

Code No. **21 Y**

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

**June, 2016**

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

- Note :* (i) Answer any *five* questions.  
(ii) *All* questions carry equal marks.

1. A mining company leased a property of M/s Raghu and Brothers, the Royalty being Re. 1 per ton of the ore with a minimum rent of Rs. 12,000 per annum. Each year the excess of minimum rent over royalty is recoverable out of the Royalties of next 3 years. The results of the working are as follows :

<i>Year</i>	<i>Tons</i>
1991	6,000
1992	10,000
1993	13,000
1994	16,000
1995	20,000
1996	24,000

Prepare Royalty Account, Short Working Account and also the Landlord's Account in the books of Lessee.

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2. Shri Panduranga Products Ltd., Mysore, was registered at Rs. 10,00,000 consisting of 50,000 equity shares of Rs. 10 each and 50,000, 6% preference shares of Rs. 10 each. It purchased the ongoing concern of M/s Subramanya & Co. Malleswaram, Bangalore for Rs. 2,50,000 on the basis of the following Balance Sheet :

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Bills payable	19,000	Cash at Bank	4,000
Creditors	80,000	Bills Receivable	5,000
Capital	2,20,000	Book Debts	50,000
		Stock	70,000
		Furniture	10,000
		Machinery	1,20,000
		Premises	60,000
	3,19,000		3,19,000

The purchase price was to be paid Rs. 50,000 in fully paid ordinary shares, Rs. 50,000 in fully paid preference shares, Rs. 50,000 in Debentures and balance in cash. The issue of the shares Rs. 3 on application, Rs. 3 on allotment, and Rs. 4 on first call and was taken up and paid for. The vendor was duly paid the purchase consideration.

Record the above transactions by means of Journal Entries and draw up the Balance Sheet.

3. The Revenue Account of a Life Insurance Company shows the funds at the end of the year 2000 at Rs. 48,78,000 before taking the following items :

	<i>Rs.</i>
a) Claims intimated but not admitted	65,500
b) Bonus utilised in reduction of LIC premium	6,500
c) Interest accrued	19,500
d) Outstanding premium	27,000

Pass the necessary Journal Entries giving effect the above omissions and show the funds at the end of the year after making the above adjustments.

4. The Municipality Value of the house of Nishanth Krishna is Rs. 12,000 p.a. The house is let out at an annual rent of Rs. 15,000. The house is subject to a Municipal Tax of 10% of Municipal value and Tax is being paid by the owner. The construction of the house was completed on 1st March, 2000. The other expenses on the property paid by the owner during 1995 were as follows :

	Rs.
i) Repair	100
ii) Ground Rent	600
iii) Land Revenue	375
iv) Insurance	400
v) Annual charges	250
vi) Interest on borrowed money for construction of the house	2,000

Compute the income from House property for the Assessment Year 1996-1997.

5. From the following details prepare account to disclose profits of the two departments for the year ended on 31. 3. 1997 :

	<i>Textiles</i>	<i>Hosiery</i>
	Rs.	Rs.
Opening Stock	1,48,000	1,25,000
Sales	3,00,000	2,75,000
Purchases	58,000	47,000
Closing Stock	30,000	12,000
Sales	24,000	16,000
<i>Common Expenditure :</i>		
Preliminary Exps.	12,000	
Rent	10,000	
Carriage Inward	4,500	
Advertisement	18,000	
Insurance	9,000	
General Salaries	11,000	

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*Additional Information :*

- i) Goods transferred from Textile Department to Hosiary Department were Rs. 4,500.
  - ii) General Salaries and Preliminary Exps. to be allocated equally.
  - iii) Insurance also to be divided equally.
  - iv) Area occupied by the two departments is in the ratio of 3 : 2.
6. a) What is meant by Instalment system ? How does it differ from Hire Purchase System ?
- b) On 1. 1. 1999 Bright Star Company bought wagons on H. P. System. The cost price of the wagons was Rs. 11,175 and the payment was to be made as follows :
- Rs. 3,000 was to be paid on signing the Agreement and the balance in 3 instalments of Rs. 3,000 each at the end of each year. 5% interest is charged by the Wagon Company per year.
- The Company has decided to write off 10% p.a. on the reducing balance of the value.
- Make Entries in the books of the Company for 5 years.
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