## C. U. SHAH UNIVERSITY Winter Examination-2022

\_\_\_\_\_

### Subject Name : Accounting and Finance - V

| Subject Code                                  | e: 4CO05AFI2 Bra   | anch: B.Com (English)  |              |
|---|--|--|--------------|
| Semester: 5                                   | Date: 29/11/2022 Tir   | ne: 02:30 To 05:30   | Marks: 70    |
| <ul><li>(2) Instru</li><li>(3) Draw</li></ul> | of Programmable calculator & any other el<br>actions written on main answer book are st<br>r neat diagrams and figures (if necessary) a<br>me suitable data if needed. | rictly to be obeyed.   | nibited.     |
| Q-1   | Attempt the following questions:   |  | (14)         |
| a)  | Which selling securities, brokerage is gen price   |  | ving 1       |
| b)  | <ul><li>(A)Face value</li><li>(C)Average of face value and sales price</li><li>The interest on fixed dates are received o</li></ul>                                    |  | : 1          |
| D)  | (A)Equity share of companies (B)<br>(C)Shares of foreign companies (D)   | Government securities  |              |
| <b>c</b> )                                    | Interest on security is calculated on(A)Market value(B)F   | urchase value  | 1            |
| d)  | Cost of investment does not include  | None of the above  | 1<br>bove    |
| e)  | Bad debts return is to be credited to whic<br>(A)Debtors Account (B)Creditors Accound  | h account?<br>unt (C)Cash Account (D)                              | 1            |
| <b>f</b> )                                    | Why opening statement of affairs is prepa<br>(A)To find out profit/loss (B)To find<br>(C)To find out each (D)To find   | l out cash   | 1            |
| g)  | For finding credit sales, which account is   | l out Opening balance of C<br>prepared?<br>P & L Account           | zapitai<br>1 |
| h)  | (C)Creditors Account (D)<br>To find out Closing stock or Credit purch<br>prepared?   | Receipt-payment Account ases or Credit sales, what                 |              |
| •   | (C)Bills Receivable A/c (I   | <ul><li>B) P &amp; L Account</li><li>D)Bills Payable A/c</li></ul> | 1            |
| i)  | Unit of cost of Hospital Service<br>(A)Bed Day (B)Room Day (C)Pa<br>Which of the following is not included in  | ssenger Day (D)patient d   | ay<br>1      |
| j)<br>k)                                      | (A)Hospital (B)Hotel (C)Theat<br>The rate of ticket of Upper Stall is 3/5 of   | er (D)Publication Set  |              |



|    | Lower stall is   | 2/3 of Upper Stall   | . Compute ratio   | o of (Lower: Upper:         |   |
|----|------------------|----------------------|-------------------|-----------------------------|---|
|    | Balcony) rate    | of each class ticke  | et.               |                             |   |
|    | (A)2:3:5         | (B)1:2:3             | (C)3:2:1          | (D)3:2:5                    |   |
| l) | If transfer pri- | ce is Rs. 2,00,000   | and Inter proce   | ss profit is 25% on cost,   | 1 |
|    | what will be t   | the amount of profi  | it?               |                             |   |
|    | (A)33,333        | (B)66,667 (C         | C)40,0000         | (D)50,000                   |   |
| m) | Production co    | ost of first process | is Rs. 20,000, it | f profit is added at 20% on | 1 |
|    | transfer price   | what will be the an  | mount of profit   | ?                           |   |
|    | (A)2000          | (B)6250              | (C)5000           | (D)8000                     |   |
| n) | Transfer price   | e from process A to  | process B is F    | Rs. 1,20,000, which         | 1 |
|    | includes profi   | it of Rs. 30,000. W  | hat 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

(14)

Shri Manan shah maintained his accounts on single Entry System. From the following details prepare Profit and Loss Account for the year ending 31<sup>st</sup> March, 2018 and a Balance Sheet as on date:

| (1) Fonowing 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 dur                         | ing the yea | r were as under:        |        |  |  |
| Cash paid for bills                              | 3000        | Cash received for bills | 3000   |  |  |
| payable  |             | 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                            | 600         | Purchase returns        | 400    |  |  |
| (1-10-2017)                                      |             | Sales returns           | 800    |  |  |
| Drawings   | 2000        |                         |        |  |  |
| (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   |  |  |

