**College of Administrative and Financial Sciences**

Assignment 3

Deadline: 21/11/2020@ 23:59

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| Course Name: Insurance Accounting | Student’s Name: |
| Course Code:ACCT 424 | Student’s ID Number: |
| Semester: 1 | CRN: |
| Academic Year: 1441/1442 H |

For Instructor’s Use only

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| --- |
| Instructor’s Name: |
| Students’ Grade: Marks Obtained/Out of 5 | Level of Marks: High/Middle/Low |

Instructions – PLEASE READ THEM CAREFULLY

* The Assignment must be submitted on Blackboard (WORD format only) via allocated folder.
* Assignments submitted through email will not be accepted.
* Students are advised to make their work clear and well presented, marks may be reduced for poor presentation. This includes filling your information on the cover page.
* Students must mention question number clearly in their answer.
* Late submission will NOT be accepted.
* Avoid plagiarism, the work should be in your own words, copying from students or other resources without proper referencing will result in ZERO marks. No exceptions.
* All answered must be typed using Times New Roman (size 12, double-spaced) font. No pictures containing text will be accepted and will be considered plagiarism).
* Submissions without this cover page will NOT be accepted.

**Assignment Question(s):** **(5 Marks)**

**Q1.The following financial transactions are related with a General Takaful Product:**

**i. An amount of SAR 6,200 received as advanced contribution from new participants.**

**ii. An amount of SAR 4,500 received as a contribution from new participants.**

**iii. Contribution renewal received from participants SAR 5,500.**

**You are required to prepare necessary journal entries. (1.5 Marks)**

**Answer:**

**Q2. Discuss the three primary methods used by Guaranty Fund to assess property and liability insurance using your own words. (2 Marks)**

**Answer:**

**Q3. XYZ Company has the following financial data:(1.5 marks)**

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| --- | --- |
| Particulars | Amounts (SAR) |
| Total Profit for the Year | 377,500 |
| General Takaful Assets (Year 2014) | 1,390,000 |
| General Takaful Assets (Year 2015) | 1,517,500 |
| Cash  | 11,500 |
| Short-term Investment | 23,500 |
| Short term liabilities  | 85,000 |
| Underwriting Surplus Distributable to Participants/Participants' Share of Profit |  145,500 |
| Gross Contribution | 958,000 |
| Net Contribution | 662,500 |
| Wakalah Fee | 77,500 |
| Commission Paid | 28,300 |
| Management Expense | 58,000 |
| Net Claim Incurred | 287,500 |
| Earned Contribution | 632,500 |

**You are required to calculate:**

1. **Return on Assets**
2. **Quick Liquidity**
3. **Surplus Distribution Ratio**
4. **Expense Ratio**
5. **Claims Ratio**

**Answer:**