

- (4) In the year 2016 up to the date of fire sales was increase by 10%.
Calculate amount of claims for the loss of profit.

- Q.4 The General Insurance Co. furnished the following informations about his fire department for the accounting year 2016. (15)

| | Rs. |
|---|---------|
| <u>Balances as on 1-1-16</u> | |
| Unexpire Risk Reserve | 3500000 |
| Additional Reserve | 500000 |
| Unpaid Claims | 600000 |
| Unpaid Commission | 100000 |
| Prepaid Rent | 50000 |
| Unpaid Salary | 100000 |
| <u>Transaction during the year</u> | |
| Premium on direct business | 7000000 |
| Premium on reinsurance accepted | 3000000 |
| Premium on reinsurance paid | 2000000 |
| Claims paid on direct business | 4000000 |
| Claims paid on reinsurance | 1000000 |
| Claims paid on reinsurance accepted | 2000000 |
| Commission paid to the agents | 600000 |
| Commission on reinsurance accepted | 70000 |
| Commission on reinsurance paid | 30000 |
| Office rent | 230000 |
| Staff salary | 400000 |
| Income Tax | 50000 |
| Interest on investments | 1500000 |
| Income Tax on above interest | 100000 |
| Bonus to staff | 100000 |
| Donation | 50000 |
| Office expenses | 200000 |
| Sundry incomes | 130000 |
| Income tax refund | 20000 |
| <u>Balances as on 31-12-16</u> | |
| Unpaid salary | 30000 |
| Unpaid rent | 20000 |
| Unpaid claims | 100000 |
| Unpaid commission | 50000 |

As per tradition insurance co. transfer 50% of net premiumns to unexpire risk reserve and additional reserve increase by 5% of net premiumns.

Prepare Revenue Account for the year 2016.

OR

- Q.4 Write short note:

- (1) Revenue Account
- (2) Re insurance
- (3) Claims

(15)

