

C. U. SHAH UNIVERSITY

Winter Examination-2019

Subject Name: Accounting & Finance - IV

Subject Code: 4CO04AFI2

Branch: B.Com. (English)

Semester: 4

Date: 30/09/2019

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)** In fire business, reserve for unexpired risk is kept at ... Net Premium. 1
 (a) 100% (b) 25% (c) 50% (d) 10%
- b)** Which independent regulatory authority has been formed for insurance company? 1
 (a) IRDA (b) TRAI (c) RBI (d) TRBI
- c)** Is it mandatory to maintain "Additional Reserve" for General Insurance Company? 1
 (a) Yes (b) No (c) both (d) None of these.
- d)** What is capital Deficiency Account? 1
 (a) Receipt-Payment A/c (b) Income – Expenditure A/c
 (c) Statement (d) Information
- e)** According to Provincial Insolvency Act, officer appointed is known as- 1
 (a) Official Assignee (b) Manager (c) Director (d) Receiver
- f)** If any Bill Receivable is on hand in Statement of Affairs, it will be shown under – 1
 (a) List A (b) List C (c) List E (d) List G
- g)** Fire Insurance provides cover for- 1
 (a) Tangible assets (b) Intangible assets (c) Fictitious assets (d) Business
- h)** Stock of goods destroyed by fire – Rs.9,00,000, Stock of goods salvaged Rs. 1,00,000, Value of Insurance – Rs. 8,00,000 There is an average clause in the policy. Then the amount of claim is 1
 (a) 9,00,000 (b) 8,00,000 (c) 7,20,000 (d) 7,00,000
- i)** The Average clause in a loss of profit policy protects the – 1
 (a) Workers (b) Insurer (c) Insured (d) All
- j)** A fire insurance policy is taken out to indemnity – 1
 (a) Capital and Revenue loss (b) Capital Loss (c) Revenue Loss (d) all
- k)** Consequential loss policy indemnifies – 1
 (a) Capital losses (b) Revenue losses (c) Budget losses (d) None of these
- l)** is the most important assets of business. 1
 (a) Cash (b) Stock (c) B.O.D (d) Machinery
- m)** ... is the technique to planned control of the use of cash. 1
 (a) Budget (b) Cash planning



- (c) forecasting (d) Adjusted Earnings Method
n) Which of the following statement is correct? 1
 (a) Cash sale essential (b) Credit Sale essential
 (c) Both sale essential (d) collection policy not essential.

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

- Q-2 Attempt all questions (14)**
 (a) Explain advantages of Cash Budget. 7
 (b) Stat the factors affecting Cash Flow. 7
Q-3 Attempt all questions (14)
 (a) Stat Advantages of Inventory Management. 7
 (b) Give the Specimen of Revenue A/c of Insurance Company. 7
Q-4

Khamma Insurance Co. Ltd. present the following information of Fire and Marine Insurance for year ended on 31-3-2016 **14**

Particulars	Marine Rs.	Fire Rs.
Re insurance premium	16,500	33,000
Claims paid	4,95,000	6,60,000
Commission on Re-insurance ceded	49,500	66,000
Commission on Re-insurance accepted	33,000	49,500
Fire mitigation expenses	-	16,500
Re-insurance recoveries	8,250	13,200
Premium received	13,20,000	14,85,000
Commission on direct business	2,47,500	1,65,000
Interest & dividend	82,500	99,000
Profit on sale of investment	66,000	33,000
Reserve for unexpired risk on 31-3-2015	8,25,000	3,30,000
Liabilities of outstanding claim:		
On 31-3-2015	49,500	66,000
On 31-3-2016	99,000	82,500
Additional reserve on 31-3-2015	82,500	1,65,000

Prepare Revenue Accounts for both the departments.

- Q-5 Attempt all questions (14)**
 (a) Give the Specimen of Statement of Affairs. 7
 (b) Write a note on Preferential creditors. 7
Q-6 Attempt all questions (14)
 (a) A fire occurred of the shop of the Boney on 22-10-2011 destroying the stock. Prepare a statement of claim in respect of loss of stock. 7

Opening Stock, Closing Stock, Purchase and Sales for the year 2010: Rs. 9,000, Rs. 18,000, Rs. 55,000 and Rs. 60,000 respectively.

- (1) On 1-10-2011 goods costing Rs. 1000 were distributed as free sample. On the same day goods costing Rs.500 were taken for personal use and goods costing Rs.627 were given in Morbi Fund. These transactions were not recorded in the books of account.
 (2) The stock salvaged was Rs. 3,200
 (3) The expenses incurred to mitigate loss were Rs. 1,000
 (4) During the period from 1-1-2011 to 20-5-2011 the clerk had misappropriated cash sales of Rs.20 every week. These were not recorded in the book of account



- (5) There was practice in the firm to value stock at cost less 10%.
- Q-7** (b) Give the Specimen of Fire Claim Statement. 7
Attempt all questions (14)
- (a) The business of Amitabh Traders was disorganized for three months due to fire which broke out on 1-5-2011. From the following information, determine the amount claim for loss of profit. 7
- (1) Information for the year ending 31-12-2010. Sales Rs. 5,00,000; Net Loss Rs. 40,000; Total standing charges Rs. 80,000 (of which Rs. 20,000 expenses are not insured)
- (2) Sales for the period between 1-5-2010 to 31-7-2010 was Rs. 1,60,000
- (3) Sales of the indemnity period between 1-5-2011 to 31-7-2011 was Rs. 25,000.
- (4) the annual Turnover for the year ending on 30-4-2011 was 6,00,000.
- (5) Amount of policy Rs. 1,20,000.
- Q-8** (b) Explain the Credit Policy variables. 7
Attempt all questions (14)
14
- Vivek of Mumbai commenced business with initial capital of Rs. 17,100 on 1-01-2014 and business resulted in profit of Rs. 10,000 and Rs. 7,500 for first two years and in loss of Rs. 5,000 for the third year after allowing Rs. 1,000 as interest on capital each year. He drew Rs. 3,000 per year. An adjudication order was passed against him on 31-12-2016. Prepare his Statement of Affairs and Deficiency Account from the following information:
- | | |
|--|--------|
| Book Debt: Good | 10,000 |
| Book Debt: Doubtful (estimated to realize 2/3) | 15,000 |
| Book Debt: Bad | 4,000 |
| Investment (estimated to realize Rs. 15,000) | 25,000 |
| Factory (estimated to realize Rs. 76,000) | 85,000 |
| Creditors | 50,000 |
| Mortgage loan on factory | 40,000 |
| Second Mortgage loan on factory (up to Rs. 10,000) | 15,000 |
| Two months' rent unpaid | 3,000 |
| A clerk's salary for 3 months unpaid | 300 |
| Municipal taxes owing | 200 |
| Mrs. Loan (50% from streedhan) | 3,000 |
| Bills receivable discounted (of which Rs. 2,000 are likely To be dishonored) | 6,000 |
| Bills payable | 10,000 |
| Furniture (estimated to realize Rs. 1,500) | 2,000 |
| Cash | 100 |
| Bills receivable (estimated to realize Rs. 3,000) | 4,000 |
- Vivek gifted a scooter of his business worth Rs. 5,000 to his son on 31-12-2015 and the scooter is estimated to realize Rs. 1,000.

