

**MS JUNIOR COLLEGE**  
**Hyderabad**  
**GUESS PAPER - 2**  
**COMMERCE - II**

**PART - I(Commerce) 50 MARKS**

**Section - A**

- I. I) Answer any TWO of the following questions :** **[2 x 10 = 20]**  
**II) Each question carries 10 Marks:**

1. Define Stock Exchange? Explain its functions.
2. Define E-Banking? Explain various types of E-Banking.
3. Define Insurance? Explain principles of Insurance.

**Section - B**

- II. I) Answer any FOUR of the following questions :** **[4 x 5 = 20]**  
**II) Each question carries 5 Marks:**

4. Explain differences between primary market and secondary market.
5. Explain Bull and Bear speculators.
6. Explain listing of securities to the investor.
7. Differences between Home trade and foreign trade.
8. Explain functions of Entrepreneur.
9. Explain what are the services rendered by wholesaler to producer and retailer.

**Section - C**

- III. Answer any FIVE of the following questions:** **[5 x 2 = 10]**

- |                      |                       |
|----------------------|-----------------------|
| 10. Letter of credit | 11. Bonded ware house |
| 12. Innovation       | 13. Indent House      |
| 14. Cheap Jacks      | 15. Endowment policy  |
| 16. Multiple shops   | 17. Commercial paper  |

**PART - II (Accountancy - 50 Marks)**

**Section - D**

- IV. Answer the following questions:** **[1 x 20 = 20]**

18. Vasu and Dasu are partners sharing profits and losses equally. Their balance sheet as on 31 March 2015 was as under:

Liabilities	Amount Rs.	Assets	Amount Rs.
Creditors	20,000	Cash at Bank	15,000
Outstanding expenses	10,000	Sundry Debtors	40,000
General Reserve	20,000	Stock	80,000
Capitals:		Furniture	10,000
Vasu	1,20,000	Machinery	50,000
Dasu	1,00,000	Buildings	70,000
		Profit & Loss a/c	5,000
	<b>2,70,000</b>		<b>2,70,000</b>

They decided to admit Mr.Sonu from 1st April 2015 on the following conditions :

- a) Sonu has to pay Rs.1,25,000 as capital for 1/4 th share in future profits.
- b) Sonu shall pay Rs.30,000 as Goodwill.
- c) Machinery be depreciated by 10%.
- d) Buildings to be appreciated by 20%
- e) Provide for bad debts @ 6% on debtors.

Pass necessary journal entries to give effect to the above and give opening balane sheet of Vasu, Dasu and Sonu.

### **Section - E**

**V. Answer any ONE of following questions: [1 x 10 = 10]**

19. Rajiv & Co. of Chennai consigned 100 Radios to Teja & Co. of Hyderabad. The cost of each Radio was Rs.500. Rajiv & co paid insurance Rs.500, freight Rs.800. Account sales was received from Teja & Co. Showing the sale of 80 Radios at Rs.600 each. The following expenses were deducted by them:  
Selling expenses Rs. 150  
Commission Rs.2,400  
Rajiv & Co. received a bank draft for the balance due. Prepare important ledger accounts in the books of Rajiv & Co. and Teja & Co.
20. The following is the receipts and payments account for the year ended 31st March, 2015 of 'Nizam Association'.

#### **Receipts and Payments A/c**

Receipts	Amount Rs.	Payments	Amount Rs.
To Cash in hand	500	By Salaries (Including last year Rs.2,000)	12,500
To Cash at Bank	20,000	By Electric charges	500
To Subscriptions (Including for 2013-2014 Rs.1,500)	42,500	By Telephone Charges	1,000
To Auditorium rent	1,500	By Printing and Stationary	1,500
To Interest on Investments	4,000	By Travelling expenses	2,000
To Donations	12,000	By Rent paid	10,000
To Sundry receipts	100	By Books purchased	6,000
		By Balance of cash	27,100
		By Balance at bank	20,000
	<b>80,600</b>		<b>80,600</b>

#### **Additional Information**

1. Subscription received amount includes Rs.1,000 for the year 2015-2016.
  2. Outstanding rent Rs.600 and printing Rs.300.
  3. The value of investments Rs.60,000 and rate of interest 8%.
- You are required to prepare income and expenditure account.

### **Section - F**

**VI. I) Answer any TWO of following questions: [2 x 5 = 10]**

21. Define depreciation? Explain different causes of depreciation.
22. Define single entry system? Explain disadvantages of single entry system.
23. Vardhan purchased a Machine on 31st March 2008 for 70,000. Depreciation is charged at 10% under original cost method. After three years he found that the machine was not suitable and sold for Rs.55,000. Show the Machine a/c.
24. Find out profit from the following data.  
Capital at the beginning of the year : Rs.12,000  
Capital at the end of the year : Rs.18,000  
Drawings during the year : Rs. 4,000  
Further capital introduced during the year : Rs. 5,500

### **Section - G**

**VII. Answer any FIVE of following questions: [5 x 2 = 10]**

25. Define depreciation.
26. Define single entry system.
27. Partnership deed.
28. Define sacrificing ratio.
29. Legacies
30. Honorarium
31. Calculate profit from the following :  
Capital at the end of the year = Rs.18,000  
Capital at the beginning of the year = Rs.11,000.
32. A and B are partners sharing profits and losses equally. They decided to admit Krishna for 1/5 th share of profit in the business. Calculate New profit sharing ratio of A, B & C.