

PRABODHAN EDUCATION SOCIETY'S
VIDYA PRABODHINI COLLEGE OF COMMERCE, EDUCATION,
COMPUTER AND MANAGEMENT, VIDYANAGAR, PARVARI, GOA.

S.Y.B.COM SEMESTER END EXAMINATION

APRIL, 2018-19 REGULAR

SUB: ACCOUNTING FOR SERVICE ORGANIZATIONS (As per CBCS)

SEMESTER: IV

DURATION: 2 hrs

MAX. MARKS: 80 Marks

- Instructions:**
- i. Question No.1 is compulsory
 - ii. Figures to the right indicate marks allotted.
 - iii. Answer any three from Q2 to Q6
 - iv. Working notes should form a part of the solution

Q.1. GrabBags Ltd. issued 1,25,000 equity shares of ₹100 each, fully payable on application. The entire issue was underwritten by four parties – P, Q, R and S in the proportion of 30%, 25%, 25% and 20% respectively. The under writing commission was 2%. P, Q, and S had also agreed on 'Firm underwriting' of 4,000, 6,000, and 15,000 shares respectively. The total subscriptions excluding firm underwriting including marked applications were for 90,000 shares. Marked applications received were as under: P – 24,000 shares, Q – 20,000 shares, R – 12,000 and S – 24,000 shares.

Ascertain

- The liability of the individual underwriters assuming, the benefit of firm underwriting is given to the underwriters.
- The commission payable to the underwriters
- The statement of amount due to/ from underwriters
- Pass necessary journal entries

(1X20=20)

Q.2. The following figures are obtained from the books of Lavie Bank Ltd.

Particulars	₹
Interest and Discount received	40,00,000
Commission and Exchange	2,85,000
Interest Paid	25,00,000
Salaries and wages	2,50,000
Director's fees	40,000
Rent and taxes	95,000
Postage and Telegram	50,000
Profit on sale of Investments	3,25,000
Loss on sale of Investment	42,000
Rent received	85,000
Depreciation	45,000
Stationary	72,000
Auditor's fees	10,000

Additional Information:

- The Profit and Loss a/c had a balance of ₹62,00,000 on 1st April, 2017
- An advance of ₹4,88,000 has become doubtful and it is expected that only 50% of the amount due can be recovered from the security
- A provision of tax to be made at ₹6,55,000
- A dividend of ₹ 2,63,700 is proposed
- Prepare profit and loss a/c for the year ended 31/3/18. **(1X20=20)**

Q.3. The trial balance of Caprese Bank Ltd. as on 31/3/18 stood as follows

Particulars	₹
Paid up share capital (₹10 face value)	10,00,000
Bills Discounted	9,00,000
Reserve Fund	3,85,000
Cash credits and overdrafts	14,00,000
Unclaimed dividend	5,000
Loans to public sector	23,00,000
Saving deposits	25,00,000
Furniture	20,000
Fixed Deposits	20,00,000
Profit and Loss (Cr. Balance)	1,60,000
Inter-office adjustments	5,000
Cash in hand	3,50,000
Cash with RBI	8,75,000
Investments at cost (approved securities)	4,75,000
Balance with Bank of India	25,000

Additional Information

- The liability of the bank for acceptances and guarantees on behalf of the customers is ₹5,00,000.
- The directors require the bank's investments to be shown in the Balance Sheet at market value which is 5,00,000.
- Prepare Balance Sheet of the Bank with necessary schedules for the year ended 31/3/18. **(1X20=20)**

Q.4. From the following figures taken from the books of Dressberry Insurance Ltd. you are required to prepare Revenue Account and Profit and loss account for the year ended 31/3/18.

Particulars	₹	Particulars	₹
Fire Fund as on 1/4/17	15,25,000	Commission on direct business	3,00,000
General Reserve	5,00,000	Commission on reinsurance accepted	90,000
Investments	1,20,000	Cash in hand and bank balance	62,000
Premium	62,00,000	Claims intimated but not paid (1/4/17)	1,12,000
Claim Paid	20,00,000	Expenses on management	3,95,000
Share capital (₹100 per share)	40,00,000	Audit fees	55,300
Profit and loss a/c (Cr.)	1,12,600	Rates and taxes	6,540
Re-insurance premium	5,12,000	Rent	75,000
Claims recovered from reinsurance	1,12,000	Income from Investments	1,13,000
Commission on reinsurance ceded	45,000	Sundry Creditors	22,000
Advance income tax paid	50,000	Agents Balance (Dr.)	5,000

Additional Information

- Claims intimated but not paid on 31/3/18 ₹ 1,50,000
- Income tax to be provided @40%
- Transfer ₹ 7,54,00 to general reserve
- Reserve for unexpired risk to be maintained at 50%

(1X20=20)

Q.5. Prepare Balance sheet in the books of Butterfly fire insurance Ltd. as on 31/3/18.

	₹		₹
Share capital	13,00,000	Agent's bal.(Dr.)	2,00,000
General Reserve	5,00,000	Sundry Creditors	25,000
Balance from P&L a/c after appropriations	2,40,000	Claims outstanding	60,000
Cash in hand	50,000	Reserve for unexpired risk	10,00,000
Cash at bank	1,15,000	Additional Reserve for unexpired risk	1,00,000
Loans (Dr.)	5,00,000	Outstanding Premiums	14,200
Investments	21,31,000		

Adjustments:

- Provision for income tax ₹80,000
- Transfer to general reserve ₹1,00,000
- Proposed dividend 12%

(1X20=20)

Q.6. From the following Trail Balance of TITAN Hotel prepare a Trading and Profit and Loss account for the year ended 31.3.2018 and Balance sheet as at that date.

Particulars	Dr. (₹)	Cr. (₹)
Opening Stock	12,500	
Receipt from visitors		3,52,460
Fuel & Light	9640	
Rent & Rates	12330	
Advertising	7200	
Purchases	112760	
China, Linen & Cutlery	14270	
Wages and Salaries	104110	
Carriage	3400	
Furniture & Fittings	74300	
Bad debts	2150	
Drawings	15300	
Capital		249000
Visitor's ledger balances	13150	
Creditors		12500
Loan	80000	
Lease hold Premises	105000	
Cash at Bank	43750	
Provision for Bad debts		400
Repairs to furniture	4500	
	614360	614360

Additional Information:

1. Stock on 31.3.2018 ₹ 9450
2. Provide for depreciation
 - i. Furniture & Fittings 10%
 - ii. Lease hold premises ₹ 3000
 - iii. China, Cutlery and Linen were revalued at ₹ 12,500
3. Increase provision for bad debts to ₹ 500 and create a provision for discount received equal to 2% on creditors
4. Provide for outstanding loan interest ₹ 4000
5. Treat ₹ 1700 of the advertising as paid in advance. (1X20=20)

Best Wishes!