#### (1) Following were the balances on 1-4-2017:

#### (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-3Attempt all questions(14)AExplain Accounting Standard – 13: Accounting for Investment.07BShort note: Cum-Interest Purchase and Ex- Interest Purchase07Q-4Attempt all questions(14)AGive difference between Single Entry and Double Entry.07



| B Explain various services of Operating Costing. 07   Q-5 Attempt all questions<br>Give meaning and characteristics of Single-Entry method.<br>Define Inter-Process Profit (14)<br>07   Q-6 (14)   The following information of the business of Sahyog Hotel is given to you:<br>Cost of Hotel building (Rate of depreciation 15% p.a.) Rs. 10,00,000<br>Staff salaries (Annual) Rs. 4,00,000<br>Other equipment Rs. 5,00,000 on which depreciation is to be charged at 10% p.a<br>Interest at 12% is to be charged on investment of Rs. 8,00,000 made by him<br>Other expenses are as follows:   Repairs to building (annual)<br>Sundry expenses (annual) 35,000<br>5000<br>2250   Room attendant's salary Rs. 50 per day. The salary is paid on daily basis and services of 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 both or |            |   |  |                   |                |      |
|--|------------|---|--|-------------------|----------------|------|
| A Give meaning and characteristics of Single-Entry method. 07   B Define Inter-Process Profit 07   Q-6 (14)   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 Staff salaries (annual) 35,000   Other expenses are as follows: Repairs to building (annual) 35,000 33,800   Interior Decoration (monthly) 2000 33,800 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   |            | B | Explain various services of Operating Costing  | g.                |                | 07   |
| B Define Inter-Process Profit 07   Q-6 (14)   The following information of the business of Sahyog Hotel is given to you:<br>Cost of Hotel building (Rate of depreciation 15% p.a.) Rs. 10,00,000<br>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) 5000   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  | Q-5        |   | Attempt all questions                          |                   |                | (14) |
| Q-6 (14)   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 Staff salaries (annual)   Number of Decoration (monthly) 2000 Staff salaries (annual)   Interior Decoration (monthly) 2000 Staff 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   |            | Α | Give meaning and characteristics of Single-E   | ntry method.      |                | 07   |
| The following information of the business of Sahyog Hotel is given to<br>you:<br>Cost of Hotel building (Rate of depreciation 15% p.a.)<br>Rs. 10,00,000<br>Staff salaries (Annual)<br>Rs. 4,00,000Rs. 10,00,000<br>Rs. 4,00,000<br>Other equipment Rs. 5,00,000 on which depreciation is to be charged at<br>10% p.a<br>Interest at 12% is to be charged on investment of Rs. 8,00,000 made by<br>himOther expenses are as follows:Repairs to building (annual)35,000<br>5000<br>2250Sundry expenses (annual)35,000<br>5000<br>2250Room attendant's salary Rs. 50 per day. The salary is paid on daily<br>basis and services of room attendant are needed only when the room is<br>occupied. There are two room attendants for one room. Lighting and<br>power expenses are as follows:(a) The normal lighting expenses for a room is Rs. 90, if it is occupied   |            | B | Define Inter-Process Profit                    |                   |                | 07   |
| The following information of the business of Sahyog Hotel is given to<br>you:<br>Cost of Hotel building (Rate of depreciation 15% p.a.)<br>Rs. 10,00,000<br>Staff salaries (Annual)<br>Rs. 4,00,000Rs. 10,00,000<br>Rs. 4,00,000<br>Other equipment Rs. 5,00,000 on which depreciation is to be charged at<br>10% p.a<br>Interest at 12% is to be charged on investment of Rs. 8,00,000 made by<br>himOther expenses are as follows:Repairs to building (annual)35,000<br>5000<br>2250Sundry expenses (annual)35,000<br>5000<br>2250Room attendant's salary Rs. 50 per day. The salary is paid on daily<br>basis and services of room attendant are needed only when the room is<br>occupied. There are two room attendants for one room. Lighting and<br>power expenses are as follows:(a) The normal lighting expenses for a room is Rs. 90, if it is occupied   | <b>O-6</b> |   |  |                   |                | (14) |
