

# C.U.SHAH UNIVERSITY

## Winter Examination-2018

**Subject Name: Accounting & Finance - I**

**Subject Code: 4CO01AFI2**

**Branch: B.Com (English)**

**Semester: 1**

**Date: 13/12/2018**

**Time: 02:30 To 05:30**

**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) As per the Accountancy, term solicitor, Advocate, Doctor, C.A etc are ..... 1  
 (A) Professional persons (B) Business Firms  
 (C) Company's (D) Citizens
  - b) Normally, which accounting system is used by solicitor, Advocate, Doctor, C.A etc? 1  
 (A) Cash system (B) Single entry system  
 (C) Double entry system (D) Bank system
  - c) Under Hire purchase system the amount of interest is charged to .....account. 1  
 (A) Assets (B) Purchaser (C) Profit & loss (D) Seller
  - d) At the end of the year, the interest paid and depreciation charged are transferred to the .....accounts. 1  
 (A) Assets (B) Profit & loss (C) Purchaser (D) Seller
  - e) Under the Hire purchase system, goods are delivered to the hirer when..... 1  
 (A) First Installment is paid (B) Agreement is signed  
 (C) Last Installment is paid (D) None of the above
  - f) In case of Hire purchase, interest is included in ..... 1  
 (A) Down payment (B) Hire purchase price (C) Cash price (D) None of these
  - g) An amount realized by selling scrap material is credited to the following account. 1  
 (A) Capital account (B) Revenue account  
 (C) Cash account (D) Replacement account
  - h) Expenditure incurred to increase asset's efficiency permanently is called..... 1  
 (A) Deferred revenue expenditure (B) Revenue expenditure  
 (C) Replacement expenditure (D) Capital expenditure
  - i) Use of scrap from an asset under replacement in new construction is treated as... 1  
 (A) Revenue Income (B) Capital Income  
 (C) Alternative Income (D) Casual Income
  - j) In which method stock consists of first purchase? 1  
 (A) LIFO Method (B) FIFO Method  
 (C) Weighted Average Method (D) Standard price Method



- k) In which method goods remain in the stock of last purchase? 1  
 (A) FIFO Method (B) Standard price Method  
 (C) Weighted Average Method (D) LIFO Method
- l) Share is part of .....Company. 1  
 (A) Reserve (B) Capital (C) Assets (D) Expenses
- m) Debenture is ..... 1  
 (A) Security (B) Owner's Capital (C) Reserve (D) None of above
- n) Which type of securities to be issued for getting long term capital? 1  
 (A) equity share (B) preference share  
 (C) Debenture (D) Convertible preference share  
 (E) All of above

**Q-2 Attempt all questions (14)**

**A** Describe difference between Preference share and Ordinary share 7

**B** Write a note on Book building 7

**Q-3 Attempt all questions (14)**

**A** The following is a summary of receipts and issues of Material 'K' in a factory 7

during March, 2016 :

Receipts

1-3-2016 800 units at Rs 6 per unit

10-3-2016 900 units at Rs 8 per unit

20-3-2016 600 units at Rs 7 per unit

Issues :

8-3-2016 600 units

15-3-2016 800 units

25-3-2016 500 units

Prepare Stock Register as per FIFO Method.

**B** Explain difference between FIFO Method and LIFO Method. 7

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

**A** Solicitor Ram's Trial balance as on 31-3-2014 is as follows. Prepare his final 7

Accounts:

Debit Balance	Rs.	Credit Balance	Rs.
Library-books	45,000	Capital	50,000
Office equipment	30,000	Reserve for outstanding	
Office Building	75,000	fees (1-4-2013)	16,000
Office expenses	25,000	Bills of fees	1,96,000
Salaries & allowances	30,000	Apprentice premium	
Bank Balance :		(from 1-4-2013 for two	
Office	20,000	years)	10,000
Client	10,000	Outstanding salary	6,000
Cash on hand	3000		
Debtors for fees	25,000		
Client's sundry expenses	15,000		
	2,78,000		2,78,000

Additional Information :

- (1) Rs. 6,000 fees received in advance from clients is included in bill of fees.
- (2) Office expense of Rs. 1,000 is included in sundry expenses for clients.
- (3) Interest is to be counted at 20% on capital.
- (4) Depreciation at 10% Office building, Office equipment and Library books.



- B** Define methods of keeping Accounts. 7
- Q-5** **Attempt all questions** (14)
- A** Raj purchased a machine from jay on 1-4-2008. Details were as follows : 14
- (1) The cash price of the machine was Rs. 44,000
  - (2) Rs. 14000 was paid on the date of purchase.
  - (3) The instalments were paid a under :
 

1 <sup>st</sup> instalment on 31-3-2009	13,000
2 <sup>nd</sup> instalment on 31-2-2010	12,000
3 <sup>rd</sup> and final instalment on 31-3-2011	11,000
  - (4) Jay charged interest at 10% p.a. on the outstanding balance of cash price.
  - (5) Raj provided depreciation on machine at 10% p.a. on Diminishing Balance Method.

From the above mentioned information pass necessary journal entries in the books of Raj and also prepare Machinery Account and Interest Account.

- Q-6** **Attempt all questions** (14)
- A** It was decided to re-built bridge at a cost of Rs 80,00,000. The original cost of was 50,00,000 and it is estimated that the bridge would cost Rs. 60,00,000 to replace as it stands. In addition materials to the value of Rs. 6,00,000 were taken up from the original bridge and Rs. 4,00,000 were realized from the sale of scrap. 7

Pass necessary journal entries for the above and show the amounts to be charged to capital and Revenue.

- B** Explain Loan Syndication 7
- Q-7** **Attempt all questions** (14)
- A** Write a note on Bridge Finance 7
- B** Mansi purchased a machine on 1<sup>st</sup> April 2007 from kamal on Hire purchase system. Terms of payment were as under: 7

	Rs
On 1-4-2007	10,000
On 31-3-2008	9,000
On 31-3-2009	8,000
On 31-3-2010	7,000
On 31-3-2011	6,000

Interest is charged at 20% p.a. on opening balance of each year.  
Depreciation is charged at 10% p.a. on reducing balance method.

Make entries in the books of Mansi for first two years.

- Q-8** **Attempt all questions** (14)
- A** Describe characteristics of 'Debenture' 7
- B** Explain Weighted Average Method. 7

