

# C.U.SHAH UNIVERSITY

## Summer Examination-2019

**Subject Name : Accounting and Finance-VI**

**Subject Code : 4CO06AFI2**

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

**Semester : 6**

**Date : 08/05/2019**

**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)** The Revenue Account of Electricity Company is like-                      1
- (A) Profit & Loss Account                      (C) Receipt & Payment A/c
- (B) Income & Expenditure A/c                      (D) Capital Account
- b)** Accounts of Electricity Co. establishment expense is written                      1
- in.....A/c
- (A) Revenue A/c                      (C) Balance sheet
- (B) Net Revenue A/c                      (D) Capital A/c
- c)** The Net Revenue Account of Electricity Company is like-                      1
- (A) Profit & Loss Appropriation A/c
- (B) Profit & Loss A/c
- (C) Income & Expenditure A/c
- (D) Receipt & Payment A/c
- d)** “ Accounting standard- 20” is for.....                      1
- (A) Share capital                      (C) Share Buy back
- (B) Share valuation                      (D) Share Earning
- e)** Profit before tax is Rs. 1,00,000 and paid up capital is Rs. 4,00,000 of                      1
- 100 each fully paid up. Basic EPS is-
- (A) Rs.24      (B) Rs 25      (C) Rs. 12.5      (D) Rs 2.50
- f)** When company issues bonus shares, then its share price immediately                      1
- (A) Increases      (B) Decreases      (C) as no effect      (D) Double
- g)** Minimum time period for two bonus issues must be.....                      1
- (A) 12 months      (B) 24 months      (C) 36 months      (D) 18 months
- h)** Company can issue bonus shares out of source of:                      1
- (A) Capital                      (C) Capital Reserve
- (B) Reserve Capital                      (D) None of above
- i)** According AS-20 types of EPS are (1) Basic and.....                      1
- (A) Diluted EPS                      (C) Average EPS
- (B) Weighted EPS                      (D) None of Above
- j)** In Branch A/c, only transactions between branch and office are recorded                      1
- (A) True      (B) False      (C) Can't say      (D) None of the above



- k) Remittance-in-transit is recorded only in the books of branch— 1  
 (A) True (B) False (C) Can't say (D) None of the above
- l) Write the full form of EBIT 1
- m) Write the formula of EPS 1
- n) Write any one capital expense 1

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

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

- (A) Give journal entries for the following: 7

(1) The paid up capital of the company is Rs.5,00,000 dividend into shares of Rs.100 each. They decided to sub-divide the same into Equity Shares and 10% Preference Shares of Rs. 10 each in the ratio 3:2

(2) A company decided to issue equity stock in the following manner in exchange of 5,000 equity shares of Rs.100 each fully paid.

(a) At the rate of Rs. 105 for each share (b) At the rate of Rs. 95 for each

- (B) The issued share capital of Bansidhar Ltd. Consists of 50,000 Equity 7

shares of Rs. 10 each. On 31-03-2017, it had Rs. 4,00,000 to the credit to General Reserve and Rs. 1,50,000 to the credit of Profit and Loss A/c. The company decided to issue bonus shares at the rate of one share for every two shares held and decided to utilize the General Reserve up to Rs.2,00,000 and the balance out of Profit and Loss A/c.

Give necessary journal entries in the books of the company.

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

- (A) Write short note Earning Per Share 7

- (B) Explain procedure for issuing bonus shares 7

**Q-4**

The trial balance of Radha Electric supply co. on 31<sup>st</sup> March, 2018 was as follows: 14

| Particulars                         | Dr. Rs.  | Cr. Rs.  |
|-------------------------------------|----------|----------|
| Equity Shares                       | -        | 5,00,000 |
| 10% Debentures                      | -        | 2,00,000 |
| Furniture                           | 50,000   | -        |
| Land and Buildings                  | 1,50,000 | -        |
| Mains                               | 3,00,000 | -        |
| Machinery                           | 5,00,000 | -        |
| Creditors and Debtors               | 50,000   | 30,000   |
| Share premium                       | -        | 50,000   |
| Contingency Reserve                 | -        | 1,00,000 |
| Depreciation fund                   | -        | 90,000   |
| Stores on hand                      | 35,000   | -        |
| Cash and Bank                       | 80,000   | -        |
| Cost of Generation of Electricity   | 30,000   | -        |
| Cost of Distribution of Electricity | 5,000    | -        |



