

C.U.SHAH UNIVERSITY

Summer Examination-2019

Subject Name: Accounting & Finance-III

Subject Code: 4CO03AFI2

Branch: B.Com (English)

Semester: 3

Date: 27/03/2019

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)** Salesmen's Commission is divided in profit prior to incorporation according to 1
 (a) Time ratio (b) Sales ratio (c) prior incorporation (d) after incorporation
- b)** On which basis audit fees can be distributed? 1
 (a) Sales ratio (b) post incorporation (c) pre incorporation (d) time ratio
- c)** Profit of pre incorporation period is called- 1
 (a) Capital income (b) Revenue income
 (c) Capital profit (d) Revenue profit
- d)** From the viewpoint of manufacturing process, means that part of capital which is required to keep the flow of production smooth and continuous. 1
 (a) Current Assets (b) Working Capital
 (c) Fixed Capital (d) Floating Capital
- e)** Some business enterprises require additional working capital during a particular season, it is called..... Working Capital. 1
 (a) Regular (b) variable (c) Seasonal (d) Special
- f)** Which source for company is known as fair weather friend..... 1
 (a) Commercial Bank (b) public Deposit
 (c) Co-operative Bank (d) ploughing back of profit
- g)** What is the capitalized value of average profit on the basis of expected rate of return? 1
 (a) super profit (b) Goodwill
 (c) weighted average profit (d) Capitalized of profit
- h)** When profit of few years are increasing then which profit is taken into account for calculating goodwill? 1
 (a) Simple average profit (b) Weighted average profit
 (c) Capitalized profit (d) Super profit
- i)** On the basis of net assets,..... Price of share is decided. 1
 (a) Market (b) Face (c) Fair (d) Intrinsic
- j)** The assets should be valued at their Value. 1
 (a) Book (b) Original (c) Realizable (d) Cost
- k)** If the fair value of an equity share for a company is Rs.150 and its market value is Rs.140 then the intrinsic value of share is..... 1



- (a) Rs.145 (b) Rs.160 (c) Rs.220 (d) Rs.215
- l) Which of the following Variable Cost 1
 (a) Petrol (b) Insurance (c) Stationary (d) Rent
- m) Unit Costing of Hospital 1
 (a) Man Show (b) Room Day (c) Bed Day (d) None of above
- n) Which of the following is relevant to operating costing..... 1
 (a) Electricity (b) Railway (c) Car repairing (d) None of above

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

Q-2 Attempt all questions. (14)
 The balance sheet of Ranveer Ltd. was as follows: **14**

Balance Sheet as on 31-3-2010

Liabilities	Rs.	Assets	Rs.
Equity share capital (each share of Rs.10)	1,80,000	Goodwill	10,000
Reserve and Surplus	20,000	Plant	1,20,000
Creditors	50,000	Furniture	5,000
Bills payable	20,000	Stock	80,000
Expenses outstanding	5,000	Debtors	40,000
		Prepaid expenses	3,000
		Cash and Bank	17,000
	2,75,000		2,75,000

Additional information:

- The assets were valued as follows:
 Plants Rs.1,10,000, Stock Rs. 87,000 Furniture, Rs. 6,000,
 Debtors Rs.36,000.
- The profit after tax for the last three years and appropriate weights to be used are as under:

Year	Profits(Rs.)	Weight
31-3-2008	30,000	1
31-3-2009	33,000	2
31-3-2010	31,000	3

The reasonable return on capital invested in such type of business is 10%.
 Ascertain the amount of Goodwill on the basis of three years' purchase of super profit of weighted average.

Q.3 Attempt all questions

(a) Using Information from above Q. 2 find Fair Value of equity share. 7
 (b) What is Goodwill? Discuss factor affecting to Goodwill. 7

Q.4 Attempt all questions

The Dipu Co.Ltd's statement showing Profit/Loss prior to and post-incorporation as on 31-3-2012: **14**

Particulars	Basis for Allocation	Pre-Incorp.		Exp.Rs.	Icome Rs.
		Exp.Rs.	IncomeRs.		
Gross profit	Equal	-	1,50,000	-	1,50,000
Int.on Investment	Equal	-	10,000	-	10,000
Share transfer fees	Pre.inc.	-	5,000	-	-
Director's fees	Time 1:3	2,000	-	6,000	-



Post & telegram	Time 1:3	1,500	-	4,500	-
Discount and Rebate	Time 1:3	5,00	-	1,500	-
Ins.Premium	Equal	5,000	-	5,000	-
Rent & Rates	Sales 3:5	6,000	-	10,000	-
Commission on sales	Sales 3:5	4,500	-	7,500	-
Bad debts	Time 1:3	1,000	-	3,000	-
Printing & stationery	Equal	7,000	-	7,000	-
Carriage outward	Time 1:3	2,000	-	6,000	-
Salesman Salaries	Sales 3:5	15,000	-	25,000	-
Int. of Debentures	Time 1:3	5,000	-	15,000	-

Prepare correct answer from the wrong solution given above.

- Q-5 Attempt all questions (14)**
- (a) Discuss the Characteristics of Working Capital. 7
- (b) Give the Format of Operating Costing. 7
- Q-6 Attempt all questions (14)**
- (a) Write a note on Intrinsic value. 7
- (b) Discuss the following topics for calculation of profit prior and after incorporation. 1. Bed debt 2. Bed debt reserve 3. Interest on purchase price 4. Audit fee 7
- Q-7 Attempt all questions (14)**
- (a) State the characteristics of Operating Costing. 7
- (b) Use the following information and find the Cost Per Passenger Kilometer. 7

Particular	Rs.
Bus Value	20,00,000
Expected life – 2,00,000 km	
Scrap Value	4,00,000
Drivers salary (Monthly)	10,000
Cleaner's Salary (Monthly)	8,000
Repairing (Monthly)	4,000
Office Expenses (Monthly)	2,000
Rent (Monthly)	2,000
Stationery exp. (Monthly)	4,000
Per liter diesel cost	80
Diesel used - 8km per liter	
Oil and other expenses 10% of Diesel expenses.	
Total Kilometer per month 40,000 Km.	
Capacity of Bus 80 Passenger	
Use of Bus Capacity -80%	

- Q-8 Attempt all questions (14)**
- (a) Discuss factors of Governing the amount of Trade Credit. 7
- (b) Explain the need to Hold Inventory. 7

