

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao- Goa
S.Y. B.Com, Semester-IV, Semester End Examination, April 2019
Accounting for Service Organisation (CC14)

Duration: 2 Hours

Max. Marks: 80 Marks

Instructions:

- i. Figures to the right indicate maximum marks.
- ii. Start each question on a fresh page.
- iii. Q1 is compulsory.
- iv. Answer **Any three** from Q2 to Q5.
- v. Use working notes and schedules required wherever necessary.

Q.1. From the following information you are required to prepare the Profit and loss A/c of the Axis Bank for the year ended 31st March 2018, under the provisions of the Act applicable thereto (20 Marks)

	Rs		Rs
Interest from investment	2,30,000	Law charges	4,60,000
Interest and discount	68,74,000	Postage, telegram and telephone	1,40,000
Interest on deposits	24,50,000	Printing and stationery	3,60,000
Interest Paid to RBI	3,22,000	Depreciation	1,84,000
Interest on balance with RBI	3,60,000	Directors fees,	4,40,000
Profit on sale of investments	2,20,000	Auditor's fees	2,40,000
Commission, exchange and brokerage	16,40,000	Payment to employees	20,88,000
Insurance	1,12,000	Repairs and maintenance	96,000
Rent, taxes and lighting	4,20,000	Advertisement and publicity	1,90,000

Additional information:

- a) Provision during the year for doubtful debts 2,04,000.
- b) Provision for tax during the year 4,00,000.
- c) Loss on sale of investments Rs 22,000.
- d) Rebate on bills discounted Rs 1,20,000.
- 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 32,000.

Q.2. The following particulars relate to Samarth bank Ltd as on 31st March 2018

(20 Marks)

Particulars	Amount (Rs.)
Paid up capital (Rs 10)	4,00,000
Bills discounted	3,60,000
Fixed deposits	7,00,000
Borrowings	50,000
Cash certificates	50,000
Profit and loss A/c (cr.)	44,000
stamps and stationery	500
Branch adjustment (dr.)	1,500
Statutory Reserve fund	1,54,000
Cash credits	5,60,000
Unclaimed dividend	1,000
Branch adjustments (cr.)	1,000
Loans Issued	9,20,000
Current account	6,00,000
Furniture	8,000
Savings A/c	4,00,000
Cash in hand and with RBI	99,500
Tax paid in advance	500
Cash with other banks	2,00,000
Endorsement and acceptances	30,000
Investments (at cost) in shares	1,90,000
Bills for collection being bills receivables	20,000
Money at call and short notice	60,000

The directors decided to take investments at market value Rs 2,10,000. Prepare a bank balance sheet as on 31st March 2018 as per Banking Regulation Act. Advances of Rs 10,00,000 were made to public sector and Rs. 8,40,000 to banks. Secured borrowings Rs 20,000.

Q. 3. Prepare a Revenue account in respect of Fire Insurance business from the following details of Dena Co. Ltd. for the year ended 31st March 2019

(20 Marks)

Particulars	Rs.
Claims paid	4,80,000
Claims outstanding on April 1,2018	40,000
Claims intimated and accepted, but not paid On 31 st March 2019	70,000
Premium received	16,00,000
Reinsurance premium paid	1,20,000

Commission	2,00,000
Commission on re-insurance ceded	8,000
Commission on re-insurance accepted	4,000
Expenses on management	3,02,000
Provision for unexpired risk on 1 st April	4,00,000
Additional provision for unexpired risk on 1 st April	20,600
Claims on re-insurance ceded	8,000
Survey expenses regarding claims	5,000
Loss on sale of motor car	3,500
Bad debts	2,500
Profit on sale of furniture	54,500
Interest and dividend (net)	8,000
Income tax deducted thereon	1,500
Legal expenses regarding claims	4,000
Profit on sale of investments	3,500
Rent of staff quarters	2,400
Depreciation of furniture	4,600

You are required to provide for Unexpired Risk Reserve 50 % and additional Reserve of 2 % for the unexpired risk of the net premium in addition to the opening balance of additional reserve.

Q.4. From the following details prepare Balance Sheet of Ford insurance Co. ltd. carrying on Fire insurance business for the year ended 31/03/18 (20 Marks)

Particulars	Amt. (Rs.)
Share capital	17,00,000
Premium	7,60,000
Unclaimed dividend	2,400
Profit and loss a/c (dr.)	2,64,800
Sundry creditors	12,600
Agents balance (dr.)	1,46,400
Interest accrued but not due	8,200
Due to reinsurance	60,000
Furniture and fixtures at cost Rs 12,600	8,400
Stock of stationery	2,500
Expenses of management	2,20,000
Foreign taxes	12,300
Outstanding premium	21,200
Donation paid	8,600
Advance income tax paid	62,000
Debtors	9,200
Govt. Of securities	9,20,000
Debentures of public bodies	1,80,000

Shares in limited co.	3,60,000
State govt securities	8,80,000
Equipment's	2,00,000
General Reserves	3,00,000
Commission paid	62,400
Interest and dividend	2,40,000
Transfer fees received	600
Cash and bank balance	94,400
Premises	3,00,000

Outstanding claims on 31/03/18 were Rs 1,40,000, Depreciation on furniture to be provided @ 25% p.a. The reserve for unexpired risk amounted to Rs. 12,40,000.

Q. 5.The following trial balance was extracted from the books of Great Mendes Hotel on 31/03/2018after compilation of annual trading account. (20 Marks)

	Debit Amt. Rs.	CreditAmt. Rs.
Capital		1,45,000
Drawings	6,000	
Food and Beverages		60,890
Salaries	23,000	
Deposits-Advance Booking		750
Creditors		4,330
Motor Car	80,000	
Electricity	4,850	
Resort Property	50,000	
Cash at Bank	23,040	
Repairs and Replacements	1,870	
Indian Utensils	4,500	
Discount received		780
Debtors	2,270	
Furniture and Fittings	6,800	
Marketing and Advertisements	2,510	
Bad Debts	390	
Borrowings (Loan)		5,000
Rates	3,350	
Laundry	2,220	
Postage	1,840	
Insurance	610	
Closing Stock	3,500	
	2,16,750	2,16,750

1. Outstanding salary Rs. 5,000.
2. Advertising paid in advance Rs. 750.
3. Write off Rs. 200.
4. Depreciation: 15% Furniture, Utensils 1,500, Resort Property Rs.8,000, Motor Car Revalued at Rs.75,000.
5. Provide interest on loan at 7 %

Q.6. Answer the following.

(10 X 2 = 20 Marks)

- A) What is underwriting? Explain the Benefits and various types of underwriting.
- B) Himalaya Ltd. Issued 50000 shares of Rs.100 each. The whole issue was fully underwritten by Amar, Akbar and Anthony as follows:
Amar 30000 Shares Akbar 10000 Shares Anthony 10000 Shares.
The marked applications were for 40000 shares. The marked applications were as follows:
Amar 8000 shares Akbar 10000 shares and Anthony 6000 shares.
Determine the liability of each underwriter when credit for firm underwriting is not given to the underwriters. Further also calculate the amount of commission to be paid to each underwriter. Also pass a Journal Entry on payment of Commission to underwriter.