

C. U. SHAH UNIVERSITY
WADHWANCITY

Summer Examination 2015

Subject Name:- Accounting & Finance - IV

Subject Code :- 4C004AFII

Date : 2/6/2015

Course Name :- B.Com (English)

Marks : 70

Semester :- IV

Time : 10:30 to 1:30

SECTION – I

- Q-(1) (1) Name two types of insurance. 2
(2) No-Claim bonus. 2
(3) Arbitrary assessment of goodwill. 2
(4) In hire purchase system on which price depreciation is calculated? 1

- Q-(2) (1) In the revenue account of fire insurance of fire co - a profit of Rs. 50,000 is shown without considering following items :- 7

1.	Registered claims which are not accepted	65,500
2.	Interest not recd on investment	19,500
3.	Premium not recd	18,000
4.	Claims covered with re-insurance	27,000
5.	No-Claim bonus	10,000
6.	Keep unexpired risk reserve at 50% of premium recd.	
	Find out profit after considering above adjustments.	

- (2) Write note in details for “Re Insurance” 7

OR

- Q-(2) (1) Give difference of life insurance and general insurance. 7

- (2) Write note on “Fair value of shares” 7

- Q-(3) Shri Deshi purchased a machine on 1-4-11 from Shri Videshi by hire purchase system. The Conditions for payment were as follows :- 14

Date	Rs
On 01-4-2011	10,000
On 31-3-2012	9,000
On 31-3-2013	8,000
On 31-3-2014	7,000
On 31-3-2015	6,000

- (1) Rate of interest is 20% p.a.
(2) Depreciation at 10% as per reducing balance method should be provided.
Prepare necessary Accounts in the books of Shree Doshi.

OR

- Q-(3) (1) Explain the importance of valuation of shares. 7
(2) Explain the factors affecting goodwill in brief. 7

SECTION – II

- Q-(4) (1) Explain “Maximum level” and “Minimum level” – of goods. 2
(2) Explain the expected rate of return. 2
(3) Explain “Right Shares” in brief. 2
(4) Write the equation for intrinsic value of shares. 1
- Q-(5) (1) Describe the advantages of Cash Budget. 7
(2) Write about the factors determining Cash flow. 7

OR

Q-5 (1) Explain the scope and importance of receivable management. 7

(2) Explain the determinants of amount of receivables. 7

Q-(6) (1) Write note in details about “Economic Ordering Quantity” 7

(2) Write about “ABC classification of Inventory” 7

OR

Q-(6) (1) The Balance Sheet of A company is as follows :- 14

<u>Liabilities</u>		<u>Assets</u>	
Equity share capital	2,00,000	Fixed Assets	2,50,000
(Each of Rs. 100 fully paid)		Current Assets	1,00,000
8% Pref share capital	1,00,000		
Creditors	25,000		
Bills Payable	25,000		
	3,50,000		3,50,000

The market value of fixed assets is 10% more while the market value of current assets is 5% less

The average profit for last 5 years is Rs.42,000. The expected rate of return is 10%.

The value of goodwill is to be calculated 3 times of “Super Profit”.
