

**Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND
ECONOMICS, PONDA-GOA**

B.COM. CBCS (SEMESTER- IV) EXAMINATION, APRIL 2019

ACCOUNTING FOR SERVICE ORGANISATIONS

Duration: 2 hours

Marks: 80

INSTRUCTIONS

1. *Q. no. 1 is compulsory.*
2. *Answer any THREE questions from Q.No. 2 to Q.No. 6.*
3. *Figures to the right indicate full marks.*

Q1. A company made a public issue of 400000 equity shares of ` 50 each at a premium of ` 50 per share. The entire amount was payable on application. The entire issue was underwritten by four parties; Ashwin, Kirtan, Susan and Reema in the proportion 1:1:1:1 respectively. Underwriting commission at 1.5% was payable on amount underwritten. Ashwin, Kirtan, Susan and Reema had also agreed on firm underwriting of 15000, 10000, 5000 and 5000 shares respectively. The total subscription, excluding firm underwriting but including marked applications were 320000 shares. Marked applications received were; Ashwin: 15000, Kirtan: 15000, Susan: 10000 and Reema: 10000.

Ascertain the liabilities of underwriters and pass necessary journal entries for the above transactions. **(20)**

Q2. Prepare the revenue account and profit and loss account of Fyre Insurance Company Limited as on 31st December 2018

Particulars	Amount (₹)	Particulars	Amount (₹)
Commission on reinsurance accepted	1,86,458	Accountants fees	1,750
Commission on direct business	1,95,172	Miscellaneous expenses	2,375
Depreciation on furniture	630	Bad debts written off	1,206
Depreciation on motor car	6408	Claim paid	1,52,930
Loss on sale of motor car	12,074	Estimated liability in respect of outstanding claims (31-12-2017)	1,198
General manager's salary	24,000	Reserve for unexpired risk as on 31-12-2017	3,66,594
Postage, telegram and telephone	10,250	Additional reserve made in 31-12-2017 for unexpired risk	45,824
Rent	62500	Premiums received	9,89,980
Office salary and bonus	1,50,000	Commission on re-insurance ceded	3,41,208
Travelling	25,600	Sundry charges	14,062
Motor car expenses	85,000	Law charge	26,375
Printing and stationery	35,550	Audit fees	2,500

Make 40% of the net premiums received as reserve for unexpired risk as on 31- 12- 2018 and 10% of the net premium as additional reserve for the same. **(20)**

Q3. From the following balances of Gigi bank ltd as on 31st March 2019, prepare Balance sheet as on that date along with the necessary schedules.

Particulars	Amount (₹)	Particulars	Amount (₹)
Equity share capital of ₹100 each, ₹50 paid up	2,00,000	Building	6,00,000
Profit and loss a/c (cr balance) 1.04.2018	80,000	Cash in hand	32,000
Profit and loss a/c (current year)	1,25,600	Cash with RBI	70,000
Current deposits a/c	6,82,000	Cash with other banks	6,50,000
Fixed deposits a/c	7,80,000	Investment at cost	24,000
Saving bank deposit a/c	5,13,000	Loans, cash credit and overdraft	6,00,000
Furniture	2,00,000	Bills discounted and purchased	2,80,000
Reserve fund	70,000	Borrowing from Kirtan bank Ltd.	4,00,000
Interest accrued (dr.)	1,34,600	Branch adjustment a/c (dr.)	2,60,000

Additional information:

1. Bills for collection amounted to ₹3,00,000.
2. Rebate on bills discounted to ₹11,000.
3. There are claims amounting to ₹90,000 against the bank.
4. Provide ₹3,000 for bad and doubtful debts.
5. Bank has earned interest on securities ₹14,000. (20)

Q4. From the following information prepare the profit and loss account of Lekha Bank ltd for the year ending 31.03.2019 and prepare the necessary schedules.

Particulars	Amount (₹)
Interest and discount	24,00,000
Income on investment	1,50,000
Interest on balance with RBI	50,000
Commission, exchange and brokerage	7,50,000
Profit on sale on investment	80,000
Interest on deposits	6,50,000
Interest on borrowings from RBI	1,60,000
Payment to and provisions of employees	7,00,000
Rent, taxes and lighting	1,90,000
Printing and stationery	1,40,000
Advertisement & publicity	35,000
Depreciation on bank property	45,000
Directors fees	1,10,000
Audit fees	74,000
Law charges	16,000
Postage, telegram etc	11,000
Repair and maintenance	95,000
Insurance	15,000
Profit and loss balance on 01.04.2019	1,20,000

Other information :-

1. Make a provision for income- tax `1,50,000.
2. Provide for bad and doubtful debts `55,000.
3. Provide for rebate on bills discounted ` 35,000.
4. The director have proposed a dividend of `1,60,000 . **(20)**

Q5. Following is the trial balance of Hotel Sarvajanic, a sole proprietor, as on 30th September 2018

Particulars	Dr. (₹)	Cr. (₹)
Capital		300000
10% loan a/c		100000
Suppliers a/c		100000
Bills payable		100000
Collection from visitors		600000
Kitchen equipment	200000	
Land and building	350000	
Furniture	80000	
Stock as on 1 October 2017	44000	
Salaries	100000	
Printing and stationery	12000	
Purchase of provisions	240000	
Wages	56000	
Cash in hand	6000	
Interest on loan	6000	
Rent, rates & taxes	3000	
Bad debts	4000	
General expenses	7000	
Visitors ledger	80000	
Cash at bank	12000	
TOTAL	1200000	1200000

Additional information:

1. stock as on 1st October 2018 was ` 40000
2. salaries prepaid ` 2000
3. write off ` 2000 as bad debts
4. unrecorded sales amounted to ` 10000
5. unrecorded purchases ` 18000
6. cost of staff meals ` 1000

Prepare Profit and loss A/c for the year ended 30th September 2018 and Balance sheet as on that date. **(20)**

Q6. The following figures are shown from the books of T.V. Fire Insurance Co. Ltd as at the end of their financial year ended 31st March 2019.

Particulars	Amount (₹)
State government securities	5,05,000
Outstanding premium	14,865
Long term borrowings from banks	5,00,000
General reserve	3,00,000
Investments	20,00,000
Net premium	17,26,005
Share capital	6,00,000
Additional reserve	2,20,000
Loans (Dr.)	4,00,000
Profit or loss as on 31-3-2019 (cr.)	2,35,704
Agents' balance (Dr.)	1,80,000
Sundry creditors	15,000
Cash in hand	20,155
Cash in bank	1,01,487
Fire fund	6,20,000
Capital reserve	5,000

From the above, prepare the balance sheet as on 31st March 2019.

- i) Authorized capital was 20,00,000 shares @ `100.
- ii) Claims intimated but not paid as on 31-3-2019 ` 60,800.
- iii) Income tax to be provided ` 2,50,000.
- iv) Transfer to general reserve ` 1,00,000 & Proposed dividend 12%.
- v) Reserve for unexpired risk is to be made @ 50% . **(20)**

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