors Fees	18,000	-
Audit fees	4000	-
Furniture (Cost Rs.4,00,000)	3,48,000	-
Interest & discount received	-	8,40,000
Commission & Exchange	-	4,00,000
Reserve Fund	-	1,40,000
Printing and stationery	16,000	-
Rent and tax	34,000	-
Salary	2,80,000	-
Building (Cost Rs. 12,00,000)	9,00,000	-
Law charges	6,000	-
Cash in Hand	64,000	-
Cash with RBI	14,00,000	-
Cash with other Bank	13,00,000	-
Investment at cost	4,80,000	-
Loan, cash credit and overdrafts	12,00,000	-
Bills discounted and purchased	5,60,000	-
Interest paid	6,00,000	-
Borrowing from Bank	-	8,00,000
Branch adjustment account	-	5,20,000
Total	72,10,000	72,10,000

Following additional information is available

1. The bank has accepted on behalf of the customers' bills worth Rs.6,00,000 against the securities of Rs. 7,60,000 lodged with the bank.
2. Rebate on hills discounted Rs.22,000.
3. Provide depreciation on building 10% and Furniture 5% on cost.
4. Provide Rs. 6.000 for bad and doubtful debts.

OR

15 Marks

Q.2. The following balances have been extracted from the books of KPC Bank Ltd as on 31st March, 2018.
Prepare Profit & Loss Account for the year ended 31st March, 2018.

Particulars	Rs
Interest on Fixed Deposits	2,00,000
Profit on Sale of Investment	80,000
Interest on Saving Deposits	4,00,000
Loss on Sale of Fixed Assets	20,000
Commission & Brokerage (Cr)	50,000
Dividend Received	10,000
Interest & Discount Earned	15,00,000
Interest on Investments	40,000
Salaries, Allowances	1,02,000
Salary to General Manager	48,000
Director's Fees	10,000
Rent & Rates	40,000
General Expenses	6,000
Stationery & Printing	10,000
Audit Fees	4,000

Rebate on bills discounted for unexpired term amounted to Rs 10,000.

Create provision for taxation Rs 2,00,000 and for doubtful debts Rs 60,000.

Rs 15,000 to be transferred to General Reserve.

Q.3. From the following balance of TATA General Insurance Company Ltd.

As 31.03.2018 prepare:

15 Marks

- Fire revenue account and Marine Revenue Account
- Profit and loss account

Particulars	Amount	Particulars	Amount
Commission (fire)	90,000	Commission earned on reinsurance ceded (marine)	60,000
Commission (marine)	1,08,000	Commission earned on reinsurance ceded (fire)	30,000
Claims paid and O/S (marine)	3,80,000	Management Expenses (fire)	1,45,000
Claims paid and O/S (fire)	1,80,000	Management expenses (marine)	4,00,000
Bad debts recovered	2,000	Marine premium less reinsure	10,80,000
Share transfer fees	4,000	Fire premium less reinsurance	6,00,000
Directors fees	15,000	Profit on sale of land	60,000
Auditor's fees	25,000	Miscellaneous receipts	5,000
Bad debts (marine)	12,000	Interest and dividend	14,000
Bad debts (fire)	5,000	Depreciation	35,000

Marine fund 1-4-2017 Rs. 8,00,000 and Fire fund on 1-4-2017 Rs. 2,50,000.

OR

15 Marks

Q.3 From the following information of Reliance Fish Marine Insurance co Ltd. Prepare the Revenue Account for the year ended 31st March , 2018

Particulars	Rs.
Premium received	18,75,000
Premium outstanding on March 31,2018	1,25,000
Premium paid on reinsurance ceded	2,28,000
Claims paid	10,54,000
Estimated liability in respect of outstanding claims:	
On April 1, 2017	1,89,000
On March 31, 2018	2,25,000
Expenses of management (includes Rs 45, 000 Surveyors fee and Rs 65, 000 legal expenses paid for settlement of claims)	4,85,000
Interest and dividend (Gross)	1,65,250
Income tax on the above Interest and dividend	49,575
Profit on sale of investment	46,000
Commission paid	1,94,000

Balance of fund on 1st April, 2017 was Rs. 18,50,000 including addition reserve of Rs.1,80,000 Additional Reserve has to be maintained at 10% of net premium for the year.

15 Marks

Q.4. During the year ended 31st March, 2018 Mr. Rajesh bought and sold the following 12% Debenture of Rs. 100 each Of Zen Ltd. Interest being payable by Zen Ltd On 1st April and 1st October each year.

Date	Particulars
1st June ,2017	Bought 300 debentures at R5.92 ex- interest
1st September,2017	Bought 300 debentures at Rs.94 cum — interest
1st December, 2017	Sold 200 debentures at Rs.95 ex- interest
1st February,2018	Bought 150 debentures at Rs.98 cum — interest

Books are closed on 31st March every year . Market price on 31st March 2018 was Rs.90 per Debenture. You are required to prepare Investment in 12% Debentures in Zen Ltd .account for the year ended 31st March, 2018 in the books of Mr. Rajesh.

OR

15 Marks

Q.4. On 1st January, 2017 Samson Ltd Imported goods worth \$85,000 from Jackie Ltd USA. The payment were made as under:

Date	Amount of Installment — US(\$)	Exchange Rate per US \$ (Rs.)
10-01-2017	16,000	Rs.61
15-02-2017	18,000	Rs.62
15-03-2017	29,000	Rs.63
15-04-2017	22,000	Rs.59

Exchange rate on 1/1/2012 was 1\$ = Rs. 60. Books are closed on 31st March every year.

The Exchange rate on 31/3/2017 was \$ 1 = Rs. 63.

Pass necessary journal entries in the books of Samson Ltd and also prepare Foreign Exchange Fluctuation Account.

- Q.5.A. Explain Weighted average Method under Investment Accounting.
Q.5.B Explain Inter-related transaction in foreign currency

8 Marks

7 Marks

OR

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

15Marks

- 1) Rebate on bills discounted .
- 2) Ex-Interest and Cum-Interest Price
- 3) Asset classification of Banks
- 4) Pre-acquisition Dividend
- 5) Reserve for unexpired risk.
