

PGDM(IBM), 2013-15
Insurance Accounting and Analysis
INS-103

Trimester – I, End-Term Examination: September 2013

Time allowed: 2½ Hours

Max Marks: 50
Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as Unfair Means. In case of rough work please use answer sheet.

Note : - Please be relevant and brief in your answers.
- Section C is compulsory.
- Do not write anything on this question paper except your roll no.

Section-A

There are 5 questions in this section. Attempt any 3 questions. Each question carries 5 marks.

- A1 (a) What information can a businessman obtain from his book-keeping? 2 Marks
(b) What are objectives of preparing a Trial Balance? 3 Marks
- A2 Write short note on the following assumption
(a) Money Measurement (b) Accounting period
- A3 Show the Accounting Equation of following transactions:
1. Rohit commenced business with cash Rs 150000
 2. Purchased machinery on credit Rs 40000
 3. Purchased goods for cash Rs 20000
 4. Purchased car for personal Rs 80000
 5. Paid to creditors in full settlement Rs 38000
 6. Sold goods for cash costing Rs 5000 for Rs 4500
 7. Paid rent for Rs 1000
 8. Commission received in advance Rs 2000
- A4 (a) Explain any two items forming part of disclosure under IRDA Regulations on Accounts
(b) Explain the term Contingent Liability.
- A5 Explain approved investments as per Insurance Act 1938 and IRDA (INVESTMENT) Regulation 2000.

Section-B

[Note: Answer 2 out of the 3 Questions below. Each Question carries 10 marks.]

B1 (a) Enumerate the major provisions of the IRDA Regulations with regard to the preparation of annual accounts of life insurance company. 5 Marks

(B) Calculate following ratios from the following information: 5 Marks

(i) Current ratio (ii) Acid test ratio (iii) Operating Ratio (iv) Gross Profit Ratio

Current Assets	Rs. 35,000
Current Liabilities	Rs. 17,500
Stock	Rs. 15,000
Operating Expenses	Rs. 20,000
Sales	Rs. 60,000
Cost of Goods Sold	Rs. 30,000

B2. From the following Balance Sheets of Tiger Super Steel Ltd., prepare CashFlow Statement:

Balance Sheet					
Liabilities	2005 (Rs.)	2006 (Rs.)	Assets	2005 (Rs.)	2006 (Rs.)
Equity Share Capital	80,000	1, 20,000	Goodwill	24,000	18,800
Preference Sh. Capital	40,000	20,000	Land & Building	40,000	20,000
General Reserve	8,000	12,000	Plant	36,000	76,400
Profit and Loss Account	7,200	10,800	Investment	4,000	14,000
Proposed Dividend	11,200	15,600	Debtor's	30,000	43,200
Bills Payable	14,000	21,200	Stock	34,000	31,200
Outstanding Expenses	3,200	2,400	Cash	6,800	11,200
Provision for Taxation	11,200	12,800			
	1, 74,800	2, 14,800		1,74,800	2, 14,800

Additional Information:

Depreciation Charge on Land & Building Rs. 20,000 and Plant Rs. 10,000 during the year.

B3 (A) Draw the Performa for General Insurance Company according to IRDA Guidelines. 5 Marks

(B) Pass the Journal Entries for the following transactions. 5 Marks

1. Business started with Cash Rs 1,20,000
2. Opened a bank account with iCiCi Rs 4,00,00
3. Goods purchased for cash Rs 12000
4. Paid cartage Rs 500
5. Goods sold on credit to M/S Lara India Rs 25000
6. Cash received from M/S Lara India Rs 10000
7. Good return from lara India Rs 3000
8. Paid trade expenses Rs 700
9. Goods purchased from credit from Taranum Rs 32000
10. Cheque received from M/S Lara India for final settlement and deposited the same day into bank Rs 11500

SECTION- C
Compulsory Case Study

(A) The following were the balances extracted from the books of Yogita as on March 31, 2005.

<i>Debit Balances</i>	<i>Amount</i> <i>Rs.</i>	<i>Credit Balances</i>	<i>Amount</i> <i>Rs.</i>
Cash in hand	540	Sales	98,780
Cash at bank	2,630	Return outwards	500
Purchases	40,675	Capital	62,000
Return inwards	680	Sundry creditors	6,300
Wages	8,480	Rent	9,000
Fuel and Power	4,730		
Carriage on sales	3,200		
Carriage on purchases	2,040		
Opening stock	5,760		
Building	32,000		
Freehold land	10,000		
Machinery	20,000		
Salaries	15,000		
Patents	7,500		
General expenses	3,000		
Insurance	600		
Drawing s	5,245		
Sundry debtors	14,500		

Taking into account the following adjustments prepare trading and profit and loss account and balance sheet as on March 31, 2005 :

- (a) Stock in hand on March 31, 2005, was Rs. 6,800.
 - (b) Machinery is to be depreciated at the rate of 10% and patents @ 20%.
 - (c) Salaries for the month of March, 2005 amounting to Rs. 1,500 were outstanding.
 - (d) Insurance includes a premium of Rs. 170 on a policy expiring on September 30, 2006.
 - (e) Further bad debts are Rs. 725. Create a provision @ 5% on debtors
- (b) Discuss the application of Indian GAAP in Insurance Accounting . 5 Marks