

C.U.SHAH UNIVERSITY

Summer Examination-2018

Subject Name : Accounting & Finance-II

Subject Code : 4CO02AFI3

Branch: B.Com. (English)

Semester : 2

Date : 11/05/2018

Time : 10:30 To 01:30

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 agriculture accounts , usually a Account is prepared for each corp. (1)
 (A)cash (B)Income- Tax
 (C)Farm (D)separate
- b)** How the amount of subsidy is recorded in farm a/c? (1)
 (A)debit side of farm a/c
 (B)credit side of farm a/c as an income
 (C)deduct from loan on debit side of farm a/c
 (D)credit side of farm a/c by adding into loan a/c
- c)** Show the effect in farm a/c , when grain given as a donation. (1)
 (A)both sides of farm a/c (B)debit side of farm a/c
 (C)credit sides of farm a/c (D)assets side of a/c
- 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)** If royalty is less than minimum rent, which amount is paid? (1)
 (A)royalty (B)minimum rent
 (C)short working (D)none of the above
- f)** Combition anisting of owners' funds and long term borrowed funds indicates... (1)
 (A)cost of capital (B)capital structure
 (C)debt-equity composition (D)capitalisation
- g)** How many types of capital structure are there? (1)
 (A) 2 (B) 3
 (C) 4 (D) 5
- h)** This is not characteristics of an ideal capital structure ? (1)
 (A)simplicity (B)certainty of income



- (C)liquidity (D)balanced
- i) Which securities are considered to be risk free securities? (1)
 (A)equity shares (B)preference shares
 (C)defferred shares (D)government securities
- j) What is Total freight income? (1)
 (A)freight +premium (B)freight +passage money
 (C)freight +primage (D)freight +mail money
- k) Voyage account is just like..... (1)
 (A)trading a/c (B) trading a/c and profit & loss a/c
 (C)profit & loss a/c (D)common profit & loss a/c
- l) For steamship company address commission is.... (1)
 (A)expense (B) income
 (C)profit (D)loss
- m) Cash price of asset +Interest =..... price (1)
 (A)contract (B)market
 (C)after depreciation (D)purchase
- n) Total amount payable less its cash price is equal to (1)
 (A)depreciation (B)interest
 (C)market price (D)purchase price

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

- Q-2 Attempt all questions (14)**
- (A) What is capital structure? Discuss the characteristics of an ideal capital structure. (7)
- (B) Explain the meaning of capital structure. Explain it's importance. (7)

- Q-3 Attempt all questions (14)**
- (A) 'A' carries on farming to grow wheat. From the following particulars , you are required to prepare his Farm Account for the year ending on 31-3-2016. (14)

Irrigation expenses	2,000	Sale of corp	70,000
Opening stock:		Wages	15,400
Seeds	300	Insurance Premium:	
Fertilizers	1,400	For corp	250
Cattle	8,400	For cattle	180
Tools	20,000	Electric charges	500
Growing Corps	6,000	Repairs	900
Purchases:		Land Revenue	1,200
Seeds	2,800	Hire charges of	
Fertilizers	11,500	tractor	4,400
Cattle	4,000	Govt.subsidy	2,200
Tools	3,200	Expenses on fencing	1,600
Sale of Grass	12,000	Interest on loan	1,950
Grass for cattle	1,320	10% loan from co-op.	
Purchases of Insecticide	800	society (1-4-2016)	24,000
		Wheat kept for	
		personal use	2,000

(1)Closing stock was as under : seeds Rs.200; Fertilisers rs.2,000; Cattle Rs.9,000; Insecticides rs. 150; Tools Rs.18,200; Wheat Rs.3,500.



- (2) Fencing expenses are to be written off during four years.
 (3) out of crops, wheat of rs.400 is to be retained for sowing seeds during next year.

Q-4 **Attempt all questions** **(14)**

(A) State the impact of following in Farm Accounts: **(4)**

- (1) Rajko for feeding animals Rs. 4,000
 (2) Wheat given to labourers in lieu of their wages Rs. 6,000
 (3) Sale of milk Rs.1,000
 (4) Grains kept for personal use Rs.3,000
 (5) He has given grains costing Rs.1,100 to drought relief fund.

