

Enrollment No: _____

Exam Seat No: _____

C. U. SHAH UNIVERSITY

Summer Examination-2022

Subject Name: Accounting & Finance - IV

Subject Code: 4CO04AFI2

Branch: B.Com (English)

Semester: 4

Date: 11/05/2022

Time: 11:00 To 02:00

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.
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Q-1 Attempt the following questions: (14)

- a) Stock destroyed by fire Rs. 4,00,000, Salvaged goods due to fire Rs. 50,000 and Insurance Policy Rs. 5,00,000 then amount of claim is...
(a) 4,00,000 (b) 5,00,000 (c) 4,50,000 (d) 3,60,000
- b) The difference between sale during corresponding period and period of dislocation period is....
(a) Double sale (b) Short sale
(c) Extra sale (d) Loss of profit
- c) The average clause in a loss of profit policy protects the....
(a) Workers (b) Insurer (c) Insured (d) All
- d) Contract of Insurance is a contract between the trader and the insurance company...
(a) to compensate the loss suffered by the trader
(b) to start a new business
(c) to close down old firm
(d) for reconstruction of business
- e) Consequential loss policy indemnifies-
(a) Capital losses (b) Revenue losses
(c) Budgeted losses (d) None of these
- f) Claim amount = Destroyed goods x..... / Closing stock.
(a) Salvaged goods (b) Policy amount
(c) Purchase (d) Sale
- g) List -D
(a) Preferential creditor (b) Bills receivable
(c) Assets (d) Capital deficiency
- h) According to provincial Insolvency Act, officer appointed is known as...?
(a) Assignee (b) Manager (c) Director (d) Receiver
- i) ... is the technique to planned control of the use of cash.
(a) Budget (b) Cash planning
(c) forecasting (d) Adjusted Earnings Method
- j) Inventory Management is ...



- (a) Administrative management (b) Human management
 (c) Financial management (d) none of the above
- k) Cash is most important assets for business.
 (a) Risky (b) Liquid (c) Non Liquid (d) Not used
- l) Legal expenses incurred in connection with claims will be shown under the head....
 (a) Claims Paid (b) Administrative Expense
 (c) Commission Paid (d) Premium
- m) Out of following, which premium is an expense for insurance company?
 (a) On direct business (b) On ceded re-insurance
 (c) On accepted re-insurance (d) None of the above
- n) Generally, the policy period of General Insurance Company is....
 (a) One Year (b) Two Years (c) Three Years (d) Five Years

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

Q-2

(14)

Shri Virat has applied for insolvency is on 31st March 2020 on that day his position was under:

Name of property	book value Rs.	realizable value Rs.
Building	2,25,000	1,05,000
Machinery	1,20,000	75,000
Stock	60,000	45,000
Debtors	75,000	45,000
Bills Receivable	12,000	12,000
Cash	15,000	15,000
Other Assets	1,20,000	30,000
Creditors		Rs.
Unsecured creditors		3,00,000
Preferential creditors		15,000
First Mortgage Loan on building		45,000
Second Mortgage Loan on building		1,05,000

Shri Virat started the business Three years ago with the capital of Rs.1,50,000. 10% interest rate is calculated on capital. The total profit for the first two years is Rs.1,50,000 and the loss of third year is Rs. 90,000 his total drawings are Rs.93,000.

Bills of Rs.3,000 are likely to be dishonoured.

Receiver remuneration is Rs.7,500

Unsecure Creditors includes insolvent's wife loan of Rs.15,000, she has given 80% of the loan from streedhan.

Shri Virat gifted computer of a business Which Rs.75,000 to his friend on first January 2019. On 31st March 2020 its value is Rs.30,000.

From the above particulars prepare statement of affairs and deficiency a/c of Shri Virat.

Q-3

Attempt all questions

(14)

- (a) Fire occurred in the Godown of Messrs. Mehta Bros of Mumbai on 31st January 2021 and totally destroyed his stuff.

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From the available records the following information is given to you for preparing a statement of a claim to be present to the insurance company.

Particulars	2018 Rs.	2019 Rs.	2020 Rs.	2021 Rs.



Opening Stock	30,100	36,000	40,000	41,000
Purchase	74,900	80,000	81,000	6,000
Sales	1,20,000	1,32,000	1,40,000	12,000
Labour	17,400	19,000	20,900	2,000
Closing Stock	36,000	40,000	41,000	-

Prepare the statement of claim of a showing your working.

- (b) Explain Average Clause and Over Insurance. 04

Q-4 Attempt all questions (14)

- (a) Marie insurance company's balance on 31-12-2021.

Particular	Rs.
Claim paid	2,85,000
Outstanding Claim (31-12-2020)	40,000
Outstanding Claim (31-12-2021)	55,000
Re – Insurance recoveries	37,500
Premium Received	6,30,000
Re- insurance premium given	65,000
Commission on direct Business	55,000
Commission on accepted	7,500
Commission on Ceded	7,500
Interest and Dividend	48,000
Management Expense	1,01,000
Profit on sale of investment	5,000
Legal expenses for claim	5,000
Unexpired Risk Reserve (Opening Balance)	1,50,000
Additional Reserve	15,000

Other Information:

Provide unexpired risk at 50% and additional Reserve for unexpired risk 10%.

Prepare Revenue A/c.

Q-5 Attempt all questions (14)

- (a) Shri Vadilal has taken a loss of a profit insurance policy of Rs.8,25,000. 10

The period of indemnity is - 3Months

For the year ended on, 31-12-2019 shows the Sale of Rs.60,00,000

For the year ended on, 31-12-2019 profit is Rs.6,00,000

Fixed expense is Rs.30,000

On 1st April 2020 a fire of cure which resulted in a part suspension of his business activity.

he presented the following data regarding Sale.

Particular	2019 Rs.	2020 Rs.
April	6,50,000	1,80,000
May	7,00,000	2,20,000
June	6,80,000	3,00,000

The Sales for the 12th months ended on 31-03-2020 was 75,00,000.

It is estimated that due to improve methods sale should be increased by 10% and profitability would increase by 3%.

- (b) Explain Accepted and ceded Re-insurance. 04

Q-6 Attempt all questions (14)



- (a) Prepare Deficiency A/c and Statement of Affairs with Imaginary figures.
(b) Explain Short Sale, Prepare Statement of Fair with Imaginary figures. (14)
- Q-7 Attempt all questions**
- (a) Stat the types of Inventory, Explain Objective of Inventory Management.
(b) Give the meaning of Management Receivable, Stat the Scope of Receivable Management.
- Q-8 Attempt all questions** (14)
- (a) Explain Advantages and Limitation of Cash Budget.
(b) Give the meaning of cash management, State the Importance of Cash management and Objective of Holding Cash.

