

**CARMEL COLLEGE OF ARTS, SCIENCE & COMMERCE FOR WOMEN,
NUVEM - GOA**

B.COM. CBCS SEMESTER IV EXAMINATION, JULY 2021

Subject Code: CC - 14

Subject Name: Accounting for Service Organizations

Total marks: 30

Date: 12/07/2021

Duration: 2 hrs.

Total No of pages: 04

Instructions: 1. *Q. Nos. 1 consist of FIVE questions. Answer any THREE* .
2. *Each question carries 10 marks.*
3. *Working notes and schedules required wherever necessary.*
4. *Figures to the right indicate full marks.*

Q I. Answer any THREE of the following: -

1. The following are the figures extracted from the books of South Indian Bank Limited as on 31st March 2021.

Particulars	Amount ₹.
Interest and discount received	37,05,738
Interest paid on deposits	20,37,452
Issued and subscribed Capital	10,00,000
Salaries and Allowances	2,00,000
Directors Fees and Allowances	30,000
Rent and Taxes paid	90,000
Postage and telegram	60,286
Statutory Reserve Fund	8,00,000
Commission Exchange and Brokerage received	1,90,000
Rent received	65,000
Profit on sale of Investment	2,00,000
Depreciation on Bank Property	30,000
Stationary expenses	40,000
Preliminary expenses	25,000
Auditors' fees	5,000

The following further information is available

1. A customer to whom a sum of ₹10,00,000 has been advanced has become insolvent and it is expected that only 50% can be recovered from his estate.
2. There were also other debts for which a provision of ₹1,50,000 was found necessary by the auditors.
3. Rebate on bills discounted on 31st March 2020 was ₹12,000 and on 31st March 2021 were ₹16,000.
4. Provide ₹6,50,000 income tax.
5. The directors desired to declare 10% dividend.

Prepare the profit and loss account of South Indian Bank Limited with necessary schedules for the year ended 31st March 2021 and also show how the profit and loss account will appear in the balance sheet if the profit and loss account opening balance was Nil as on 31st March 2021. (10 mks)

2. From the following information as on 31st March, 2021, prepare the Revenue Account of Harish Sharma engaged in Marine Insurance Business.

Particulars	Direct Business ₹.	Re-insurance ₹.
Premium Received:	48,00,000	7,20,000
Premium Received on 1 st April 2020	2,40,000	42,000
Premium Received on 31 st March 2021	3,60,000	56,000
Premium Paid		4,80,000
Premium Payable on 1 st April 2020		40,000
Premium Payable on 31 st March 2021		84,000
Claims Paid	33,00,000	2,50,000
Claims Payable on 1 st April 2020	1,90,000	26,000
Claims Payable on 31 st March 2021	3,50,000	44,000
Claims Received		2,00,000
Claims Received on 1 st April 2020		18,000
Claims Received on 31 st March 2021		24,000
Commission on Insurance Accepted	3,00,000	22,000
Commission on Insurance Ceded		28,000

Other expenses incurred are given as follows:-

Salaries - ₹5,20,000; Rent Rates and Taxes - ₹36,000; Printing and Stationery - ₹46,000; Indian Income Tax paid - ₹4,80,000; Interest, Dividend and Rent received (Net) - ₹1,82,000; Income tax deducted at source - ₹49,000; Legal Expenses (Inclusive of ₹40,000 in connection with the settlement of claims) - ₹1,20,000; Bad Debts - ₹10,000; Double Income Tax refund - ₹24,000; Profit on sale of Motor Car - ₹10,000.

Balance of fund on 1st April 2020 was ₹53,00,000 including Additional Reserve of ₹6,50,000. Additional Reserve has to be maintained at 5% of the net premium of the year
(10 mks)

3. The following is the Trial Balance of Canara Bank Limited as on 31st March 2021.

Particulars	Amount ₹.	Amount ₹.
Subscribed Capital: 30,000 Equity Shares of ₹10		3,00,000
Statutory Reserve		4,00,000
Saving Deposits		4,50,000
Fixed Deposits		2,78,000
Current Deposits		3,74,000
Cash in hand	2,90,000	
Cash with RBI	4,20,000	

Interest and Discount		3,00,000
Commission and Brokerage		50,000
Interest on Fixed Deposits	30,000	
Interest on Current Deposits	12,500	
Interest on Saving Deposits	20,000	
Salaries (including salary of ₹12,000 to manager)	1,31,000	
Rent, Insurance and taxes	15,900	
Depreciation	3,300	
Investment in shares	84,000	
Loan, Cash Credit and Overdraft	4,90,000	
Bills discounted and purchased	1,80,000	
Government bonds	1,60,000	
Furniture	40,000	
Premises	3,00,000	
Branch adjustment account		24,700
	21,76,700	21,76,700

The following further information is available

1. Rebate on bills discounted ₹27,000.
2. Create reserve for doubtful debts ₹11,000.
3. Bills for collection amounted to ₹80,000.
4. Net Profit for the current year amounted to ₹79,440.
5. Transfer 25% of the current year's profit to statutory reserve.

You are required to prepare Balance Sheet as on 31st March 2021 along with the relevant schedules

(10 mks)

4. Reliance Ltd came out with an issue of 36,000 equity shares of ₹10 each at a premium of ₹2 per share. The issue was underwritten by Sam & Co., Tom & Co. and Solly & Co. equally.

Each underwriter took firm underwriting of 1,000 share. Subscription for 31,000 equity shares were received with marked forms for the underwriters as given below:

Sam & Co. – 7,250 shares; Tom & Co. - 8,400 shares; Dolly & Co. 1,310 shares.

The Underwriters are eligible for a commission of 5% on issue price of the shares.

The entire amount towards shares has to be paid along with application.

You are required to: -

- a) Compute the underwriters liability (number of shares)
- b) Compute the amount payable or due to the underwriters and
- c) Pass necessary Journal entries in the books of Reliance Ltd.

(10 mks)

5. Mr. Sunil presents the following Trial Balance from the books of his restaurant as on 31st March 2021.

Particulars	Debit ₹.	Credit ₹.
Capital		2,00,000
Bad Debts recovered		200
Banqueting Debtors	8,000	
Repairs and Replacements	2,000	
Sales		2,40,000
Provision for discount received	400	
Furniture	12,000	
Purchase Returns		1,000
Postage and Telephone	1,600	
Purchases	1,20,000	
Wages and Salaries	59,000	
Provision for bad debts		600
Drawings	5,000	
Creditors		12,000
Stock	4,000	
Cash at Bank	43,200	
Premises	1,80,000	
Gas and Electricity	13,600	
Bad Debts	1,000	
China, Cutlery and Linen	4,000	
	4,53,800	4,53,800

You are required to prepare Trading and Profit and Loss Account for the year ended 31st March 2021 and a Balance Sheet as on that date, taking the following into consideration.

1. Stock on 31st March 2021 was valued at ₹4,400.
2. An invoice for advertising for ₹700 was due for payment but had not been included in the accounts.
3. The estimated cost of staff meals ₹1,000 per month.
4. Two purchase invoices amounting to ₹2,000 has not been entered into the books.
5. Provision for bad debts should be made equal to 5% of debtors.
6. It is estimated that cash discount on creditors will amount to ₹360.
7. Caterers estimated that ₹6,000 included in the purchases represent consumption by himself and his family.

(10 mks)
