

Enrollment No: \_\_\_\_\_

Exam Seat No: \_\_\_\_\_

# C. U. SHAH UNIVERSITY

## Winter Examination-2022

**Subject Name: Accounting & Finance - IV**

**Subject Code: 4CO04AFI2**

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

**Semester: 4**

**Date: 28/09/2022**

**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.

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- Q-1**                      **Attempt the following questions:**                      **(14)**
- a)** Consequential loss policy identifies-                      **1**  
(a) Capital losses (b) Revenue losses  
(c) Budgeted losses (d) None of these
- b)** Which expenses are to be paid in priority to even preferential creditors?                      **1**  
(a) Legal Expenses (b) Receiver's  
(c) Personal (d) Firm
- c)** The difference between sale during corresponding period and period of dislocation period is....                      **1**  
(a) Double sale (b) Short sale  
(c) Extra sale (d) Loss of profit
- d)** Stock destroyed by fire Rs. 6,00,000, Salvaged goods due to fire Rs. 75,000 and Insurance Policy Rs. 7,50,000 then amount of claim is...                      **1**  
(a) 6,00,000 (b) 7,50,000  
(c) 6,75,000 (d) 5,40,000
- e)** According to provincial Insolvency Act, officer appointed is known as...?                      **1**  
(a) Assignee (b) Manager  
(c) Director (d) Receiver
- f)** Generally, the policy period of General Insurance Company is....                      **1**  
(a) One Year (b) Two Years  
(c) Three Years (d) Five Years
- g)** List –G                      **1**  
(a) Preferential creditor (b) Bills receivable  
(c) Assets (d) Capital deficiency
- h)** The Deficiency Account is only a .....                      **1**  
(a) Statement (b) Account  
(c) Income and expenses (d) Information
- i)** In which type of creditors, unpaid Taxes of Municipal?                      **1**  
(a) Unsecured (b) Preferential  
(c) Partially creditors (d) Fully Secured
- j)** In which the optimum credit policy is determined?                      **1**



- (a) By interaction of liquidity      (b) By interaction of profitability  
(c) By interaction of liquidity and profitability    (c) None of the above
- k)** Which of the following is form of Inventories? 1  
(a) Raw materials      (b) Finished Stock  
(c) semi-finished Goods      (d) All of the above
- l)** Legal expenses incurred in connection with claims will be shown under the head.... 1  
(a) Claims Paid(b) Administrative Expense  
(c) Commission Paid(d) Premium
- m)** List – F is ..... 1  
(a) Debtors      (b) Unsecured  
(c) Preferential      (d) Partially creditors
- n)** For the marine Insurance, how many percentage of reserve kept for unexpired risk? 1  
(a) 50%      (b) 60%  
(c) 80%      (d) 100%

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

- Q-2      Attempt all questions      (14)**  
**(a)** Give the difference between – Liberal Credit policy and Strict Credit policy, Explain Objectives of Maintaining Receivables. **07**  
**(b)** Explain Factors Determining Cash flow. **07**
- Q-3      Attempt all questions      (14)**  
**(a)** Write a Short note on: Unsecured Creditors and Preferential Creditors. **07**  
**(b)** Explain Average Clause and Over Insurance. **07**
- Q-4      Attempt all questions      (14)**  
**(a)** Explain Short Sale, Prepare Statement of Fair with Imaginary figures. **07**  
**(b)** Explain Accepted and ceded Re-insurance with example. **07**
- Q-5      Attempt all questions      (14)**  
**(a)** Explain advantages and limitation of Cash Budget. **07**  
**(b)** State the types of Inventory, Explain Objective of Inventory Management. **07**
- Q-6      Attempt all questions      (14)**  
**(a)** A fire occurred in the godown of “Kalumal” on 16<sup>th</sup> August 2019 and stock of Rs. 20,000 was salvaged. From the following information, find the **amount of claim** to be lodged with the insurance Co. **10**  
1) Value of stock as on 1-01-2019 – Rs. 25,000  
2) Transactions from 01-01-2019 to 15-08-2019:  
Purchase - Rs. 2,25,000      Sales – Rs. 2,10,000  
Wages – Rs. 10,000  
3) Amount of insurance policy – Rs. 46,000  
The information in respect of sale and gross profit of last three years was as follow:  

Years	Sale (Rs.)	Gross Profit(Rs.)
2016	2,00,000	40,000
2017	3,00,000	75,000
2018	4,00,000	60,000



- (b) If indemnity period is six months for which sales were Rs. 20,000, while during the last year for the same period sales were Rs. 1,00,000; Last year the rate of gross profit was 15% on sales, and percentage of profit on basis of sum insured was 18%, then find amount of claim. **04**

**Q-7 Attempt all questions (14)**

- (a) Opening Stock Rs. 27,000; Purchases Rs. 1,65,000; Sales Rs. 2,40,000; Good Saved Rs. 2,250 and Gross Profit is 50% on cost. Calculate the price of good burnt by fire. **04**

- (b) Fire occurred in the factory of Golumal foods on 31-08-2019, all goods are destroyed. They have a policy of fire claim of Rs. 1,80,000. From the following information calculate the amount of fire claim. **10**

Particulars	Years			
	2016	2017	2018	2019
Opening Stock	25,000	40,000	65,000	80,000
Sales	5,00,000	6,50,000	7,20,000	-
Purchase	3,50,000	3,90,000	6,10,000	-
Purchase returns	10,000	12,000	9,000	-
Sales returns	7,000	3,000	5,000	-

In the year 2019 in comparison to year 2018 net sales by 25% and purchase by 20% increases.

There is no sales return and purchase return.

The gross profit rate will be decided by average gross profit rate of last three years.

**Q-8 Attempt all questions (14)**

- (a) Shri Jain applied for insolvency on 31-3-'19 his position on that date was as under: Preferential Creditors – Rs. 10,000  
First mortgage on Machinery – Rs. 30,000  
Unsecured creditors – Rs. 2,00,000  
Second mortgage on Machinery - Rs. 70,000 **14**

Assets	Book value Rs.	Realizable Value Rs.
Cash	10,000	10,000
Furniture	80,000	20,000
Bills Receivable	8,000	8,000
Machinery	1,50,000	70,000
Building	80,000	50,000
Stock	40,000	30,000
Debtors	50,000	30,000

The bills of Rs.2000 is likely to be dishonored.

Receiver's remuneration are Rs.5000.

Unsecured creditors include insolvents wife's loan of Rs. 10,000, she has given 80% of loan from "stri-dhan"

Prepare Statement of Affairs.

