

Code No. **21 X**

**COMMERCE EXAMINATIONS**  
**BOOK-KEEPING & ACCOUNTANCY**  
**SENIOR GRADE - I Paper**

**June, 2016**

{ Time :  $2\frac{1}{2}$  Hours  
{ Max. Marks : 100

- Note :* (i) All questions are to be answered.  
(ii) All questions carry equal marks.

1. a) Explain the different types of goodwill treatment in the case of retirement with examples.  
b) Distinguish between Single Entry and Double Entry systems of Book-keeping.
2. a) Define partnership. Explain the partnership deed.  
b) The following is the Balance Sheet of *M* and *N* who are sharing in 3 : 1 ratio as on 31. 12. 2000 :

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Bills payable	35,000	Cash at Bank	6,000
Creditors	30,000	S. Debtors	9,000
<i>Capital :</i>		Stock	20,000
<i>M</i>	30,000	Machinery	40,000
<i>N</i>	20,000	Building	40,000
	50,000		40,000
	1,15,000		1,15,000

They agreed to admit *O* in the partnership on the following conditions :

- i) That the values of the Stock and Machinery were to be reduced by 10%.
- ii) *O* was to be given  $\frac{1}{6}$  of the share and was to bring Rs. 30,000 as his capital and Rs. 12,000 as goodwill.
- iii) That a reserve of 5% was to be created in respect of Debtors.

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- iv) The value of the building was taken as Rs. 60,000.
- v) That the goodwill amount was to be withdrawn by the partners *M* and *N*.

Pass the Journal Entries and prepare Ledger Account and a new Balance Sheet.

3. *A* and *B* enter into Joint Venture showing profits and losses in the ratio 3 : 2. *A* purchased timber in Meghalaya and forwarded it to *B* in Bangalore. *A* purchased timber worth Rs. 20,000 and paid Rs. 500 as expenses. *B* received the consignment and *A* accepts *B*'s drafts for Rs. 9,000. *A* discounted it at 6% p.a. *B* disposed of the timber for Rs. 30,000. He had to spend Rs. 800 for insurance and Rs. 600 for rent. *B* is entitled for commission at 10% on sale proceeds.

Give Journal Entries and prepare Ledger Account in the books of *A*.

4. a) What is the purpose of charging depreciation to the Revenue Account ?
- b) Furniture costing to Rs. 15,000 have been purchased by Sairam & Co. and it has been decided to write off 6% on original cost as depreciation at the end of each year.

Show the Ledger A/c, as it will appear during first five years.

5. a) What is meant by Revaluation Account ?
- b) *A*, *B* and *C* were partners sharing profits and losses in the ratio of 3 : 2 : 1. Their Balance Sheet as on 31. 12. 1991 was as follows, when they decided to dissolve the firm :

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Creditors	13,000	By Bank	10,000
Loan from <i>A</i>	7,500	Debtors	6,000
Reserve fund	6,000	Less reserve	500
<i>Capital :</i>			5,500
<i>A</i>	10,000	Stock	9,000
<i>B</i>	5,000	Plant	15,000
<i>C</i>	1,000	Loss	3,000
	16,000		
	42,500		42,500

The Assets were realised as under :

Debtors — Rs. 500

Plant — Rs. 10,000

Stock was taken over by A of Rs. 6,000. All the creditors were paid off Rs. 9,500 as full payment. Realisation Expense is Rs. 500. C became insolvent and could contribute only Rs. 250 from his Private Assets.

Prepare necessary accounts to close the books of the firm.

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