

C.U.SHAH UNIVERSITY

Summer Examination-2017

Subject Name : Accounting & Finance-II

Subject Code : 4CO02AFI3

Branch: B.Com (English)

Semester : 2

Date : 20/05/2017

Time : 02:00 To 05:00

Marks : 70

Instructions:

- (1) Use of Programmable calculator & any other electronic instrument is prohibited.
- (2) Instructions written on main answer book are strictly to be obeyed.
- (3) Draw neat diagrams and figures (if necessary) at right places.
- (4) Assume suitable data if needed.

- Q-1 Attempt the following questions: (14)**
- a) In case of farming ----- is the most important fixed assets. 1
 (a) land (b) cattle (c) fertilizers (d) growing crops
 - b) Government subsidy is shown on credit side of Farm Accounts as an----- 1
 (a) income (b) sales (c) liability (d) assets
 - c) What is cattle for farmer? 1
 (a) income (b) assets (c) expenses (d) liability
 - d) Which amount payable to landlord? 1
 (a) royalty (b) minimum rent
 (c) royalty or minimum rent whichever is more
 (d) royalty or minimum rent whichever is less
 - e) Short working loss means----- 1
 (a) royalty – minimum rent (b) minimum rent – royalty
 (c) excess of royalty over minimum rent (d) none
 - f) If royalty is less than minimum rent which amount is paid? 1
 (a) royalty (b) minimum rent (c) short working (d) none
 - g) On which amount Address Commission is calculated? 1
 (a) Freight (b)primage(c)freight + primage(d)freight + primage + passage money
 - h) What is primage for ship company? 1
 (a) loss (b) profit (c) income (d) none
 - i) Voyage account is just like----- 1
 (a) trading account (b) trial balance (c) P & L A/c (d) None
 - j) Cash price of assets + interest = ----- price. 1
 (a) contract (b) market (c)after depreciation (d) purchase
 - k) Which of the following is not included in the instalment system? 1
 (a) interest rate (b) instalment amount
 (c) method of depreciation (d) number of instalment
 - l) In case of instalment system the depreciation is calculate on----- 1



- (a) hire purchase price (b) contract price (c) cash price (d) none
- m) What is cumulative preference shares? 1
- n) State the name of debentures on the basis of convertibility. 1

Attempt any four questions from Q-2 to Q-8

Q-2 Attempt all questions (14)

- a. Shree XYZ has a farm. He takes summer crops of millet. From the following particulars, prepare Shree XYX's Farm Account. **10**

Opening stock:		Cultivation expenses	1260
Fertilizers	450	Pesticide expenses	2400
Seeds	820	Wages	4000
Purchase:		Land revenue	450
Fertilizers	620	Cattle expenses	1500
Seeds	2480	Sales of grass	6000
Sale of milk	4000	Irrigation expenses	3500
Sale of millet	16,000		

Additional Information:

- (1) Closing Stock : Fertilizers Rs. 450 and seeds Rs. 500
- (2) He has given millet, costing Rs 200 to Labourers in lieu of wages which is not recorded in the books of accounts.
- (3) Grass Rs. 150 has been used for feeding his cattle, which is not recorded.
- b. Explain the advantages of Farm Accounting. **04**

Q-3 (14)

The owner of a mine gave on lease a coal main for 20 years from 1-1-2016 on following terms:

- Royalty at Rs. 2 per ton
- Minimum rent Rs. 25,000 p.a.
- The short working to be recouped during the next two years after the year in which it occurred.

The figures of production for four years are as follows.

Year	production(in tons)
2013	10,000
2014	13,000
2015	14,000
2016	15,000

From the above particulars, prepare a table showing royalty, short working and amount payable to landlord. And prepare royalty account, landlord account and short working account.



- Q-4** **Attempt all questions** **(14)**
- a. ABC commenced voyage on 1-10-2016 from Karachi to Rangoon and back. It returned to Karachi on 31-11-2016. The freight earned from Inward journey Rs. 50,000 outward journey it was Rs. 35,000. Over and above this, it earned Rs. 5000 as passage money each time both ways.
During voyage the following expenses were incurred:
Port charges Rs.2500, Coal Rs. 16,000, Stores Rs. 8400, wages Rs. 24,000, Sundry expenses Rs. 5800, Depreciation (yearly) Rs. 48,000
Address commission is 5% on outward freight and 4% on inward freight. The ship was insured for a year and the yearly premium was Rs. 12,000. The manager is entitled to a commission of 5% on profit. Prepare voyage account. **7**
- b. State the objectives of preparing voyage account. **7**
- Q-5** **(14)**
- On 1st January,2013 ‘A’ purchased a machine from ‘B’ on instalment purchase system. The cash price of the machine is Rs. 16,000, which is payable in four annual instalments at 5% interest as follows:
- | | |
|---------------|-----------|
| On 31-12-2013 | Rs.4,800 |
| On 31-3-2014 | Rs. 4,600 |
| On 31-3-2015 | Rs. 4,400 |
| On 31-3-2016 | Rs. 4,200 |
- A charged depreciation at 10% p.a. on the original cost of the machine. Give the journal entries in the books of ‘A’.
- Q-6** **Attempt all questions** **(14)**
- a. Explain the difference between Hire- purchase and Instalment system. **7**
- b. Write a note on short workings. **7**
- Q-7** **Attempt all questions** **(14)**
- a. What is royalty agreement? State its terms. **7**
- b. Write a note on minimum rent. **7**
- Q-8** **Attempt all questions** **(14)**
- a. State the characteristics of an ideal Capital structure. **7**
- b. State the factors affecting to Capital structure. **7**

