

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

SEMESTER END EXAMINATION, JUNE 2022

Semester IV of B.COM

Course Title: Accounting for Service Organizations **Course Code: UCOC 110**

Total marks: 80 Date: 11/06 /2022 Duration: 2 hrs. Total No of pages: 04

Instructions: 1. Q. No. 1 is **compulsory**.

2. Answer any **THREE** questions from Q. No. 2 to No. 6.

3. **Each** question carries 20 marks.

4. Working notes and schedules required **wherever** necessary.

5. Figures to the right indicate full marks.

1. The following figures are available from the books of Indian Oversea Bank Limited as on 31st March 2022. You are required to prepare the profit and loss account with necessary schedules. (20 mks)

| Particulars | Amount ₹ |
|---|----------|
| Interest on loans | 3,10,000 |
| Interest on cash credit | 2,90,000 |
| Interest on overdraft | 2,00,000 |
| Interest on balances with RBI | 40,000 |
| Interest on Investments | 10,000 |
| Interest on fixed deposits | 2,60,000 |
| Interest on saving accounts | 80,000 |
| Interest on current accounts | 30,000 |
| Discount on bills discounted | 1,90,000 |
| Interest on borrowings from other banks | 10,000 |
| Profit on sale of investments | 40,000 |
| Loss on sale of investments | 5,000 |
| Income from joint ventures | 25,000 |
| Profit on revaluation on investments | 35,000 |
| Loss on revaluation of investments | 10,000 |
| Dividends received from joint stock companies | 25,000 |
| Salaries to staff | 65,000 |
| Rent and taxes | 8,000 |
| Depreciation on bank assets | 21,000 |
| Sundry Income | 18,000 |
| Printing and stationery | 17,000 |
| Repairs and maintenance | 14,000 |
| Advertisements | 6,000 |
| Directors' fees and allowances | 9,000 |
| Audit fees | 6,000 |
| Profit on 01-04-2021 | 1,20,000 |
| Law charges | 8,000 |
| Other expenses | 4,000 |
| Postage and telephone charges | 11,000 |

Additional Information:

- 1. Write off ₹19,000 for bad and doubtful debts.
- 2. Provide 40% for taxation.
- 3. Rebate on bills discounted is to be provided for ₹20,000.

2. From the following information of M/S Kingfish Marine Insurance Co. Ltd. prepare the Revenue account as per regulation of IRDA with necessary schedules for the year ended 31st March 2022. (20 mks)

| Particulars | Amount ₹ |
|---|-----------|
| Premiums received | 18,75,000 |
| Premium outstanding on 31 st March 2022 | 1,25,000 |
| Premium paid on reinsurance ceded | 2,28,000 |
| Claims paid | 10,54,000 |
| <u>Estimated liability in respect of outstanding claims:</u> | |
| On 1 st April 2021 | 1,80,000 |
| On 31 st March 2022 | 2,25,000 |
| Interest and dividend (Gross) | 1,65,000 |
| Income tax on the above | 49,575 |
| Expenses of management | 2,00,000 |
| Profit on sale of investment | 46,000 |
| Commission paid | 1,94,000 |

Additional Information:

- 1. Expenses of management (including 45,000 towards surveyor's fee and 65,000 towards legal expenses paid for settlement of claims).
- 2. Balance of fund on 1st April 2021 was ₹18,50,000 including additional reserve of ₹1,80,000.
- 3. Additional reserve has to be maintained at 10% of net premium for the year.

3. Silly Silk Ltd. issued to public 1,50,000 equity shares of ₹10 per share. The entire issue was underwritten as follows: Das - 90,000 shares, Banerjee - 37,500 shares, Gupta - 22,500 shares

Total subscriptions received by the company (excluding firm underwriting and marked applications) were 22,500 shares.

The marked applications (excluding firm underwriting) were as follows:

Das - 15,000 shares, Banerjee - 30,000 shares, Gupta - 7,500 shares.

Commission payable to underwriters is at 5% of the issue price. The underwriting contract provides that credit for unmarked applications be given to the underwriters in proportion to the shares underwritten and benefit of firms underwriting is to be given to the individual underwriters.