| Staff salaries (Annual)Rs. 4,00,000Other equipment Rs. 5,00,000 on which depreciation is to be charged at<br>10% p.aInterest at 12% is to be charged on investment of Rs. 8,00,000 made by<br>himOther expenses are as follows:Repairs to building (annual)35,000Sundry expenses (annual)5000Interior Decoration (monthly)2000Linen expenses (annual)33,800Housekeeping expenses (monthly)2250Room attendant's salary Rs. 50 per day. The salary is paid on daily<br>basis and services of room attendant are needed only when the room is<br>occupied. There are two room attendants for one room. Lighting and<br>power expenses are as follows:(a) The normal lighting expenses for a room is Rs. 90, if it is occupied   |            |   | -  | Sahyog Hote       | el is given to | ( )  |
| Staff salaries (Annual)Rs. 4,00,000Other equipment Rs. 5,00,000 on which depreciation is to be charged at<br>10% p.aInterest at 12% is to be charged on investment of Rs. 8,00,000 made by<br>himOther expenses are as follows:Repairs to building (annual)35,000Sundry expenses (annual)5000Interior Decoration (monthly)2000Linen expenses (annual)33,800Housekeeping expenses (monthly)2250Room attendant's salary Rs. 50 per day. The salary is paid on daily<br>basis and services of room attendant are needed only when the room is<br>occupied. There are two room attendants for one room. Lighting and<br>power expenses are as follows:(a) The normal lighting expenses for a room is Rs. 90, if it is occupied   |            |   | Cost of Hotel building (Rate of depreciation 1 | 15% p.a.)         | Rs. 10,00,000  |      |
| Other equipment Rs. 5,00,000 on which depreciation is to be charged at<br>10% p.aInterest at 12% is to be charged on investment of Rs. 8,00,000 made by<br>himOther expenses are as follows:Repairs to building (annual)Sundry expenses (annual)35,000Sundry expenses (annual)5000Interior Decoration (monthly)2000Linen expenses (annual)33,800Housekeeping expenses (monthly)2250Room attendant's salary Rs. 50 per day. The salary is paid on daily<br>basis and services of room attendant are needed only when the room is<br>occupied. There are two room attendants for one room. Lighting and<br>power expenses are as follows:(a) The normal lighting expenses for a room is Rs. 90, if it is occupied  |            |   | • • •  | <b>1</b>          | Rs. 4,00,000   |      |
| 10% p.aInterest at 12% is to be charged on investment of Rs. 8,00,000 made by<br>himOther expenses are as follows:Repairs to building (annual)Sundry expenses (annual)Sundry expenses (annual)Interior Decoration (monthly)Linen expenses (annual)Housekeeping expenses (monthly)2250Room attendant's salary Rs. 50 per day. The salary is paid on daily<br>basis and services of room attendant are needed only when the room is<br>occupied. There are two room attendants for one room. Lighting and<br>power expenses are as follows:(a) The normal lighting expenses for a room is Rs. 90, if it is occupied  |            |   |  | eciation is to    |                |      |
| himOther expenses are as follows:Repairs to building (annual)35,000Sundry expenses (annual)5000Interior Decoration (monthly)2000Linen expenses (annual)33,800Housekeeping expenses (monthly)2250Room attendant's salary Rs. 50 per day. The salary is paid on dailybasis and services of room attendant are needed only when the room isoccupied. There are two room attendants for one room. Lighting andpower expenses are as follows:(a) The normal lighting expenses for a room is Rs. 90, if it is occupied   |            |   | •••  |                   | U              |      |
| Other expenses are as follows:Repairs to building (annual)35,000Sundry expenses (annual)5000Interior Decoration (monthly)2000Linen expenses (annual)33,800Housekeeping expenses (monthly)2250Room attendant's salary Rs. 50 per day. The salary is paid on daily<br>basis and services of room attendant are needed only when the room is<br>occupied. There are two room attendants for one room. Lighting and<br>power expenses are as follows:(a) The normal lighting expenses for a room is Rs. 90, if it is occupied  |            |   | Interest at 12% is to be charged on investmen  | t of Rs. 8,00     | ,000 made by   |      |
| Repairs to building (annual)35,000Sundry expenses (annual)5000Interior Decoration (monthly)2000Linen expenses (annual)33,800Housekeeping expenses (monthly)2250Room attendant's salary Rs. 50 per day. The salary is paid on dailybasis and services of room attendant are needed only when the room isoccupied. There are two room attendants for one room. Lighting andpower expenses are as follows:(a) The normal lighting expenses for a room is Rs. 90, if it is occupied  |            |   | him  |                   | -              |      |
| Sundry expenses (annual)5000Interior Decoration (monthly)2000Linen expenses (annual)33,800Housekeeping expenses (monthly)2250Room attendant's salary Rs. 50 per day. The salary is paid on daily<br>basis and services of room attendant are needed only when the room is<br>occupied. There are two room attendants for one room. Lighting and<br>power expenses are as follows:(a) The normal lighting expenses for a room is Rs. 90, if it is occupied  |            |   | Other expenses are as follows:                 |                   |                |      |
