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## C. U. SHAH UNIVERSITY

# Winter Examination-2022 

## Subject Name : Accounting and Finance - V

## Subject Code : 4CO05AFI2

Branch: B.Com (English)

Semester: 5
Date: 29/11/2022
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.

## Q-1 Attempt the following questions:

a) Which selling securities, brokerage is generally calculated on following price
(A)Face value
(B)Sales price
(C)Average of face value and sales price
(D)Book value
b) The interest on fixed dates are received only on following securities:
(A)Equity share of companies
(B)Government securities
(C)Shares of foreign companies
(D)Preference shares of companies
c) Interest on security is calculated on $\qquad$
(A)Market value
(B)Purchase value
(C)Sales value
(D)None of the above
d) Cost of investment does not include.......
(A)Interest
(B)Brokerage
(C)Stamp duty
(D) None of the above
e) Bad debts return is to be credited to which account?
(A)Debtors Account (B)Creditors Account (C)Cash Account (D)None
f) Why opening statement of affairs is prepared?
(A)To find out profit/loss
(B)To find out cash
(C)To find out cash
(D)To find out Opening balance of Capital
g) For finding credit sales, which account is prepared?
(A) Debtors Account
(B)P \& L Account
(C)Creditors Account
(D)Receipt-payment Account
h) To find out Closing stock or Credit purchases or Credit sales, what is prepared?
(A)Stock or Trading A/c
(B) P \& L Account
(C)Bills Receivable A/c
(D)Bills Payable A/c
i) Unit of cost of Hospital Service.......
(A)Bed Day
(B)Room Day
(C)Passenger Day (D)patient day
j) Which of the following is not included in Operating system?
(A)Hospital
(B)Hotel
(C)Theater
(D)Publication Service
k) The rate of ticket of Upper Stall is $3 / 5$ of Balcony. The rate of ticket of

Lower stall is $2 / 3$ of Upper Stall. Compute ratio of (Lower: Upper:
Balcony) rate of each class ticket.
(A)2:3:5
(B) $1: 2: 3$
(C) $3: 2: 1$
(D) 3:2:5

1) If transfer price is Rs. $2,00,000$ and Inter process profit is $25 \%$ on cost, what will be the amount of profit?
(A) 33,333
(B)66,667
(C) 40,0000
(D)50,000
m) Production cost of first process is Rs. 20,000, if profit is added at $20 \%$ on transfer price what will be the amount of profit?
(A) 2000
(B) 6250
(C) 5000
(D) 8000
n) Transfer price from process A to process B is Rs. 1,20,000, which includes profit of Rs. 30,000. What will be the percentage of profit on cost?
(A)25\%
(B) $20 \%$
(C) $40 \%$
(D) $331 / 3 \%$

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

Q-2
Shri Manan shah maintained his accounts on single Entry System. From the following details prepare Profit and Loss Account for the year ending $31^{\text {st }}$ March, 2018 and a Balance Sheet as on date:
(1) Following were the balances on 1-4-2017:

| Creditors | 5,500 | Furniture | 900 |
| :--- | :--- | :--- | :--- |
| Debtors | 7000 | Stock | 4500 |
| Bills Receivable | 1700 | Cash balance | 1200 |
| Bills Payable | 800 |  |  |

(2) The transactions during the year were as under:

| Cash paid for bills | 3000 | Cash received for bills <br> payable | 3000 |
| :--- | :---: | :--- | :--- |
| receivable |  |  |  |
| Received from debtors | 36,000 | Paid to creditors | 24,000 |
| Discount allowed | 1,500 | Discount received | 600 |
| Sundry expenses | 8,800 | Bed debts | 500 |
| Purchase of Furniture <br> $(1-10-2017)$ <br> Drawings | 600 | Purchase returns | 400 |
|  | 2000 | Sales returns | 800 |

(3) Following were the Balances as on 31-3-2018:

| Debtors | 9000 | Bills payable | 2900 |
| :--- | :--- | :--- | :--- |
| Creditors | 3600 | Cash balance | 1800 |
| Bills Receivable | 1400 | Closing stocks | 6000 |

(4) Adjustments:
(1) Provide for interest on Capital at $10 \%$
(2) Provide for Reserve for Bad and Doubtful Debts at 5\% on Debtors.
(3) Provide for depreciation on Furniture at $10 \%$ p.a.

