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SIXTH SEMESTER B.COM. (NEP) DEGREE
EXAMINATION, JULY/AUGUST 2024

COMMERCE

Accounting for Service Sector (DSE – 4)

Time : 2 Hours]

[Max. Marks : 60

- Instructions :** 1) Answer **all** questions according **internal** choice.
Question No. **11** is **compulsory (Case study)**.
2) Simple and non-programming calculators are **allowed**.

SECTION – A

1. Answer **any five** sub-questions. **Each** sub-question carries **2** marks. (5×2=10)
- What do you mean by Life Assurance Fund ?
 - Expand TDCR and IRDAI.
 - What is clear profit ?
 - Differentiate between Double Account System and Single Account System.
 - What is Room Occupancy Rate ?
 - What is Reinsurance ?
 - Sandesh Hotel has 640 lettable rooms. On 02.10.2023, a total of 480 rooms were occupied by 600 guests. Calculate Double Occupancy Rate.

SECTION – B

Answer **any four** questions. **Each** question carries **5** marks. (4×5=20)

2. What are the features of Double Account System ?
3. A life insurance company disclosed a fund of ₹ 14,00,000 on 31.03.2024 before taking the following into consideration.

Particulars	₹
Interest accrued on investment	14,250
Outstanding premium	16,400
Bonus in reduction of premium	3,375
Claims intimated but not admitted	8,700
Claims covered under reinsurance	3,200
Reinsurance recoveries	4,800

Prepare a statement for Recomputation of Fund.

[P.T.O.]



4. From the following information, prepare Revenue Account for Fire Insurance Business for the year ended 31st March, 2024.

Particulars	₹
Claims admitted but not paid	1,50,000
Commission paid	5,00,000
Commission on reinsurance ceded	1,20,000
Management expenses	7,80,000
Claims paid	14,23,000
Premium received	55,20,000
Reserve for unexpired risk on 01.4.2023	23,00,000
Outstanding claims at the beginning of the year	2,70,000

The following further information has also to be considered.

- Premium outstanding at the end of the year ₹ 4,00,000.
 - It is the policy of the company to maintain 50% of premium towards reserve for unexpired risk.
5. The following information is extracted from the books of Nishan Electricity Co. Ltd. for the year ended 31.3.2024.
- | | |
|---|---------------|
| Net profit before charging debenture interest | ₹ 67,50,150 |
| 10% debenture interest paid during the year | ₹ 11,25,000 |
| Capital base arrived at by the company | ₹ 3,10,89,000 |
| Reasonable return calculated by the company | ₹ 40,68,450 |
- You are required to indicate the disposal of surplus of the company.
6. The visitors ledger of Five Star Hotel in Dharwad discloses on 01.10.2023 after check out time at 12 noon that 220 guests are staying in the hotel. There is no further arrive and check out of the guests on 1.10.2023. On 2.10.2023, 60 guests arrive, while 40 leave by the scheduled check out time. Ascertain the occupancy of rooms for 2nd November, 2023.

SECTION – C

Answer **any three** questions. **Each** question carries **10** marks.

(3×10=30)

Question **11** is **compulsory (Case Study)**.

7. What is Double Account System ? Briefly explain its advantages and disadvantages.



8. The life assurance fund of a life assurance company was ₹ 41,92,000 as on 31.03.2024. Its actuarial valuation on 31.3.2024 disclosed a net liability of ₹ 40,40,000 under assurance annuity contracts. An interim bonus of ₹ 40,000 was paid to the policy holders during the year period ending 31.03.2024. It is now proposed to carry forward ₹ 32,000 and to divide the balance between the policy holders and the shareholders.

You are required to show :

- a) The valuation Balance Sheet
- b) The net profit for the two-year period
- c) The distribution of the net profits.

9. The following balances as on 31st March, 2024 have been extracted from the book of New Insurance Co. Ltd. which carries on Fire Insurance Business.

Particulars	₹
Claims less reinsurance	25,00,000
Reserve for unexpired risk on 31.3.2023	20,00,000
Premium less reinsurance	45,00,000
Commission less reinsurance	3,00,000
Claims outstanding on 01.4.2023	50,000
Management expenses	9,05,000
Share capital (Share of ₹ 10 each)	50,00,000
General Reserve	21,00,000
Cash in hand	30,60,000
Investments	55,00,000
Sundry creditors	5,00,000
Agent Balances (Dr.)	7,60,000
Buildings	12,80,000
Deposit with RBI	12,70,000
P and L Appropriation A/c on 1.4.2023	8,00,000
Interest, Dividends and Rent (Fire)	6,25,000

Prepare Revenue A/c, Profit and Loss A/c and Balance Sheet after taking into consideration the followings.

- a) Claims outstanding on 31.03.2024 were ₹ 1,00,000.
- b) Provision for taxation is to be made at 35%.



10. From the following information and details relating to the year ended 31st March, 2024 and bearing in mind the provisions of the Electricity (supply) Act, 1948, calculate Capital Base and Reasonable Return.

Net profit before charging debenture interest	₹ 35,00,100
Fixed Assets	₹ 4,20,00,000
Depreciation written off	₹ 98,00,000
Loan from Electricity Board	₹ 1,20,00,000
6% investments of the Reserve Fund	₹ 90,00,000
6% investments of the Contingencies Reserve	₹ 76,00,000
Tariffs and Dividend Control Reserve	₹ 8,40,000
Security Deposits of Customers	₹ 4,84,000
Customers contribution to main lines	₹ 3,20,000
Preliminary Expenses	₹ 1,40,000
Avg. of Current Assets-Excluding customers balances of ₹ 6,20,000	₹ 23,70,000
Development Reserves	₹ 4,40,000
10% Debenture Interest paid in the year	₹ 7,50,000

The RBI rate on the relevant date was 8%.

11. **Case Study (Compulsory) :**

Ms. Sanjana arrives in Mumbai and checks into a room in a five-star hotel at 4 p.m. on 1st June 2023 at ₹ 5,000 per day plus 10% for service charges on European plan. Check out time in the hotel is 12 noon. Calculate the amount payable by Ms. Sanjana in each of the following circumstances.

- If Ms. Sanjana checks out at 10 p.m. on the same day.
- If Ms. Sanjana checks out at 9 a.m. on 2nd June, 2023.
- If Ms. Sanjana checks out at 6 p.m. on 2nd June, 2023.
- If Ms. Sanjana checks out at 4 p.m. on 3rd June, 2023.

Show also the amount payable by Ms. Sanjana if the charges were leviable at ₹ 5,000 for a stay of every 24 hours or part thereof plus service charges at 10%.