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| **SESSION** | **September 2023** |
| **PROGRAM** | **BACHELOR of COMMERCE (B COM)** |
| **SEMESTER** | **II** |
| **course CODE & NAME** | **DCM1203– Fundamentals of Accounting II** |
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|  |  |

**Set – 1**

**Q1. a. List 5 essential Characteristics of Partnership.**

**b. Analyze the different ways of dissolution of partnership firm?**

**Ans 1.**

**Essential Characteristics of Partnership**

**1. Agreement:** The formation of a partnership is based on a mutual agreement between two or more individuals, who agree to share profits, losses, and control of a business. This agreement can be oral or written, though a written partnership deed is recommended to avoid misunderstandings.

**2. Number of Partners:** A partnership must have a minimum of two members and a maximum number that varies depending on the jurisdiction. For instance, in many countries, the maximum is 20 partners, Its Half solved only

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**Q2. P and Q entered into partnership on 1st April 2017 and contributed ₹ 1,00,000 each through funds as fixed capital and also contributed 1,00,000 worth of vehicle and ₹ 50,000 of computer respectively. On 1st October 2017, P provided ₹ 50,000 as loan to the firm. As per the provisions of the partnership Deed:**

**(i) 20% of Profits before charging interest on Drawings but after making appropriations to be transferred to General Reserve.**

**(ii) Interest on capital at 12% p.a. and Interest on Drawings @ 10% p.a.**

**(iii) P to ger monthly salary of ₹ 5,000 and Q to get salary of ₹ 22,500 per quarter.**

**(iv) P is entitled to a commission of 5% on sales. Sales for the year were ₹ 3,50,000.**

**(v) Profit and Loss to be shared in the ratio of their total capital contribution (fixed additional fluctuating introduced) up to ₹ 1,75,000 and above ₹ 1,75,000 equally.**

**The profit for the year ended 31st March 2018 before providing for any interest was ₹ 4,61,000. The drawings of P and Q were ₹ 1,00,000 and ₹ 1,25,000 respectively.**

**PrepareProfit and Loss Appropriation Account**

**Partners' Capital and current Accounts**

**Ans 2.**

To prepare the Profit and Loss Appropriation Account and Partners' Capital and Current Accounts, we'll need to follow the provided provisions of the partnership deed. Let's break down the calculations step by step.

**Step 1: Calculate the Profits before charging interest on drawings and before making appropriations:**

Profit for the year before interest on drawings and appropriations = ₹4,61,000

**Step 2: Calculate the**

**Q3. The balance sheet of Ashwani and Bharat as of March 31, 2017, is shown below.**

**Here is the transcription of the balance sheet presented in the image:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Liabilities** | **Amount (Rs.)** |  | **Assets** | **Amount (Rs.)** |
| **Creditors** | **76,000** |  | **Cash at bank** | **17,000** |
| **Mr. Ashu’s Loan** | **10,000** |  | **Stock** | **10,000** |
| **Mr. Rajat’s Loan** | **20,000** |  | **Investments** | **20,000** |
|  |  |  | **Debtors** | **40,000** |
| **Investment fluctuation reserve** | **2,000** |  | **Less: Provision for doubtful debts** | **4,000** |
| **General Reserve** | **20,000** |  |  | **36,000** |
| **Capitals:** |  |  | **Buildings** | **70,000** |
| **Ashu** | **20,000** |  | **Goodwill** | **15,000** |
| **Rajat** | **20,000** |  |  |  |
|  | **--------------** |  |  | **--------------** |
|  | **1,68,000** |  |  | **1,68,000** |

**On that date, the firm was dissolved. The following are the further information:**

**(i) Ashu pledged to repay the loandebt and took stock at Rs.8,000**

**(ii) Rajat took half of the investment for a 10% discount. Debtors were paid Rs.38,000.**

**Creditors were paid at a rate of Rs.380 or less. The buildings sold for Rs. 1,30,000, the goodwill for Rs. 12,000, and the remaining investment for Rs. 9,000. Rajat purchasedan old typewriter that was not noted in the accounts for Rs. 600. The cost of realization is Rs. 2,000.**

**Prepare**

**i. Realization account**

**ii. Partners capital account – Ashu and Rajat**

**iii. Bank account.**

**Ans 3.**

Let's prepare the Realization Account, Partners' Capital Accounts for Ashu and Rajat, and the Bank Account.