(B) Prepare Voyage Account of the N.N. Khan from the following information: **(10)**

Commenced loading of cargo from the Kolkata port on 1-5-2012.

Freight for coal earned to Karachi	1,23,006
Passenger fare for outward journey	4,082
Expenses:	
Kolkata 11,424	
Karachi 38,220	
Chitagong 34,710	
Cochin 16,510	1,00,854
Wages	42,302
Coal	76,583
Insurance of steamer for one year	1,12,320
Insurance of freight etc. during voyage	21,541
Freight for inward journey	2,40,747
Passenger fare for inward journey	6,032
Mail money received	533

Manager is to be given 2% commission on total income and 5% on net profit after calculating such commission. 25% of the net profit after giving commission to manager is to be transferred to Reserve Account.

Q-5 **Attempt all questions** **(14)**

(A) A Colliery Ltd. Took on lease a colliery in consideration of the payment of royalty of Rs. 1.50 per ton merging into the Minimum Rent of Rs.15,000 p.a. The right of recoupment extends for 2 years subsequent to the year in which short-working arises. **(10)**

One of the terms of the lease provided that in the event of the stoppage of work resultant upon strike, the amount of Minimum rent is to be reduced proportionately having regard to the length of the stoppage.

Production was raised as follows:

2003	2,000 Tons	2004	5,000 Tons
2005	14,000 Tons	2006	10,000 Tons

The work was stopped owing to strike for 4 months during the year 2004.

Give entries in the books of A Colliery Ltd.

(B) Minimum Rent is Rs. 2,00,000 at the end of the fifth year. The minimum rent is more by Rs. 15,000 during each year its previous year. Hence what will be minimum rent at the end of the second year? **(4)**

Q-6 **(A)** The following particulars are related to the ship. Prepare Voyage Account **(10)**



period of voyage from 18-1-15 to 31-3-15.

Opening stock of coal	44,000
Purchase of coal	36,000
Wages	15,000
Administrative expenses (annual)	7,300
Freight insurance	4,200
Port charges	6,300
Sundry expenses	1,740
Captain's expenses	2,200
Brokerage at 2% on freight	3,600

Additional information :

- (1) The ratio of freight was 2:1 for outward and inward journey.
- (2) passage money was received at 10% on total freight.
- (3) Address commission is to be charged at 5% on outward freight and 4% on inward freight .
- (4) The cost of ship is Rs. 10,00,000 and depreciation is calculated at 10% p.a.
- (5) The stock of coal was Rs. 10,000 on 31-3-2015.
- (6) The manager is to be given 10% commission on the net profit after charging such commission.

(B) The following information relates to a ship. **(4)**

- (1) The ratio of outward voyage freight and inward voyage freight is 5:4.
- (2) Primage is 10% of freight.
- (3) Outward voyage freight is Rs. 1,50,000.
- (4) The rate of brokerage is 5%.

From the above particulars , calculate the brokerage and the primage.

Q-7

Attempt all questions **(14)**

(A) 'A' purchased a machine from 'B' on 1-4-2008. Details were as follows: **(10)**

- (1) The cash price of the machine was Rs. 22,000. Rs. 7,000 was paid on the date of purchase.
- (2) The instalments were paid as under:
 - (I) On 31-3-2009 Rs. 6,500
 - (II) On 31-3-2010 Rs. 6,000
 - (III) On 31-3-2011 Rs. 5,500
- (3) 'B' charged interest at 10% p.a. on the outstanding balance of cash price.
- (4) 'A' provided depreciation on machine at 10% p.a. on Diminishing Balance Method.

Pass necessary journal entries in the books of 'B' for each year is assuming that machine is purchased on instalments system.

(B) 'R' Ltd. Has purchased one Machine from 'A' Ltd. On 1-4-2014 on **(4)**

instalment system paying cash Rs. 20,000 and agreed to pay further three instalments of Rs. 23,400 ,Rs. 21,600 and Rs. 19,800 respectively on 31st march, every year. Compute the cash price with necessary calculations.

Q-8

Attempt all questions **(14)**

(A) Discuss the factors affecting capital structure. **(14)**

