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Enrollment No.....



Faculty of Commerce  
End Sem (Odd) Examination Dec-2018  
CM3EA05 Accounting for Service Organization  
Programme: B.Com.(Hons) Branch/Specialisation: Commerce

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. Subscribed capital of Bank should not be less than of subscribed capital: **1**  
(a) 40% (b) 50% (c) 60% (d) None of these
- ii. Non-performing assets may also be placed as: **1**  
(a) Substandard Assets (b) Doubtful Assets  
(c) Loss Assets (d) All of these
- iii. How many schedules are incorporated in the revenue account of general insurance? **1**  
(a) 3 (b) 4 (c) 5 (d) 6
- iv. Where the reserve for unexpired risk is shown: **1**  
(a) Revenue Account (b) In schedule 1  
(c) Profit & Loss Account (d) None of these
- v. LIC policy: **1**  
(a) With profit policy (b) Without profit policy  
(c) Both (a) and (b) (d) None of these
- vi. Endowment policy is one which mature on the: **1**  
(a) Death of a assured (b) Accident of the assured  
(c) Completion of the time (d) All of these
- vii. Accounts of Electricity companies prepare: **1**  
(a) Double account system (b) Single account system  
(c) On cash basis (d) None of these

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- viii. Clear profit means: **1**  
(a) Difference between the total income and the total expenditure  
(b) Difference between the total income and the total expenditure plus specific appropriating  
(c) Both of (a) and (b)  
(d) None of these
- ix. In Hotel accounting ascertaining room point should be noted **1**  
(a) Availability of room (b) Expected rate of Return  
(c) expenditure (d) All of these
- x. Rooms occupancy rate depends on: **1**  
(a) Number of rooms occupied  
(b) Number of rooms vacated  
(c) Total number of guest  
(d) None of these
- Q.2 i. Write short note on: **4**  
(a) Cash Credit and Overdraft  
(b) Non-performing assets
- ii. Give the specimen of the Bank Balance sheet. **6**
- OR iii. Write the importance and functions of the banks. **6**
- Q.3 i. Write short note on: **4**  
(a) Reinsurance (b) Surrender value
- ii. Define Unexpired risk with Example. Explain the term reserve for unexpired risk. **6**
- OR iii. Give the specimen of the schedule 2 Claim incurred & schedule 3 Net commission of the insurance company. **6**
- Q.4 i. What is an annuity granted by a Life insurance company? **4**
- ii. What are the provisions of surrender value and paid value of a Life insurance policy? **6**
- OR iii. The Revenue Account of a Life Insurance business shows the funds at the end of the year ending on 31 March,2016, at Rs.48,78,000 before taking into account following items: **6**

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- (a) Claims intimated but not admitted Rs. 65,500.  
(b) Outstanding premium Rs. 18000.  
(c) Bonus utilized in reduction of Life Insurance Premium Rs.6500.  
(d) Interest accrued on securities Rs.19500.  
(e) Claims covered under reinsurance Rs.27000.  
Pass the necessary Journal entries.
- Q.5 i. How is an electricity company required to provide depreciation? **4**
- ii. Write five provisions of the final accounts prepared by electricity companies. **6**
- OR iii. What is Reasonable Return for an electricity company? What is meant by capital base in this connection? **6**
- Q.6 Attempt any two:
- i. A five star hotel has 660 rooms in all, out of which 52 rooms are used for operational purpose and 8 rooms are used by the departmental managers. If 480 rooms are occupied by the guest on any day, calculate the room occupancy rate. **5**
- ii. A five star hotel in Chennai has 320 lettable room on a particular day 240 rooms are occupied by 300 guests. Calculate Double occupancy rate. **5**
- iii. What do you understand by Visitors Ledger? **5**

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CM3EA05 Accounting for Service Organization

Marking scheme

Q.1	i.	Subscribed capital of Bank should not be less than of subscribed capital: (d) None of these	1
	ii.	Non-performing assets may also be placed as: (d) All of these three	1
	iii.	How many schedules are incorporated in the revenue account of general insurance? (b) 4	1
	iv.	Where the reserve for unexpired risk is shown: (b) In schedule	1
	v.	LIC policy : (c) Both (a) and (b)	1
	vi.	Endowment policy is one which mature on the: (a) Death of a assured	1
	vii.	Accounts of Electricity companies prepare: (a) Double account system	1
	viii.	Clear profit means: (b) Difference between the total income and the total expenditure plus specific appropriating	1
	ix.	In Hotel accounting ascertaining room point should be noted (d) All of these	1
	x.	Rooms occupancy rate depends on: (a) Number of rooms occupied	1
Q.2	i.	Write short note on: (a) Cash Credit Overdraft (b) Non-performing assets	4
	ii.	Specimen of the Bank Balance sheet. 1 mark each	(1 mark * 6) 6
OR	iii.	Importance Functions of the banks.	3 marks 6
Q.3	i.	Short note on:(2 each) (a) Reinsurance (b) Surrender value	4

	ii.	Meaning Unexpired risk Example.	2.5 marks 2.5 marks	6
OR	iii.	Schedule 2 Claim incurred Schedule 3 Net commission	3 marks 3 marks	6
Q.4	i.	Annuity granted by a Life insurance company	(4 points)	4
	ii.	Provisions of surrender value and paid value of a Life insurance policy		6
OR	iii.	1 mark for each journal entry For Overall	(1 mark * 5) 1 mark	6
		31 march-Claim a/c Dr/	65500	
		To outstanding claim A/C	65500	
		(being adj.in respect of claim intimated but not admitted)		
		Bonus in reduction of premium	Dr.6500	
		To premium a/c	6500	
		(Being adj. of bonus utilized in reduction account)		
		Accrued interest a/c Dr	19500	
		To interest A/c	19500	
		(being interest accrued on securities brought in to account)		
		Outstanding premium a/c Dr	18000	
		To premium a/c	18000	
		(Being outstanding premium brought in to account)		
		Outstanding Debtors a/c Dr.	27000	
		To claims A/c	27000	
		(Being claims recoverable under reinsurance not received)		
Q.5	i.	Electricity company required to provide depreciation	(4 points)	4
	ii.	Five provisions of the final accounts prepared by electricity companies. (6 points)		6
OR	iii.	Reasonable Return for an electricity company Capital base in this connection	3 marks 3 marks	6

Q.6

Attempt any two:

- i. Room occupied rate =  $\frac{\text{No. of room occupied}}{\text{no. of rooms available}} \times 100$  **5**  
 $\frac{480}{660-44(52-8)} \times 100 = 80\%$
- ii. Double occ. Rate =  $\frac{\text{No. Of guest}}{\text{No. Of room occupied}} \times 100$  **5**  
 $\frac{300-240}{240} \times 100 = 25\%$
- iii. Understand by Visitors Ledger **5**  
Meaning **2.5 marks**  
Proforma **2.5 marks**