

**CARMEL COLLEGE OF ARTS, SCIENCE & COMMERCE FOR WOMEN**  
**SEMESTER END EXAMINATION, APRIL -2019**

**Sem: IV B.Com Subject: Accounting For Service Organizations**

**Subject Code: (CC 14)**

**Total Marks : 80 marks**

**Date: 25<sup>th</sup> April 2019**

**Duration: 2 hours**

- Instructions:** 1. Answer any four questions from the six questions below.  
2. Figures to the right indicate marks.  
3. Working notes should form part of the answer.

**Q1. Prepare Profit and Loss Account and Balance Sheet of Hotel La Grace from the Trial Balance given below:**

Particulars	Debit (₹)	Particulars	Credit (₹)
Drawings X	4,000	Capitals X	70,000
Y	8,000	Y	60,000
Salaries	45,520	Trading A/c	1,21,580
Lighting	9,680	Deposits-Advance Booking	1,500
Leasehold Premises	1,00,000	Creditors	8,660
Cash at Bank	45,420	Discount Received	1,760
Cash in Hand	1,160	Loan A/c	10,000
Repair and Replacement	3,740		
China, Cutlery and Linen	9,000		
Debtors	4,540		
Furniture & Fittings	13,600		
Advertising	5,020		
Bad Debts	780		
Rates	6,700		
Laundry	4,440		
Postage and Telephones	3,680		
Insurance	1,220		
Stock	7,000		
	<b>2,73,500</b>		<b>2,73,500</b>

**Other Information:**

- i) Outstanding Salaries ₹ 400.
- ii) Prepaid Advertising ₹1,000.
- iii) Write off ₹ 400 of Debtors as bad.
- iv) Depreciation: Furniture & Fittings@ 10%, Leasehold Premises- ₹16,000. China and Cutlery were revalued at ₹8,500.
- v) Provide for interest on loan@ 5%.
- vi) Partnership Deed provides 4% interest on capital.
- vii) Profits and Losses are shared in the ratio of 3:2.

(20)

**Q2. K Ltd. decided to issue 5 lakh equity shares of ₹ 10 each at a premium of ₹ 1 per share. 50,000 shares were taken over by the board of directors and the balance was offered to the public for subscription which is underwritten by A, B and C for a commission of 2.5% on the issue price in the ratio of 13:5:2 respectively. Marked applications were as follows: A: 59,750 shares B- 28,750 shares and C-5,250 shares. Unmarked Applications (excluding firm underwriting of 15,000 shares, 10,000 shares and 5,000 shares of A, B and C respectively) totalled 3,00,000.**

**Prepare statement showing total liability and statement showing amount due from underwriter when benefit of firm underwriting is given to the underwriters.**

(20)



Q3. From the following information as on 31<sup>st</sup> March 2015, prepare **Revenue Account**:

Particulars	Direct Business (₹)	Reinsurance (₹)
Claim Paid during the year	16,50,000	1,25,000
Claims Payable – 1 <sup>st</sup> April 2014	95,000	13,000
Claims Payable – 31 <sup>st</sup> March 2015	1,75,000	22,000
Claims received on Insurance Ceded	-	1,00,000
Claims receivable- 1 <sup>st</sup> April 2014	-	9,000
Claims Receivable – 31 <sup>st</sup> March 15	-	12,000
Commission on Insurance Accepted	1,50,000	11,000
Commission on Insurance Ceded	-	14,000
Premium Received	24,00,000	3,60,000
Premium Receivable on 1.4.2014	1,20,000	21,000
Premium Receivable on 31.03.2015	1,80,000	28,000
Premium Paid		2,40,000
Premium Payable on 1.4.2014		20,000
Premium Payable on 31.03.2015		42,000

Other Information: -

- Salaries – ₹ 2,60,000, Rent Rates and Taxes- ₹ 18,000, Printing & Stationery- ₹ 23,000; Income Tax Paid- ₹ 2,40,000, Interest Dividend and Rent Received (Net)- ₹ 91,000, TDS thereon ₹ 24,500; Legal Expenses (includes ₹ 20,000 in connection with claim settlement)- ₹ 60,000; Bad Debts- ₹ 5,000; Double Income Tax Refund- ₹ 12,000; Profit on Sale of Motor Car- ₹ 5,000.
- Provision for Unexpired Risk on 1.4.2014 was ₹ 23,25,250 and balance of additional reserve on 1.4.2014 was ₹ 3,25,000. Provision for unexpired risk maintained at 100%. Additional Reserve must be maintained at 5%.

(20)

Q4. The following figures are taken from X **Fire Insurance Company Ltd.** as at the end of their financial year ended 31<sup>st</sup> March 2018.