| Interior Decoration (monthly)2000Linen expenses (annual)33,800Housekeeping expenses (monthly)2250Room attendant's salary Rs. 50 per day. The salary is paid on daily<br>basis and services of room attendant are needed only when the room is<br>occupied. There are two room attendants for one room. Lighting and<br>power expenses are as follows:(a) The normal lighting expenses for a room is Rs. 90, if it is occupied  |            |   | Repairs to building (annual)                   | 35,000            |                |      |
| Linen expenses (annual)33,800Housekeeping expenses (monthly)2250Room attendant's salary Rs. 50 per day. The salary is paid on daily<br>basis and services of room attendant are needed only when the room is<br>occupied. There are two room attendants for one room. Lighting and<br>power expenses are as follows:(a) The normal lighting expenses for a room is Rs. 90, if it is occupied   |            |   | Sundry expenses (annual)                       | 5000              |                |      |
| Housekeeping expenses (monthly)2250Room attendant's salary Rs. 50 per day. The salary is paid on daily<br>basis and services of room attendant are needed only when the room is<br>occupied. There are two room attendants for one room. Lighting and<br>power expenses are as follows:(a) The normal lighting expenses for a room is Rs. 90, if it is occupied  |            |   | Interior Decoration (monthly)                  | 2000              |                |      |
| Room attendant's salary Rs. 50 per day. The salary is paid on daily<br>basis and services of room attendant are needed only when the room is<br>occupied. There are two room attendants for one room. Lighting and<br>power expenses are as follows:<br>(a) The normal lighting expenses for a room is Rs. 90, if it is occupied   |            |   | Linen expenses (annual)                        | 33,800            |                |      |
| <ul><li>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:</li><li>(a) The normal lighting expenses for a room is Rs. 90, if it is occupied</li></ul>   |            |   | Housekeeping expenses (monthly)                | 2250              |                |      |
| <ul><li>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:</li><li>(a) The normal lighting expenses for a room is Rs. 90, if it is occupied</li></ul>   |            |   | Room attendant's salary Rs. 50 per day.        | The salary is     | paid on daily  |      |
| occupied. There are two room attendants for one room. Lighting and power expenses are as follows:<br>(a) The normal lighting expenses for a room is Rs. 90, if it is occupied  |            |   |  |                   |                |      |
| (a) The normal lighting expenses for a room is Rs. 90, if it is occupied   |            |   |  |                   |                |      |
|  |            |   | power expenses are as follows:                 |                   |                |      |
|  |            |   | (a) The normal lighting expenses for a room i  | sRs 90 if it      | t is occupied  |      |
| for the whole month  |            |   | for the whole month.                           | .5 1.5. 70, 11 10 | is occupied    |      |
| (b) Power is used only in winter and normal charge per month if  |            |   |  | harge ner m       | onth if        |      |
| occupied for a room is Rs. 50.   |            |   | · · · · · · · · · · · · · · · · · · ·          | marge per m       |                |      |
| Normal days in a month may be assumed to be 30.  |            |   | -  | ad to be 30       |                |      |

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?

Q-7

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<sup>th</sup> June and 31<sup>st</sup> 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     |



(14)

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

| Q-8 | Attempt all questions   |     | (14) |
|-----|---|-----|------|
| Α   | From the following information, calculate room days of a hotel. |     | 04   |
|     | 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  |
|------------------------------------|------------|-------------|-----------|
|                                    |            |             | 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  | -          | 3000        | 16500     |
| stock                              |            |             |           |
| Profit ÷ on transfer price to next | 25%        | 20%         | -         |
| process                            |            |             |           |

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.