You are required to :-

- Prepare a statement showing the liability of the underwriters (when benefit of firm underwriting is given to the underwriters and also compute the commission payable to the underwriters.
- Pass journal entries in the books of the company. (20 mks)

4. The following figures are available from the books of Canara Bank Ltd. as on 31st March 2022. (20 mks)

| Particulars | Debit ₹ | Particulars | Credit ₹ |
|--------------------------------|------------------|----------------------------------|------------------|
| Interest on current deposits | 12,500 | 30,000 Equity Shares of ₹10 each | 3,00,000 |
| Interest on saving deposits | 20,000 | Branch adjustment account | 24,700 |
| Cash in hand | 2,90,000 | Saving deposits | 4,50,000 |
| Cash with RBI | 4,20,000 | Fixed deposits | 2,78,000 |
| Salaries | 1,31,000 | Current deposits | 3,74,000 |
| Rent, insurance & taxes | 4,000 | Commission & brokerage | 3,00,000 |
| Postage & telegram | 900 | Interest on fixed deposits | 50,000 |
| Printing & stationery | 7,000 | Statutory Reserve | 4,00,000 |
| Audit fees | 4,000 | | |
| Depreciation | 3,300 | | |
| Investments in shares | 84,000 | | |
| Loans, cash credit & overdraft | 4,90,000 | | |
| Bills discounted and purchased | 1,80,000 | | |
| Government bonds | 1,60,000 | | |
| Furniture | 40,000 | | |
| Premises | 3,00,000 | | |
| Interest on fixed deposits | 30,000 | | |
| | 21,76,700 | | 21,76,700 |

Additional Information:

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 99,300.
5. Transfer 25% of the current year's profit to statutory reserve.

You are required to prepare balance sheet of Canara Bank Ltd. as on 31st March 2022.

5. Gem Ltd. issued to public 15,000 debentures of ₹100 per share was payable along with application and balance on allotment. The issue was underwritten equally by X, Y and Z for a commission of 2%. Application for 14,000 debentures were received as per details below: (20 mks)

| Underwriter | Firm Applications | Marked Application | Total |
|----------------------|-------------------|--------------------|--------|
| X | 500 | 4,000 | 4,500 |
| Y | 500 | 4,600 | 5,100 |
| Z | 300 | 3,400 | 3,700 |
| Unmarked Application | | | 700 |
| Total | | | 14,000 |

It was agreed to credit the unmarked applications equally to X and Z. The company accordingly made the allotment and received the amount due from the public. The underwriters settled their accounts.

You are required to :-

- Prepare a statement showing the liability of the underwriters. (when benefit of firm underwriting is not given to the underwriters)
- Pass journal entries for the entire issue. (including cash)

6. From the following figures from the books of New Goa Insurance Ltd. you are required to prepare Revenue Account and Profit and Loss Account for the year ended 31st March 2022 along with relevant schedules.

| Particulars | Amount | Particulars | Amount |
|----------------------------|-----------|---|-----------|
| Fire Fund as on 1-4-2021 | 11,80,000 | Commission on Direct Business | 2,99,777 |
| General Reserve | 4,50,000 | Commission on reinsurance accepted | 60,038 |
| Investment | 36,00,000 | Outstanding Premium | 22,300 |
| Premium | 26,01533 | Claims intimated but not paid (1-4-2021) | 60,000 |
| Claim Paid | 6,02,818 | Expenses on Management | 4,31,947 |
| Rates & Taxes | 5,804 | Claims recovered from reinsurance | 21,119 |
| Profit & Loss Account (Cr) | 25,000 | Audit fees | 36,000 |
| Re- insurance Premium | 1,12,525 | Commission on reinsurance ceded | 48,016 |
| Sundry Creditors | 22,500 | Share Capital (Equity share of ₹100 each) | 10,00,000 |
| Agent’s Balance (Dr) | 20,000 | Cash in hand and Bank balance | 1,32,462 |
| Advance income tax paid | 2,50,000 | Income from Investments | 1,53,000 |
| Rent | 67,500 | | |

Additional Information:

1. Expenses of Management include survey fees and legal expenses of ₹36,000 and ₹20,000 relating to the claims.
2. Claims intimated but not paid on 31st March 2021 was ₹1,04,000.
3. Income tax to be provided at 40%.
4. Transfer ₹2,19,000 to General Reserve.
5. Reserve for unexpired Risk is to be maintained @ 50%.
