

**C.E.S COLLEGE OF ARTS AND COMMERCE, CUNCOLIM – SALCETE – GOA**  
**S.Y.B.COM. IV SEMESTER END EXAMINATION,**  
**ACCOUNTING FOR SERVICE ORGANISATIONS (CC 14)**

Duration: 2 hours

Time: 10.00 am To 12.00 noon

Date: 29/04/2019

Marks: 80

- Instructions: 1) Question No.1 is compulsory  
 2) Answer any three from Q.2 to Q.6  
 3) All questions carry full marks

(20 marks)

Q 1. Following is the Trial balance of Rich Bank Ltd. as on 31.3.2018. You are required to prepare the Profit and Loss Account for the year ended and Balance Sheet as on that date.

Particulars	Dr. (₹)	Cr. (₹)
Share Capital (15,000 equity shares of ₹100)		15,00,000
Profit and loss Account (1.4.2017)		1,22,250
Current Deposit Accounts		32,16,000
Fixed Deposit Accounts		35,14,500
Saving Banks Accounts		16,60,500
Audit fees	27,150	
Furniture	1,28,850	
Interest paid	6,00,600	
Interest and discount		10,56,000
Commission and exchange		3,04,500
Shares in companies	30,66,000	
Postage and Printing	22,350	
Premises	25,54,500	
Salaries	1,17,300	
Cash and balance with RBI	3,10,500	
Bill discounted and purchased	1,00,500	
Statutory Reserve Fund		1,27,500
Loans, cash credit and overdrafts	45,73,500	
	115,01,250	115,01,250

Additional information:

1. Rebate on bills discounted amounted to ₹ 10,650.
2. Provide ₹ 57,750 for Doubtful Debts.
3. Provide Depreciation on premises ₹ 1,09,500 and on Furniture ₹ 8,850.
4. Provide for taxation ₹ 11,250.

Q.2. The following are the figures extracted from the books of Wisdom Bank Ltd. as on 31.3.2018:

(20 marks)

₹

Interest and discount received	74,11,476
Interest paid on deposits	40,74,904
Issued and subscribed capital	20,00,000
Salaries and allowances	4,00,000
Director's fees	60,000
Rent and taxes paid	1,80,000
Postage and telegrams	1,20,572
Statutory Reserve Fund	16,00,000
Commission, exchange and brokerage	3,80,000
Rent received	1,30,000
Profit on sale of investments	4,00,000
Depreciation on bank's properties	60,000
Statutory expenses	80,000

Preliminary expenses	50,000
Auditor's fees	10,000

The following further information is given:

1. A customer to whom a sum of ₹ 15,00,000 has been advanced has become insolvent and it is expected only 50% can be recovered from his estate.
2. There were also other debts for which a provision of ₹ 3,00,000 was found necessary by the auditors.
3. Rebate on bills discounted on 31.3.2017 was ₹24,000 and on 31.3.2018 was ₹32,000.
4. Provide ₹13,00,000 for Income Tax.
5. The directors desire to declare 10% dividend.

Prepare the Profit and Loss Account of Trustworthy Bank Ltd. for the year ended 31.3.2018.

Q.3. From the following details, prepare the Revenue Account, Profit and Loss Account and the Balance Sheet of Safe Insurance Co. Ltd. Carrying on marine Insurance business for the year ended 31<sup>st</sup> March 2018: (20 marks)

	₹		₹
Equity share capital (₹ 10 each)	15,00,000	Donations paid	8,600
Balance of Marine Fund as on 1.4.2017	7,60,000	Advance tax payments	62,000
Unclaimed Dividends	2,400	Sundry Debtors	9,200
P/L A/c (Cr.)	2,40,000	Government of India securities	11,00,000
Sundry Creditors	12,600	Shares in Limited Companies	12,40,000
Agents' Balances (Dr.)	1,46,400	Claims less reinsurance	10,60,000
Interest Accrued but not due	8,200	Premium less reinsurance	12,40,000
Due to re-insurance	60,000	Commission paid	62,400
Furniture and Fixtures	8,400	Interest and Dividends	2,40,000
Stock of stationery	2,500	Transfer fees received	600
Expenses of Management	2,20,000	Cash and Bank balances	94,400
Foreign Taxes and Insurance	12,300		
Outstanding Premium	21,200		

Outstanding claims on 31.3.2018 was ₹ 1,40,0000. Depreciation on Furniture should be provided ₹ 2,100.

Q.4. Authorised capital of Aqua Ltd. was 25,00,000 equity shares of ₹ 10 each. Company issued 80% shares at a premium of ₹ 2 per share which was entirely underwritten as follows: (20 marks)

Star Co. - 40%

Moon Co. - 20%

Sun Co. - 30%

Planet Co. - 10%

Company received applications for 18,00,000 equity shares including marked applications as below:

Star Co. - 5,70,000 shares

Moon Co. - 6,00,000 shares

Sun Co. - 2,20,000 shares

Planet Co. - 2,10,000 shares

Underwriters are entitled to get 5% commission.

From the above information find out the liability of underwriters and give journal entries in the books of Aqua Ltd.

Q.5.Mr. Sam presents the following Trial balance from the books of his restaurant at 31<sup>st</sup> March 2018.

(20

marks)

Particulars	Dr. (₹)	Cr. (₹)
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 Profit and Loss Account for the year ended 31<sup>st</sup> March 2018 and a balance Sheet as on that date, taking the following into consideration:

1. Stock on 31<sup>st</sup> March 2018 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 is ₹1,000 per month.
4. Two purchase invoices amounting to ₹2,000 had 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. The hotel owner estimates that ₹6,000 included in the purchases represents consumption by himself and his family.

Q.6. A) Honey Dew Ltd. issued 2,00,000 equity shares of ₹ 100 each at a premium of ₹20 each. 90% of the issue was underwritten by Steadfast Ltd. at a commission of 5% on face value. Applications were received for 1,60,000 shares. All the amount due was received on application. Account of Steadfast Ltd. was settled.

Show:

1. Statement of Underwriters Liability
2. Journal Entries

(14 marks)

B) What is a hotel? Explain its features.

(6marks)

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