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**3 SEM TDC AFAC 1 (Sp)**

**2 0 2 2**

( December )

**COMMERCE**

( Speciality )

Course : 301

**( Advance Financial Accounting )**

Full Marks : 80

Pass Marks : 24

Time : 3 hours

*The figures in the margin indicate full marks  
for the questions*

1. (a) Fill in the blanks :

1×4=4

- (i) A reserve maintained by a scheduled bank in India with RBI is called \_\_\_\_\_.
- (ii) Life Insurance business is carried on by Life Insurance Corporation of India since \_\_\_\_\_.
- (iii) In case of marine insurance, the provision against unexpired risk is \_\_\_\_\_%.
- (iv) Investment A/c is a \_\_\_\_\_ A/c.

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(b) Write True or False : 1x4=4

(i) An asset becomes non-performing when it ceases to generate income for the bank.

(ii) Life Insurance is more appropriate to be called life assurance.

(iii) The share of profit which a policyholder gets is called dividend.

(iv) In case of cum-interest quotation the price quoted does not include interest.

2. Write short notes on any four of the following : 4x4=16

(a) Rebate on Bills Discounted

(b) Valuation Balance Sheet

(c) Reserve for Unexpired Risk

(d) Difference between Cum-interest and Ex-interest

(e) Purchase and Sale of Securities

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3. (a) The following balances have been extracted from the books of Star Bank Ltd. for the year ended on 31st March, 2022.

You are required to prepare Profit & Loss A/c along with required schedules :

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Interest on Loans	₹
Interest on Cash Credit	3,09,000
Discount on Bills Discounted	1,73,000
Interest on Overdrafts	1,45,000
Postal Expenses	1,04,000
Sundry Expenses	1,400
Interest on Fixed Deposits	1,000
Commission, Exchange and Brokerage (Cr.)	2,75,000
Interest on Savings Bank Deposits	8,200
Rent and Taxes	1,10,000
Transfer Fee	18,000
Law Charges	650
Locker Rent	900
Printing and Stationery	400
Director's Fee	2,000
Depreciation on Bank's Property	3,000
Advertisement	9,000
Auditor's Fee	2,000
Payment to Employees	1,800
	48,100

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Adjustments :

- (i) Provide for Bad and Doubtful Debts—₹ 29,000
- (ii) Rebate on Bills Discounted—₹ 49,000
- (iii) Transfer—25% of Net Profit to Statutory Reserve

Or

- (b) Discuss the following items relating to a banking company :  $3\frac{1}{2} \times 4 = 14$

- (i) Cash Reserve Ratio
- (ii) Statutory Reserve
- (iii) Liability for Bills Discounted
- (iv) Core Banking

4. (a) What is Life Insurance? What are the statutory and subsidiary books maintained by a Life Insurance Company?  $2+6+6=14$

Or

- (b) Prepare the Revenue A/c of Zenith Life Insurance Co. Ltd. for the year ended on 31st March, 2022 from the following particulars :  $14$

Life Assurance Fund as on April 1, 2021	₹ 60,00,000
Claims by Death	2,80,000

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Claims by Maturity	₹ 1,41,000
Premiums	24,20,000
Policy Renewal Fees	20,000
Assignment Fees	1,600
Endorsement Fees	800
Transfer Fees	700
Consideration for Annuities Granted	2,97,600
Annuities Paid	2,40,000
Bonus Paid in Cash	10,000
Bonus in Reduction of Premium	5,000
Management Expenses	1,40,000
Commission	41,000
Interest, Dividend and Rent (Gross)	3,70,000
Income Tax on above	20,100
Surrenders	60,000
Dividend Paid to Shareholders	24,000

5. (a) From the following information of Sea Hawk Marine Insurance Co. Ltd., prepare Marine Revenue A/c as per regulations of IRDA for the year ended on 31st March, 2022 :  $14$

Premiums received	₹ 18,75,000
Premiums outstanding on 31st March, 2022	1,25,000
Premiums paid on re-insurance ceded	2,28,000
Claims paid	10,54,000

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Estimated Liability in respect of

outstanding claims :

On April 1, 2021

1,89,000

On March 31, 2022

2,25,000

Expenses of Management (includes ₹ 45,000

Surveyor's fee and ₹ 65,000 legal expenses

paid for settlement of claims)

4,85,000

Interest and Dividend (Gross)

1,65,250

Income tax on the above

49,575

Profit on sale of investments

46,000

Commission paid

1,94,000

Balance of fund on 1st April, 2021 was ₹ 18,50,000 including additional reserve of ₹ 1,80,000. Additional reserve has to be maintained at 10% on net premium for the year.

Or

(b) Prepare Balance Sheet of General Insurance Company with imaginary figures.

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6. (a) (i) Define the following :

2×3=6

(1) Investment

(2) Jobbers

(3) Brokers

(ii) What are cum-interest and ex-interest purchase and sale of investment? Show its treatment in investment ledger.

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Or

(b) Following information has been presented by Mr. Rajiv relating to his holding in 9% Central Government Bonds :

Opening Balance : Face value—₹ 1,20,000; Cost—₹ 1,18,000 (face value of each unit is ₹ 100)

01.03.2021 : Purchased 200 units, Ex-interest at ₹ 98

01.07.2021 : Sold 500 units, Ex-interest out of original holding of ₹ 100

01.10.2021 : Purchased 150 units at ₹ 98, cum-interest

01.11.2021 : Sold 300 units, Ex-interest at ₹ 99 out of original holdings

Interest dates are 30th September and 31st March. Mr. Rajiv closes his books on every 31st December.

Show the Investment A/c as it would appear in his books.

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