

MODEL QUESTION PAPER

COMMERCE – Paper II

Time : 3 Hours

Max Marks : 100

Part – A

(50 Marks)

- I. Answer any two of the following questions not exceeding 40 lines each. 2x10=20 Marks
- a) Explain Major functions of the Marketing.
 - b) What are the powers of District forum?
 - c) Define stock exchange and describe its function.
- II. Answer any four of the following questions not exceeding 20lines each. 4x5=20 Marks
- a) Explain various principles of Insurance.
 - b) How is advertising useful to society?
 - c) Why Excise Duties are levied in India?
 - d) How speculation differs with gambling?
 - e) What are the characteristics of an efficient leader?
 - f) Describe any five characteristic features of a computer.
- III. Answer any five of the following questions not exceeding 5 lines each. 5x2=10 Marks
- a) Insurable Interest
 - b) E-Commerce
 - c) Internet advertisement
 - d) What is state commission?
 - e) Letter of credit
 - f) Wash sales
 - g) Define time management
 - h) Brief note on a central processing unit (C.P.U)

Part – B

(50 Marks)

IV Answer the following question

1x20 = 20 Marks

Rao and Raju are carrying on business in a partnership, sharing profit & loss in the ratio of 2:3. Their Balance sheet as on 31-12-2003 was as under.

Balance Sheet			
Liabilities	Rs.	Assets	Rs.
Sundry creditors =	25,000	Cash on hand	15,000
Capitals Accounts		Cash at Bank	10,000
Rao 1,40,000		Sundry Debtors	50,000
Raju 2,10,000	= 3,50,000	Stock	1,00,000
		Furniture	25,000
		Buildings	1,75,000
	<hr/>		<hr/>
	3,75,000		3,75,000

On that day they admitted Reddy into partnership and gave him $\frac{1}{4}$ th share in the future profits on the following terms.

- Reddy is to bring in Rs. 1,50,000 as his capital and Rs. 50,000 as good will, which sum is to remain in the business.
- Stock and furniture are to be reduced in value by 5%.
- Buildings are to be appreciated by Rs. 25,000.
- A provision of 5% to be created on sundry debtor for doubtful debts.

Write Journal entries to record the above arrangement and show the opening Balance sheet of the new firm.

V

Answer any one of the following questions

1x10=10 Marks

- a) Sharat of Guntur consigned 250 bales of Tobacco @ Rs. 270 per bale to Vijay of Vijayawada. Sharat paid cartage, freight etc Rs. 1,500. Sharat drew a bill on Vijay for 2 months for Rs. 40,000. Vijay sold the entire bales and rendered account sales showing that the goods realized Rs. 90,000/- out of which he deducted his charges amounting to Rs. 1,000 and his commission at 5%. Make entries and show necessary ledger accounts in the books of Sharat.
- b) Prepare Income Expenditure account of Hyderabad Club from the particulars given below for the year ending 31.3.2003.

Receipts and payments account as on 31.3.2003.

Dr		Cr.	
Receipt	Amount (Rs.)	Payments	Amount (Rs.)
To Balance	1,800	By Salaries	9,750
To subscriptions	9,600	By Rent	1,800
(including Rs. 600 for 2003-04)		By Printing & Stationery	240
To interest on	3,750	By Postage	75
Investment Rs. 40,000		By Cycle (purchased)	1,200
To Bank Interest	75	By Govt. Bonds	1,500
To Sale of furniture	750	By Balance b/d	1,380
	15,975		15,975

Additional Information : -

1. Subscription received includes Rs. 300 of 2001-02
2. Rent – Paid includes Rs. 150 for March 2002
3. Subscription due for 2002-03 Rs. 450
4. Salaries payable Rs. 900
5. Cost of furniture sold was Rs. 960

VI Answer any five of the following questions 5x2 =10 Marks

- a) Noting charges.
- b) Two reasons for depreciation
- c) Red ink interest
- d) What do you mean by an account current
- e) Delecradary Commission
- f) Rectify the following errors.
 2. Purchase of Machinery Rs. 10,000 debited to the purchase account.
 3. Commission received Rs. 87 was debited to that account as Rs. 78.
- g) Define Capital Expenditure.
- h) A & B are partners sharing profit in 7:3 ratio. They admitted C allowing share of 3/7 in the profit. Calculate new profit sharing ratio of the partners.

VII Answer any two of the following 2x5=20 Marks

- a) Explain various kinds of errors.
- b) A bill of exchange for Rs. 5,000/- is drawn by Sarma on Varma and accepted by the latter payable after 2 months, Sarma endorsed the bill to his creditor, Naidu on the same day in full settlement of his debt. On the due date the bill was dishonored. Pass necessary journal entries in the book of Sarma.

c) A company purchased a plant worth Rs. 50,000/- on 31.3.2002, depreciation is calculated @ 10% per annum under Diminishing Balance Method. Show the Machinery account upto 31.3.2004.

d) Calculate the Average Due Date of the following bills.

Date of Bill	Credit Period (Months)	Bill amount
1 st January 2004	2	Rs. 1000
28 th February 2004	1	Rs. 800
10 th March 2004	2	Rs. 1500

The debtor has paid the total amount on 31st May 2004. The creditor charged interest at 10% per annum. Calculate the amount of interest on the amount.

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