|                                |           |           |
|--------------------------------|-----------|-----------|
| Investments                    | 1,35,000  | -         |
| Interest on debentures         | 10,000    | -         |
| Interim dividend               | 40,000    | -         |
| Sales of current               | -         | 2,00,000  |
| Meter rent                     | -         | 20,000    |
| Rent, rates and taxes          | 10,000    | -         |
| Establishment expenses         | 15,000    | -         |
| Interest on Investment         | -         | 10,000    |
| Net Revenue Account (1-4-2017) | -         | 2,10,000  |
|                                | 14,10,000 | 14,10,000 |

**Additional Information:**

- 1) Additions during the year are as under:  
Land & building Rs. 50,000, Furniture Rs. 10,000, Mains Rs. 40,000, Machinery Rs. 70,000
- 2) Depreciation is to be charged on opening balance as under:  
Land & building 2%, Furniture & Mains 5%, Machinery 10%.
- 3) Transfer Rs. 60,000 to Contingency Reserve  
Prepare Capital Account, Revenue Account, Net Revenue A/c and General balance sheet.

**Q-5**

Messrs Paras Electricals has a Branch at Rajkot. Head office sends goods to Branch at cost price. Branch sells the goods on cash and on credit. The head office meets all the expenses except petty expenses of branch and collects cash from the branch daily.

**14**

|   | Rs           |
|---|--------------|
| Stock (1-4-2017)                                  | 15,000       |
| Stock (31-3-2018)                                 | 20,000       |
| Debtors (31-3-2018)                               | 30,000       |
| Furniture (31-3-2018)                             | 13,500       |
| Petty cash (31-3-2018)                            | 500          |
| Goods sent to branch                              | 1,20,000     |
| Petty cash sent to branch                         | 2,000        |
| Case sales (40% of Total sales)                   | 81,600       |
| Petty expenses by branch                          | 2,500        |
| Cash received from debtors                        | 1,12,400     |
| Goods returned by debtors                         | 4,000        |
| Goods returned by branch                          | 5,000        |
| Discount allowed to debtors                       | 2,000        |
| Bad debts written off                             | 4,000        |
| <b>Expenses paid by H.O. on behalf of Branch:</b> |              |
| Salaries and wages                                | 15,000       |
| Rent and Rates                                    | 10,000       |
| Other expenses                                    | <u>5,000</u> |
|   | 30,000       |

Furniture to be depreciated by 10%

**Q-6**

**Attempt all questions**

**(14)**

- (A) Explain types of branches **7**
- (B) Write difference between single account and double account system **7**

**Q-7**

**Attempt all questions**

**(14)**

- (A) Write short note: Bonus shares **7**
- (B) State advantages and disadvantages of double entry system **7**



**Q-8**

**Attempt all questions**

**(14)**

- (A)**
- 1) Accounting year 1-4-2017 to 31-3-2018.
  - 2) Weighted average no. of shares 8,00,000.
  - 3) Net profit for the year 2017-2018 is Rs. 16,00,000.
  - 4) Fair average price Rs. 25 per share during 2017-2018.
  - 5) During 2017-2018 share warrant having right to receive 2,00,000 equity share at Rs.15 per share.
- From the above information find out Basic EPS and Diluted EPS.
- (B)** Star co, had 1,00,000 shares on April 1st 2018 and issued 50,000 additional shares on July 1<sup>st</sup>, 2018. Co bought back 30,000 shares on January 1<sup>st</sup> 2019. Earning after tax is Rs. 5,00,000. Find out EPS

**7**

**7**

