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| **SESSION** | **April 2023** |
| **PROGRAM** | **BACHELOR of Commerce (BCom)** |
| **SEMESTER** | **I** |
| **course CODE & NAME** | **DCM1203 – Fundamentals of Accounting II** |
| **CREDITS** | **4** |

**Assignment Set – 1**

**1. A. J, K and P are partners sharing profits and losses in the ratio of 3:3:1 respectively. Mr. J died on 31st December 2021. Final amount due to her showed a credit balance of 1, 00,000. Pass journal entries if,**

**(a) The amount due is paid off immediately.**

**(b) The amount due is not paid immediately.**

 **(c) ₹50, 000 is paid and the balance in future.**

**Ans: (a) When the amount due to Mr. J is paid off immediately:**

**Assuming that Mr. J's capital account needs to be settled, the following journal entry is recorded:**

* J's Capital Account Dr. - ₹1, 00,000
* To Cash Account - ₹1, 00,000

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**B. Discuss the objectives of Partnership Firm.**

**Ans: The objectives of a partnership firm can vary depending on the specific goals and aspirations of the partners involved.**

**However, some common objectives of partnership firms include:**

**Profit Maximization:** One of the primary objectives of a partnership firm is to generate profits and maximize returns for the partners. By pooling their resources, skills, and efforts,

**2. Sameer and Yasmin are partners with capitals of ₹ 15, 00,000 and ₹ 10, 00,000 respectively. They agreed to share profits in the ratio of 3:2. The books are closed on March 31, every year. Show how the following transactions will be recorded in the capital accounts of the partners in case:**

**(i)The capitals are fixed, and**

**(ii) The capitals are fluctuating.**

|  |  |  |
| --- | --- | --- |
| **Particulars**  | **Sameer**  | **Yasmin** |
|  | **₹** | **₹** |
| **Capital contributed on 1st Oct 2019** | **3,00,000** | **2,00,000** |
| **Interest on capital**  | **5 % P. a.**  | **5 % P. a.**  |
| **Drawings (during 2019-20)**  | **30,000** | **20,000** |
| **Interest on drawings**  | **1,800** | **1,200** |
| **Salary**  | **20,000** |  |
| **Commission**  | **10,000** | **7,000** |
| **Share in Profit for the year 19-20** | **60,000** | **40,000** |

**Ans: (i) Recording transactions with fixed capitals:**

**Capital contributed on 1st Oct 2019:**

**Sameer's Capital Account:**

* Capital ₹3, 00,000
* To Cash Account ₹3, 00,000

**Yasmin's Capital Account:**

* Capital ₹2, 00,000
* To Cash Account ₹2, 00,000

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 **(ii) Recording transactions with fluctuating capitals:**

**Capital contributed on 1st Oct 2019:**

**Sameer's Capital Account:**

* Capital ₹3, 00,000
* To Cash Account ₹3, 00,000

**Yasmin's Capital Account:**

* Capital ₹2, 00,000
* To Cash Account ₹2, 00,000

**3. A. Describe the distinction between dissolution of a firm and dissolution of a partnership.**

**Ans:** The terms "dissolution of a firm" and "dissolution of a partnership" are often used interchangeably, but they have distinct meanings in the context of business partnerships.

**Let's explore the differences:**

**3. B. P, Q, and R are business partners who split profits in a 3:2:1 ratio. When Q retired, his portion was split evenly between P and R. Calculate P and R's new profit-sharing ratio.**

**Ans:** Initially, the profit-sharing ratio between P, Q, and R is 3:2:1.

**Let's assume the total profits as "x":-**

**So, P's share =** (3/6) \* x = (1/2) \* x

**Assignment Set – 2**

**4. A. Explain the differences between Departments and Branches**

**Ans:**

* **Departments:**

**Definition:** Departments are functional units within an organization that are responsible for specific activities or functions. They are typically organized based on the different areas of expertise or tasks performed within the company.

 **4. B. Pass the journal entries in books of Lessee for the following cases.**

* 1. **When the royalty is payable**
	2. **For payment to landlord**
	3. **Transferring royalty to P/L A/C**
	4. **When short working is recouped**

**Transfer irrecoverable short working transfer to P/L A/c**

**Ans: When the royalty is payable:**

Royalty Expense A/C Dr.

To Royalty Payable A/C

**5. Shree Traders of Gujrat purchased 10,000 sarees @ ₹ 100 per saree. Out of these, 6000 sarees were sent on consignment to Nirmala Traders of Kolkata at the selling price of ₹ 120 per saree. The consignors paid ₹ 3,000 for packing and freight.**

**Nirmala Traders sold 5,000 sarees @ ₹ 125 per saree and incurred ₹ 1,000 for selling expenses and remitted ₹ 5,00,000 to Shree Gujrat on account. They are entitled to a commission of 5% on total sales plus a further of 25% commission on any surplus price realized over ₹ 120 per saree.**

**3,000 sarees were sold at Gujrat @ ₹ 110 per saree.**

**Owing to fall in market price, the value of stock of saree in hand is to be reduced by 5%. You are required to prepare**

**(i) Consignment Account, and**

**ii) Nirmala Traders Account in the book of consignor.**

**Ans: (i) Consignment Account** in the books of Shree Traders, the Consignor: Consignment Account

Particulars | Amount (₹)

To Goods sent on |

Consignment to Nirmala | 1, 20,000

Traders (6000 sarees) |

**6. Explain the Features of Joint Ventures.**

**Ans: Features of Joint Venture:-**

**Now, we shall go through some of the crucial features of joint ventures that are as follows:**

**Agreement:** Two or more firms agree to undertake a business, for a definite purpose and are bound by it.

**• Joint Control:** The business assets, operations, administration and the venture itself exist under the joint control of the co-venturers.

**• Pooling of resources and expertise:** Firms pool their resources like capital, workforce,