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| **SESSION** | **JULY-AUG 2024** |
| **PROGRAM** | **BACHELOR OF COMMERCE (B.COM)** |
| **SEMESTER** | **II**  |
| **COURSE CODE & NAME** | **DCM1203 FUNDAMENTALS OF ACCOUNTING II** |
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**Set – 1**

**Q1. Zenith is a partnership firm consisting of A and B as partners sharing their profits in 3:7.**

**A is entitled to receive Rs.1,000 per month as Salary.**

**A’s Initial Capital Investment = Rs.1,00,000**

**B is entitled to receive Rs.1,500 per month as Commission.**

**B’s Initial Investment = Rs.2,00,000**

**Kindly show the above items under:**

**A. Fixed Capital Method**

**B. Fluctuating Capital Method**

## Ans 1.

## Given Details

1. **Profit-sharing ratio**: A : B = 3 : 7
2. **A’s Salary**: ₹1,000 per month = ₹12,000 per year
3. **B’s Commission**: ₹1,500 per month = ₹18,000 per year
4. **Initial Capital**:
* A: ₹1,00,000
* B: ₹2,00,000
1. **Firm’s Total Profit (assumed)**: Let's assume **Total Net Profit = ₹1,00,000**, unless specified otherwise.

## Step-by-Step Solution

### 1. Fixed Capital Method

Under this method, the **Capital Accounts** remain constant, and all adjustments (salary,

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**Q2. X and Y are partners sharing profits in the ratio of 3: 2 with capitals of ₹ 8,00,000 and ₹ 6,00,000 respectively. Interest on capital is agreed at 5% p.a. Y is to be allowed an annual salary of ₹ 60,000 which has not been withdrawn. Profit for the year ended 31st March 2019 before interest on capital but after charging Y's salary amounted to ₹ 2,40,000. A provision of 5% of the profit is to be made in respect commission to the manager. Prepare an account showing the allocation of profits**

**Ans 2.**

### Given Details:

**Profit-sharing ratio**: X : Y = 3 : 2

**Capitals**:

X: ₹8,00,000

Y: ₹6,00,000

**Interest on Capital**: 5% p.a.

**Y’s Salary**: ₹60,000 (already charged but not withdrawn).

**Net Profit (before interest on capital but after Y's salary)**: ₹2,40,000.

**Manager’s Commission**: 5% of Net Profit after all adjustments.

### Step-by-Step Solution

#### 1. Calculate Interest on Capital:

Interest on capital = $Capital×Rate of Interest$.

* For X: $₹8,00,000×\frac{5}{100}=₹40,000$
* For Y: $₹6,00,000×\frac{5}{100}=₹30,000$

#### 2. Calculate Profit After Adjustments:

**Q3. Rupa, Sushi, and Shalu are partners who split profits in a 5:3:2 ratio. Ruppa retired with capitals of ₹ 46,000, ₹ 42,000, and ₹ 38,000, respectively, following all adjustments on retirement. Sushi and Shalu chose to set the firm's total capital at ₹ 84,000, with a 7:5 ratio. Make the relevant notebook entries after calculating the actual amount to be paid or brought in by each partner.**

**Ans 3.**

### Given Data

**Profit-Sharing Ratio (before Rupa’s retirement):**

Rupa : Sushi : Shalu = 5 : 3 : 2

**Retirement Details (after adjustments):**

* **Rupa’s Capital** = ₹46,000
* **Sushi’s Capital** = ₹42,000
* **Shalu’s Capital** = ₹38,000

**New Total Capital of the Firm:** ₹84,000 (decided by remaining partners).

**Set – 2**

**Q1. Describe the purchase consideration. Explain its methods of calculation**

**Ans 1.**

**Purchase Consideration**

Purchase consideration refers to the total value paid by a purchasing company to the shareholders of a selling company during an acquisition, merger, or amalgamation. It is essentially the agreed-upon amount that compensates the owners of the target company in exchange for transferring its assets and liabilities to the acquiring company. Purchase consideration can be settled in various forms, including cash, shares, debentures, or a combination of these.

The process of determining the purchase consideration is critical as it ensures that the

**Q2. Urmila and Umesh decided to undertake a venture jointly. They agreed to share profits & losses in the ratio of 3: 2. Urmila supplied from her own stock goods worth ₹2,00,000 and paid ₹4,950 for freight and ₹1,200 for Sundry Expenses. Umesh purchased goods of ₹1,95,000 for the venture and paid ₹ 7,000 for selling expenses. Umesh accepted a bill for 3 months of ₹95,000 drawn by Urmila as an advance. This bill was discounted immediately by Urmila for ₹92,000 and the amount of discount was charged to joint venture A/c. Umesh sold all the goods for ₹5,00,000. At the end of the venture, the accounts were settled. Give journal entries for the above transactions, in the books of Urmila**

**Ans 2.**

### Journal Entries in the Books of Urmila

Here are the detailed journal entries for the transactions in the books of Urmila:

**1. Goods Supplied by Urmila to the Joint Venture**

The cost of goods supplied from Urmila’s stock is recorded as her investment in the joint venture:

* **Journal Entry:**
* Joint Venture A/c Dr. ₹2,00,000
 To Purchases A/c ₹2,00,000

**Q6. Show what entries would be passed by the head office on 31st March 2015 to record the following transactions:**

**1. Goods amounting 5,000 transferred from Kolkata branch to Kanpur branch under instructions from head office.**

**2. Depreciation of branch fixed assets when such accounts are opened in the head office books.**

**3. A consignment of 3,000 made by the Kanpur branch to head office on 26th March and received by the head office on 4th April 2015.**

**4. Goods worth 5,000 sent by the head office to the Kanpur branch on 20th March 2015 and received later on April 15, 2015**

**Ans 6.**

**Journal Entries by the Head Office (as on 31st March 2015)**

**1. Goods Transferred from Kolkata Branch to Kanpur Branch**

Goods worth ₹5,000 are transferred from the Kolkata branch to the Kanpur branch under the head office's instructions. Since the head office oversees branch transactions, this is an inter-branch transfer. The journal entries ensure that both branches are appropriately debited and credited.

**Journal Entry:**

Kanpur Branch A/c Dr. ₹5,000

 To Kolkata Branch A/c ₹5,000

(Transfer of goods worth ₹5,000 from Kolkata Branch to Kanpur Branch under head office