Particulars	(₹)	Particulars	₹
Provision for unexpired risk on 1.4.2017	6,20,000	Rates (fire insurance)	3,869
General Reserve	3,00,000	Share Capital	6,00,000
Investments	20,00,000	P & L A/c (1.4.2017)	50,000
Premiums Received	18,01,022	Reinsurance Premium	75,017
Claims Paid	4,01,877	Reinsurance Claims received	14,079
Commission -Reinsurance Ceded	32,011	Rent Paid (Fire Insurance)	45,000
Commission -Direct Business	1,99,777	Income from Investments	1,00,000
Commission - Reinsurance Accepted	40,100	Share Transfer Fees	2,000
Foreign Agencies Balances (Dr.)	14,865	Loans (Dr.)	4,00,000
Claims intimated not paid (1.4.17)	40,000	Sundry Creditors	15,000
Other Non-Operating Expenses	2,87,965	Agents Balances (Dr.)	1,80,000
Audit Fees (Fire Insurance)	12,000	Cash in Hand	20,155
Directors Fees (Fire Insurance)	12,000	Cash at Bank	1,01,487
		Agents Balances (Cr.)	2,20,000

Prepare the necessary financial statements considering the following: -

- Income Tax to be provided ₹ 2,50,000.
- Transfer to General Reserve ₹ 1,00,000.
- Proposed Dividend- 12%.
- Claims intimated but not paid as on 31<sup>st</sup> March 2018- ₹ 60,800.
- Provision for unexpired risk to be maintained at 50%.

(20)



Q5. A) From the information given below prepare Form B- Profit and Loss A/c of HDFC Bank Ltd. for the year ending 31<sup>st</sup> March 2015.

Particulars	(₹)	Particulars	(₹)
Interest and Discount	2,30,00,000	Directors Fees	12,00,000
Income on Investments	20,00,000	Auditors Fees	8,00,000
Interest on Balance with RBI	10,00,000	Law Charges	5,00,000
Commission, Exchange and Brokerage	80,00,000	Postage, Telegram and Telephone	2,00,000
Profit on Sale of Investment	10,00,000	Repair & Maintenance	7,00,000
Interest on Deposits	65,00,000	Insurance	1,00,000
Interest on RBI Borrowing	15,00,000	Profit and Loss as on 01.04.2014	15,00,000
Payments to Employees	70,00,000	Advertisement	6,00,000
Rent, Taxes and Lighting	20,00,000	Depreciation	4,00,000
Printing and Stationery	15,00,000		

Other Information:

- i) Provide for bad and doubtful debts ₹ 6,00,000.
- ii) Make provision for income tax ₹ 10,00,000.
- iii) Provide for rebate on bills discounted ₹ 4,00,000.
- iv) The directors have proposed a dividend on ₹ 20,00,000.
- v) Transfer 25% of the profit to the Statutory Reserve.

(10)

Q. 5. B) Write short notes on the following with reference to banking companies:

- i) Disposal on Non-Banking Assets.
- ii) Reserve Funds.

Q6. The following is the trial balance of Canara Bank Ltd. as on 31<sup>st</sup> March 2018: (2 x 5 = 10)

Particulars	Debit (₹)	Credit (₹)
Share Capital (of ₹100 each ₹ 50 paid up)		4,00,000
Profit and Loss A/c on 1.04.2017		1,60,000
Current Deposit A/c		13,64,000
Fixed Deposit A/c		15,60,000
Savings A/c		10,26,000
Directors Fees	18,000	
Audit Fees	4,000	
Furniture (Cost ₹ 400,000)	3,48,000	
Interest and Discount Received		8,40,000
Commission and Exchange		4,00,000
Reserve Fund		1,40,000
Printing and Stationery	16,000	
Rent and Taxes	34,000	
Salary	2,80,000	
Building (Cost ₹ 12,00,000)	9,00,000	
Law Charges	6,000	
Cash-in-Hand	64,000	
Cash with Reserve Bank of India	14,00,000	
Cash with other banks	13,00,000	
Investment at cost	4,80,000	
Loans, Cash Credits and Overdrafts	12,00,000	
Bills Discounted and Purchased	5,60,000	
Interest Paid	6,00,000	
Borrowings from ICICI Bank		8,00,000
Branch Adjustment Account		5,20,000
	72,10,000	72,10,000



**Additional Information:**

1. The bank has accepted on behalf of the customers' bills worth ₹ 6,00,000.
2. Rebate on bills discounted ₹22,000.
3. Provide Depreciation on building @ 10% and furniture @ 5% on cost.
4. Provide ₹ 6,000 for bad and doubtful debts.
5. Transfer 25% of the profit to Statutory Reserve.

You are asked to prepare **Profit and Loss A/c** for the year ended 31<sup>st</sup> March 2018 and **Balance Sheet** as on that date. (20)