**i. Realization Account:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Amount (Rs.)** | **Particulars** | **Amount (Rs.)** |

**Set – 2**

**Q1. Sona, Rohan, and Uday are partners who split profits in a 5:3:2 ratio. The following was their balance sheet as of March 31, 2017:**

**Balance Sheet of Sona, Rohan, and Uday as of March 31, 2017**

|  |  |  |  |
| --- | --- | --- | --- |
| **Liabilities** | **Amount (Rs.)** | **Assets** | **Amount (Rs.)** |
| **Creditors** | **30,000** | **Buildings** | **2,00,000** |
| **Bills payable** | **30,000** | **Machinery** | **40,000** |
| **Bank loan** | **1,20,000** | **Stock** | **1,60,000** |
| **Sona’s husband’s loan** | **1,30,000** | **Bills receivable** | **1,20,000** |
| **General reserve** | **80,000** | **Furniture** | **80,000** |
| **Capitals:** |  | **Cash at bank** | **60,000** |
| **Sona** | **70,000** |  |  |
| **Rohan** | **90,000** |  |  |
| **Uday** | **1,10,000** |  |  |
| **Total (highlighted)** | **2,70,000** | **Total (highlighted)** | **6,60,000** |

**On that date, the firm was dissolved. Close the firm's books with the**

**following information:**

**1. Buildings sold for Rs. 1,90,000, Bills receivables sold for Rs. 1,10,000, Stock sold for Rs.1,50,000, Machinery sold for Rs. 48,000, and furnishings sold for Rs. 75,000.**

**2. A bank loan of Rs.1,30,000 was settled. Creditors and payable bills were settled at a 10% discount.**

**3. Rohan paid Rs.10,000 in realization expenses before paying 12,000 to complete the dissolution process.**

**Prepare**

**i. Realization Account**

**ii. Partners Capital Accounts**

**iii. Bank Account**

**Ans 1.**

Here are the necessary tables for the dissolution of the firm:

i. Realization Account:

|  |  |
| --- | --- |
| **Particulars** | **Amount (Rs.)** |
| Buildings sold | 1,90,000 |
| Bills receivables sold | 1,10,000 |
| Stock sold | 1,50,000 |
| Machinery sold | 48,000 |
| Furnishings sold | 75,000 |
| Creditors (10% discount) | 27,000 |
| Bills payable (10% discount) | 27,000 |
| Bank loan settled | 1,30,000 |

**Q2. Zen is the owner of Mine A, located in Gujarat. He entered a royalty agreement with KapoorLtd. As per the agreement, the minimum rent is Rs 5,00,000 and the Royalty amount is Rs100 per ton of production every month. The output in various years is as follows:**

**• 2017: 4000 tons**

**• 2018: 5000 tons**

**• 2019: 6000 tons**

**Royalties Accounting Entries in Books of Lessee (Kapoor Ltd.)**

**Case I: When Minimum Rent Exceeds Actual Royalty Amount (2017)**

**Case-II: When Minimum Rent Equals Actual Royalty Amount (2018)**

**When Royalty is Due**

**Case III: When Actual Royalty Amount is More Than Minimum Rent and Short Working is Recouped (2019)**

**Pass Royalties Accounting Entries in Books of Lessee (Kapoor Ltd.)**

**Ans 2.**

To record the royalty accounting entries in the books of the lessee (Kapoor Ltd.) for the given scenarios, you will need to follow standard accounting principles. Here are the entries for each case:

Case I: When Minimum Rent Exceeds Actual Royalty Amount (2017)

In this case,

**Q3a. Detail 3 advantages and 3 disadvantages of Branch accounting**

**b. Briefly list any 5 features of Joint Venture**

**Ans 3.**

**a. Advantages and Disadvantages of Branch Accounting:**

Branch accounting is a specialized accounting system used by businesses with multiple branches or locations. This system helps in tracking and managing the financial performance of individual branches. Here are three advantages and three disadvantages of branch accounting:

Advantages: