

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
SY B.Com, Semester-IV, Supplementary Examination August 2022
Accounting for Service Organisations (COC 110)

Duration: 2hrs**Max Marks: 80****Instructions:**

1. Start each question on fresh page.
2. Figures to the right indicate maximum marks.
3. Q1 is compulsory.
4. Answer any Three from Q2 to Q6.

1. Following is the information of Indus Bank for the year ended 31st March 2022:

Particulars	Amount (Rs)
Share Capital	1,20,00,000
Borrowings	9,00,000
Law charges	9,20,000
Postage, telegram and telephone	2,80,000
Printing and stationery	7,20,000
Depreciation	3,68,000
Director's fees	8,80,000
Auditor's fees	4,80,000
Payment to employees	41,76,000
Repairs and maintenance	1,92,000
Advertisement and publicity	3,80,000
Income from investment	4,60,000
Interest and discount	1,37,48,000
Interest on deposits	49,00,000
Interest on RBI borrowings	6,44,000
Interest on balance with RBI	7,20,000
Profit on sale of investments	4,40,000
Commission, exchange and brokerage	32,80,000
Insurance	2,24,000
Rent, taxes and lighting	8,40,000
Furniture and Fittings	2,00,000
Shares of Reliance Ltd	6,45,000

Additional information:

- a) The bank maintained a provision for doubtful debts at 4, 08,000 during the year.
- b) Provision for tax during the year 8,80,000
- c) Loss on sale of investments Rs 48,000.
- d) Rebate on bills discounted Rs 2, 32,000.
- e) 25% of profit is transferred to statutory reserve.
- f) 5% of profit is transferred to revenue reserve.

g) Profit brought forward from year Rs 64,000.

Prepare the Profit and loss A/C for the year ended 31st March 2022, under the provisions of the Act applicable thereto.

(20 Marks)

Q2. The following particulars relate to Global Bank Ltd as on 31st March 2022

Particulars	Amount(Rs)
Paid up capital (Rs 10)	8,00,000
Bills discounted	7,20,000
Fixed deposits	14,00,000
Loans (cr.)	1,00,000
Cash certificates	1,00,000
Profit and loss A/c (cr.)	88,000
stamps and stationery	1000
Branch adjustment (dr.)	3,000
Statutory reserve fund	3,08,000
Overdrafts and cash credits	11,20,000
Unclaimed dividend	2,000
Branch adjustments (cr.)	2,000
Loans	18,40,000
Current account	12,00,000
Furniture	16,000
Savings A/c	8,00,000
Cash in hand and with RBI	1,99,000
Tax paid in advance	1,000
Cash with other banks	4,00,000
Investments (at cost) in shares	3,80,000
Money at call and short notice	1,20,000

Additional Information:

- The directors decided to value investments at market price of Rs 4, 20,000.
- Advances of Rs20, 00,000 were made to public sector and Rs.16, 80,000 to banks
Secured borrowings Rs 40,000.
- Bills for collection being bills receivables amounted Rs40,000.
- Endorsement and Acceptances Rs.60,000

Prepare the Bank Balance Sheet as on 31st March 2022 as per Banking Regulation Act.

(20 Marks)

Q3. Following information is extracted from Sunrise Marine insurance Co Ltd as at 31/03/22

Particulars	Amount (Rs.)
Claims intimated and due as on 31-3-2022	60,000
General reserve	86,000
Shares of Reliance Industries	7,40,000
Share capital	5,00,000
TDS on interest on investment	24,800
Outstanding premium	42,000
Deposit with controller of insurance	2,50,000
Furniture and fittings	26,000
Amount due by agents	21,000
Cash in deposit a/c	2,00,000
o/s dividend on investments	12,000
Amount due to reinsurance	80,000
Creditors	24,000
Cash in State Bank of India A/c	16,000
Debtors	32,460
Reserve for unexpired Risk 31-3-2022	7,29,000
Investments in Bonds	2,50,000
Computers	26,000

Additional Information:

- The balance of net profit carried to balance sheet amounted to Rs.28,782.
- Dividend at 8% has been proposed by the directors out share capital.
- Transfer 29,478 of current profit to general reserve.
- The share capital consists of 5000 shares of Rs.100 each.
- Provide Rs.24,800 for income tax.

Prepare the Balance Sheet of the company as on 31st March 2022.

(20 Marks)

Q4. Leo Ltd. came up with a public issue of 30,00,000 shares of Rs.10 each at par. 30% of the issue was reserved for the promoters and the balance was offered to the public. The entire amount being asked at the time of application. P, Q and R agreed to underwrite the public issue in the proportion of 3:1:1 respectively and also agreed to a firm underwriting of 60,000, 40,000 and 20,000 respectively. The underwriting commission was fixed at 2%. The marked applications were as follows: P -11,00,000 shares, Q – 4,00,000 shares and R – 3,00,000 shares. Unmarked applications excluding firm underwriting amounted to 1,00,000 shares.

You are required to Prepare:

- The statement showing the liability of the underwriters.
- Calculate the commission payable to the underwriters
- The statement showing the amount received from or paid to each underwriter by the company in settlement.

(20 Marks)

Q5. Moody Fire Insurance Ltd provides the following information for the year ended 31st March 2022:

Particulars	Amount(Rs)
Claims admitted but not paid on 31-3-2022	2,20,000
Commission paid	2,10,000
Commission on reinsurance received	52,000
Share transfer fees received	18,000
Management Expense	3,12,000
Bad Debts	11,000
Claims Paid	90,000
Profit brought forward from last year	39,000
Premium received less reinsurance	12,45,000
Reserve for unexpired risk on 1-4-2021	4,70,000
Additional Reserve 1-4-2021	95,000
Claims outstanding on 1-4-2021	1,02,000
Dividend for the year	70,000
Premium Payable on 1-4-2021	1,40,000
Premium Payable on 31-3-2022	1,50,000
Audit Fess	5000
Directors Fees	2400
Interest on investment	8000
Miscellaneous receipts	3500

Additional Information:

- The company maintains 50% of net premium towards reserve for unexpired risk.
- 10% of net premium is maintained as additional reserve for unexpired risk.
- Provision for taxation is maintained at Rs.10,000
- Transfer 5% of profit towards General Reserve.

Prepare the Revenue A/C and the Profit and Loss A/C of the company for the year ended 31st March 2022.

(20 marks)

Q6. Answer the following: (Any 4)

(4 X 5 = 20)

- Discuss the different types of deposits accepted by a bank.
- Describe the concept of reinsurance accepted and reinsurance ceded.
- Explain the different types of advances provided by a bank.
- Discuss the provision for unexpired risk maintained by insurance companies.
- Define Underwriting; explain marked and unmarked applications.
- Summarise the various legal provisions for banking companies