

B.Com. IV Semester End Examination, April 2019

GOVERNMENT COLLEGE OF COMMERCE AND ECONOMICS, BORDA, MARGAO- GOA.

CC 14: Accounting for Service Organisation

Time: 2 Hours

Total Marks:80

- Instruction:** i) Question No. I is compulsory
ii) Answer **any 3** questions from Q. No. II to Q. No. VI
iii) Figures to the right indicate full marks allotted.
iv) Show important working notes as fair work.
v) Students are allowed to use only Non- Programmable and Non-Scientific Calculators.

Q. I. From the following balances and the additional information of **STAR Bank Ltd.** you are required to prepare Profit & Loss Account for the year ended 31st March 2019.

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
Interest & Discount	1,50,00,000	Commission, Exchange & Brokerage	70,00,000
Income on Investment	25,00,000	Profit on sale of Investments	20,00,000
Interest on balance with RBI	10,05,000	Interest on borrowing from RBI	10,00,000
Directors fees, allowances & expenses	10,00,000	Salaries to Staff	45,00,000
Insurance	1,20,000	Repairs and maintenance	5,00,000
Interest on Deposits	55,00,000	Auditors fees & allowances	7,00,000
Law charges	3,50,000	Rent, Taxes & Lighting	12,00,000
Printing & Stationery	15,00,000	Advertisement	6,00,000
Depreciation on Bank's property	4,00,000	Interest on Savings accounts	8,00,000
Dividends received from Joint Stock Company	3,00,000	P & L balance on 1/04/2018	20,00,000

Other Information:

- 1) Provide for Bad & Doubtful Debts Rs. 1,00,000.
- 2) Rebate on Bills Discounted Rs. 45,000.
- 3) Make a provision for Income Tax of Rs. 7,00,000.
- 4) 25% of the profit transferred to Statutory Reserves.

(20 marks)

Q. II. From the following figures taken from the **Asian Insurance Co. Ltd.** you are required to prepare Revenue Account for the year ended 31st March 2019 along with relevant schedules.

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
Premium	30,00,000	Commission on Direct Business	3,45,000
Claims paid	6,02,000	Commission on Re-insurance accepted	20,150
Re-insurance Premium	1,23,000	Outstanding Premium	17,500
Claims recovered from Re-insurance	15,000	Claims intimated but not paid (1/04/2018)	40,000
Commission on Re-insurance ceded	37,000	Income from Investments	2,58,000
Expenses of Management	2,13,350	Audit fees	25,000
Rent	29,800	Rent & Taxes	3,000

The following information may also be considered:

- 1) Expenses of Management include survey fees and legal expenses of Rs. 30,000 and Rs. 18,000 to the claims.
- 2) Claims intimated but not paid on 31st March 2019 was Rs. 1,20,000.
- 3) Reserve for unexpired risk is to be maintained @ 50%.
- 4) Income Tax to be provided Rs. 75,000.
- 5) Transfer Rs. 1,00,000 to General Reserve.

(20 marks)

Q.III. SEVAK Ltd. issued to public 3,00,000 equity shares of Rs. 100 at par. Rs. 60 per share was payable along with application and the balance on allotment. The issue was underwritten equally by Rehan, Rakesh and Roy for commission of 3%. Applications for 2,50,000 shares were received as per detailed below:

Underwriter	Firm Application	Marked Applications	Total
Rehan	25,000	40,000	65,000
Rakesh	25,000	50,000	75,000
Roy	30,000	30,000	60,000
Unmarked Applications			50,000
Total			2,50,000

It was agreed to credit the unmarked applications equally to Rakesh and Roy. SEVAK Ltd. made the allotment and received the amount due from public. The underwriters settled their accounts. Prepare Statement showing Liability of Underwriters and pass journal entries **if benefit is not given** to individual underwriters.

(20marks)

Q.IV. Ms. Kapoor presents the following trial balance from the books of her Restaurant at 31st March 2019:

Particulars	Debit (Rs.)	Credit (Rs.)
Capital		80,000
Interest Earned		1000
Cash	21,600	
Drawings	2,500	
Sales		1,20,000
Provision for bad debts		300
Purchases	60,000	
Printing and Stationery	1,300	
Purchase returns		500
China, cutlery and linen	2,000	
Salaries	29,500	
Furniture	6,000	
Discount received	200	
Suppliers		6,000
Stock	2,000	
Repairs	1,000	
Premises	70,000	
Gas and electricity	7,200	
Bad debts	500	
Debtors	4,000	
Total	2,07,800	2,07,800

Prepare Trading & Profit & Loss A/c for the year ended 31st March 2019 & Balance Sheet after considering the following:

- Stock on 31st March 2019 was valued at Rs. 1,500.
- The estimated cost of staff meals Rs. 6,000
- Provision for bad debts should be made equal to 5% on Debtors.
- Ms. Kapoor estimates that Rs. 1,000 included in the purchases represents consumption by herself and her family.

(20 marks)

Q. V. Priyansh Fire Insurance Ltd., gives you the following information. Prepare Revenue Account and Profit & Loss Account for Fire Insurance business for the year ended 31/03/2019.

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
Commission paid	1,70,000	Reserve for Unexpired risks on 01/04/2018	3,50,000
Share Transfer Fees	36,000	Dividend on Share capital	95,000
Claim admitted but not paid (on 31/03/2019)	2,50,000	Premium received Less re-insurance	30,35,000
Commission on re-insurance received	45,000	Claims outstanding on 01/04/2018	75,000
Bad Debts	9,000	Premium outstanding on 31/03/2019	1,05,000
Management expenses	4,12,000	Premium outstanding on 01/04/2018	1,00,000
Claims paid	85,000		
P & L Appropriation	35,000		

The company maintains 50% of the Net Premium towards Reserve for Unexpired Risks, and 10% of the Net Premium as Additional Reserve.

(20 marks)

Q. VI. The following is the Trial Balance of **Bank of Maharashtra** as on 31st March 2019.

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
Premises	4,00,000	P & L A/c (31/03/2019)	2,70,000
Cash in Hand	1,00,000	Fixed deposits	1,20,000
Cash with RBI	1,50,000	Current deposits	2,00,000
Bills purchased and Discounted	3,00,000	Saving Bank deposits	2,50,000
Money at call and Short Notice	75,000	Reserve Fund	2,00,000
Government of India securities	2,50,000	Equity share capital 85,000 shares of Rs.10 each fully paid	8,50,000
Motor Vehicle	50,000	Cash Credit and overdraft	2,20,000
Stock of Stationery	45,000	Investments in shares	1,90,000
Furniture	50,000	Loans	60,000

Prepare the Balance Sheet and the relevant schedules after considering the following information in the prescribed format.

- Authorized capital is 90,000 equity shares of Rs. 10 each.

(20 marks)