

VidyaVikasMandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
S.Y.B.Com, Semester-IV, Supplementary Examination, May/June 2019
Accounting For Service Organisations (CC14)

Duration: 2 hours

Max Marks: 80

Instructions: i) Q. No. 1 is compulsory.

ii) Attempt any three from Q.No. 2 to Q. No. 6.

iii) Each question carries 20 marks.

iv) Mention working notes and schedules required whenever necessary.

1. Prepare Profit & Loss Account of Sangam Bank from the following information for the year ended 31st March 2018, under the provisions of the Act applicable thereto:

(20 marks)

Particulars	Amount(Rs.)	Particulars	Amount(Rs.)
Interest on loans	25,90,000	Law charges	7,000
Interest on cash credits	22,30,000	Printing & stationery	2,000
Interest on overdrafts	5,40,000	Directors fees	30,000
Interest on savings deposits	11,00,000	Advertisement and publicity	7,000
Interest on fixed deposits	27,70,000	Sundry charges	10,000
Discount on bills discounted	* 19,50,000	Postage, telegram and telephone	14,000
Commission, exchange and brokerage	82,000	Auditor's fees	12,000
Locker rent	3,500	Depreciation on bank property	50,000
Transfer fees received	7,000	Rent, rates and lighting	1,80,000
Payment to employees	5,40,000		

Additional information:

i. Rebate on bills discounted Rs. 4,90,000.

ii. Provide for bad debts. Rs. 2,90,000.

2. Sai and Raj are partners of Sairaj Hotel. The following trial balance was extracted from their books as on 31st March, 2018:

(20 Marks)

Particulars	Debit(Rs.)	Credit(Rs.)
Capital		
Sai		70,000
Raj		60,000
Drawings		
Sai	4,000	
Raj	8,000	
Current A/c		
Sai	500	
Raj		200
Gross Profit		1,21,580
Prepaid expenses	4,440	
Salaries	45,520	

Deposits for advance booking		1,500
Creditors		8,660
Fuel	9,680	
Premises	1,00,000	
Bank balance	45,420	
Cash balance	660	
Repairs	3,740	
China, Cutlery and Linen	9,000	
Discount		1,560
Visitor's Ledger	4,540	
Restaurant furniture	13,600	
Advertising	5,020	
Bad debts	780	
Loan A/c		10,000
Rates	6,700	
Laundry charges	3,680	
Insurance	1,220	
Stock of provisions	7,000	
	2,73,500	2,73,500

Prepare Profit & Loss Account, Profit & Loss Appropriation Account for the year ended 31st March 2018 and a Balance Sheet as on that date.

Adjustments:

- Provide for outstanding salaries Rs. 1000.
- Of the debtors Rs. 400 are bad and hence should be written off.
- China, Cutlery and Linen were revalued at Rs. 8000.
- Provide interest on capital @ 5%.
- Sai and Raj are entitled to salary of Rs. 5000 each.

- From the following information of M/s Royal Marine Insurance Co. Ltd., prepare the Revenue Account with necessary schedules for the year ended 31st March 2018: **(20 Marks)**

Particulars	Amount(Rs.)
Premiums received	18,75,000
Premium outstanding on 31 st March 2018	1,25,000
Premium paid on reinsurance ceded	2,28,000
Claims paid	10,54,000
Estimated liability in respect of outstanding claims:	
On April 1 st 2017	1,80,000
On March 31 st 2018	2,25,000
Expenses of management (includes Rs. 45000 towards Surveyor's fees and Rs. 65000 towards legal expenses paid for settlement of claims)	
Interest and dividend(gross)	1,65,000
Income tax on the above	49,575
Profit on sale of investment	46,000
Commission paid	1,94,000

Balance of fund on 1st April 2017 was Rs. 1850000 including additional reserve of Rs. 180000. Additional reserve has to be maintained at 10% of net premiums for the year.

4. The following particulars relate to Jaikisan 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
Loans (cr)	50,000
Cash certificates	50,000
Profit and loss A/c (cr)	44,000
Stamps and stationery	500
Branch adjustment(dr)	1,500
Reserve fund	1,54,000
Overdrafts and cash credits	5,60,000
Unclaimed dividend	1,000
Branch adjustments (cr)	1,000
Loans (dr.)	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. 2,20,000.

Prepare 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.

5. The following figures are from the books of Dhanraj Fire Insurance Ltd. as at end of their financial year ended 31st March, 2018: (20 Marks)

Particulars	Amount(Rs.)	Particulars	Amount (Rs.)
Net premium	14,38,003	Loans(Dr.)	4,00,000
General Reserve	3,00,000	Sundry creditors	15,000
Investments	20,00,000	Agents Balances(Dr.)	1,80,000
Claims incurred	4,08,598	Cash in hand	20,155
Expenses of Management	2,87,965	Cash at Bank	1,01,487
Share Capital	6,00,000	Income from investments	1,00,000
Outstanding premiums	14,865		

From the above, prepare Balance Sheet and prepare necessary schedules, considering the following:

- i. Income tax to be provided Rs. 2,50,000.
- ii. Transfer to General Reserve Rs. 1,00,000.
- iii. Proposed Dividend @ 12%.
- iv. Claims intimated but not paid as on 31/03/2018 Rs. 60,800.
- v. Balance of profit to be transferred to Balance Sheet as on 31/03/2018 Rs. 2,35,705.
- vi. Closing balance in unexpired risk reserve Rs. 10,83,002.

6. a. What is underwriting? Explain the different types of underwriting?
and

(10 marks)

b. The authorised capital of Ganga Ltd. was 25,00,000 equity shares of Rs. 10 each. Company issued 80% of shares which was entirely underwritten as follows:

(10 marks)

Asha 40%; Disha 30%; Usha 20% and Nisha 10%

Company received applications for 18,00,000 equity shares including marked applications as below:

Asha 5,70,000; Disha 6,00,000; Usha 2,20,000 and Nisha 2,10,000

Underwriters are entitled to get 5% commission on the face value.

From the above information find out the liability of underwriters and give journal entries in the books of Ganga Ltd for allotment of shares against underwriting liability and the underwriting commission due.

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