Q-3 Attempt all questions
A Explain Accounting Standard - 13: Accounting for Investment.
B Short note: Cum-Interest Purchase and Ex- Interest Purchase 07
Q-4 Attempt all questions
A Give difference between Single Entry and Double Entry.

B Explain various services of Operating Costing.

## Q-5 Attempt all questions

A Give meaning and characteristics of Single-Entry method. $\mathbf{0 7}$
B Define Inter-Process Profit

The following information of the business of Sahyog Hotel is given to you:
Cost of Hotel building (Rate of depreciation 15\% p.a.) Rs. 10,00,000
Staff salaries (Annual) Rs. 4,00,000
Other equipment Rs. 5,00,000 on which depreciation is to be charged at $10 \%$ p.a
Interest at $12 \%$ is to be charged on investment of Rs. $8,00,000$ made by him
Other expenses are as follows:

| Repairs to building (annual) | 35,000 |
| :--- | :--- |
| Sundry expenses (annual) | 5000 |
| Interior Decoration (monthly) | 2000 |
| Linen expenses (annual) | 33,800 |
| Housekeeping expenses (monthly) | 2250 |

Room attendant's salary Rs. 50 per day. The salary is paid on daily basis and services of room attendant are needed only when the room is occupied. There are two room attendants for one room. Lighting and power expenses are as follows:
(a) The normal lighting expenses for a room is Rs. 90 , if it is occupied for the whole month.
(b) Power is used only in winter and normal charge per month if occupied for a room is Rs. 50.

Normal days in a month may be assumed to be 30 .
You may assume that period of summer and winter is six months each.

There are 200 rooms in a hotel and $80 \%$ of the rooms are normally occupied in summer and $60 \%$ of the rooms are busy in winter.

If the owner of the hotel wants to earn $20 \%$ profit on income what rent should be charged from his customers?

From the following information prepare 12\% Central Government Bond Account for the year ended on 31-3-2018 in the books of Pratik.
(1) Opening balance on 1-4-2017

Face value of Bond Rs. 60,000
Cost Price of Bond Rs. 63,000
(2) Date of payment of interest $30^{\text {th }}$ June and $31^{\text {st }}$ December.
(3) Transactions during the year:

| Date | Face Value Rs. | Price Rs. | Remarks |
| :---: | :---: | :---: | :---: |
| $1-9-2017$ | 20,000 | 105 | Cum- Interest purchase |
| $1-10-2017$ | 30,000 | 96 | Ex-Interest sale |
| $30-11-2017$ | 10,000 | 95 | Ex-Interest purchase |
| $31-1-2018$ | 20,000 | 102 | Cum- Interest sale |

(4) Valuation of closing balance of investment is to be made as per "FOFO" Method.

Q-8 Attempt all questions
A From the following information, calculate room days of a hotel.
Number of rooms 200
Occupancy rate 80\%
No. of days of a month 30
No. of working months in a year
12
B A certain product passes through two processes before it is transferred to
finished stock. The following information is obtained for the month of March, 2018:

| Particulars | Process- I | Process- II | Finished <br> Stock Rs. |
| :--- | :---: | :---: | :---: |
| Opening Stock | 15000 | 18000 | 45000 |
| Direct Materials | 30000 | 31500 | - |
| Direct Wages | 22400 | 22500 | - |
| Production overheads | 21000 | 9000 | - |
| Closing stock | 7400 | 9000 | 22500 |
| Inter process profits for opening <br> stock | - | 3000 | 16500 |
| Profit $\div$ on transfer price to next <br> process | $25 \%$ | $20 \%$ | - |

Stocks in processes are valued at prime Cost and finished stock has been valued at the price at which it was received from Process- II. Sales during the period were Rs. 3,80,000.
Prepare and compute
(1) Process Cost accounts showing profit element at each stage.
(2) Actual realized profit
(3) Stock valuation for Balance sheet purpose.

