

# C. U. SHAH UNIVERSITY

## Summer Examination-2020

Subject Name : Accounting & Finance - I

Subject Code : 4CO01AFI2

Branch : B.Com (English)

Semester : 1

Date : 12/03/2020

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) \_\_\_\_\_ is the backbone of capital structure of a company. (1)  
(A) Equity share (B) debenture (C) bank loan (D) dividend
- b) In which method goods remain in the stock of last purchase?  
(A) LIFO (B) FIFO (C) weighted average (D) fixed price
- c) An amount realized by selling scrap material is credit to the \_\_\_\_\_.  
(A) capital account (B) revenue account  
(C) cash account (D) replacement account
- d) At the end of the year, the interest paid and depreciation charged are transferred to the \_\_\_\_\_ account.  
(A) asset (B) profit and loss (C) purchaser (D) seller
- e) Which accounting system reveals the true profit or loss of business activities?  
(A) cash account (B) mercantile system  
(C) desi – nama system (D) income expenditure system
- f) Which deposits are important sources of capital?  
(A) money lenders (B) public deposits (C) cash credit (D) overdraft
- g) In which method stock is valued at a price which is almost nearer to current market price?  
(A) LIFO (B) FIFO  
(C) weighted average method (D) fixed price method
- h) Use of scrap from an asset, under replacement, in new construction is treated as :  
(A) revenue income (B) capital income  
(C) alternative income (D) casual income
- i) Which of the following is not included in the hire purchase agreement ?  
(A) interest rate (B) instalment amount  
(C) method of depreciation (D) number of instalment
- j) A person who prepares case is a link between  
(A) a court and an advocate  
(B) his client and advocates



- (C) the advocate and the creditors  
 (D) the advocate and the bar association.
- k)** Give the full form of LIFO.  
 (A) Link in First Out (B) Link in Fix Out  
 (C) Last in Fix Out (D) Last In First Out.
- l)** Expenditure incurred to increase asset's efficiency permanently is called  
 (A) deferred revenue expenditure (B) revenue expenditure  
 (C) replacement expenditure (D) capital expenditure,
- m)** By deducting cash price from the contract price of assets, the difference of the amount is called \_\_\_\_\_  
 (A) original price (B) ales price (C) interest (D) installment
- n)** As per accountancy term solicitor, advocate, doctor , C.A. etc... are \_\_\_\_  
 (A) Professional persons (B) business firms (C) companies (D) citizens.

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

- Q-2** **Attempt all questions** **(14)**
- A** Give the difference between installment and hire purchase system. **07**
- B** Give the meaning of inventory. Discuss objectives of inventory valuation. **07**

**Q-3**

S. sunder , a solicitor , who keeps his accounts on cash basis , submits to you the following figures extracted from his books on 31<sup>st</sup> march ,2016:

**14**

Capital	7500
Reserve against costs not collected (1/4/2015)	6500
Office rent	2500
Office salaries	8000
Drawings	3000
Amounts received from clients on accounts of matters pending	5000
Sundry creditors	900
Miscellaneous office expenses	4900
Furniture and library	6500
Amounts owing by clients for bills of cost delivered	8200
Clients disbursements	3870
Bank balance (clients)	5000
Bank balance (office)	8700
Profit cost	30770

Prepare profit and loss accounts for the year ended 31<sup>st</sup> march , 2016 and balance sheet as on that date after taking the following information into accounts :

- (1) bills of cost not made and sent to clients for incomplete works amounts to rs. 2500.
- (2) rs. 200 expended on behalf of clients has been debited to miscellaneous office expenses account account .



(3) depreciate furniture and library by 10% p.a.

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

**A** Mahesh purchased a machine from jayesh on 1/4/2008. Details were as follows : **07**

- (1) the cash price of the machine was rs. 22,000 .
- (2) rs. 7000 was paid on the date of purchase.
- (3) the instalments were paid as under :
 

1 <sup>st</sup> instalment on 31/03/2009	rs. 6500
2 <sup>nd</sup> instalment on 31/03/2010	rs. 6000
3 <sup>rd</sup> and final instalment on 31/03/2011	rs. 5500
- (4) jayesh charged interest at 10% p.a. on the outstanding balance of cash price.
- (5) Mahesh 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 jayant for each year assuming that machine is purchased on hire purchase system.

**B** Calcutta gas co. ltd. Re built and re equipped part of their works at a cost of rs. 8,00,000. The part of old works so superseded cost rs. 5,00,000 but if it is constructed at present then the cost would be more by 20%. Rs. 60,000 is realised by the sale of old materials and old materials valued at rs. 30,000 are used in the reconstruction and included in the above – mentioned cost. **07**

Pass necessary journal entries in the books of the company to record the above transactions and state what amount should be charged to capital and revenue.

**Q-5** The following is the record of receipts and issues of a certain material in the factory during July, 2016: **14**

2016			
July	1	Opening balance	100 at rs. 10 per ton
“	3	Issued	60 at rs. 10 per ton
“	7	Received	120 at rs.10.10 per ton
“	15	Issued (stock verification reveals loss of 2 tons)	50 at rs.10.10 per ton
“	19	Received back from order	20 (previously issued at rs. 9.90 per ton)
“	22	Issued	80 (previously issued at rs. 9.90 per ton)
“	25	Received	44 at rs.10.20 per ton
“	30	issued	66 at rs.10.20 per ton



