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Q# 1: As a business activity what you understand about partnership form of business ,Explain in detail the advantages and disadvantages?

A partnership is a form of business where two or more people share ownership, as well as the responsibility for managing the company and the income or losses the business generates. That income is paid to partners, who then claim it on their personal tax returns – the business is not taxed separately, as corporations are, on its profits or losses.

There are three types of partnerships:

General partnership

Limited partnership

Joint venture

General Partnership:

In a general partnership, each partner shares equally in the workload, liability, and profits generated and paid out to the partners. All partners are actively involved in the business's operations.

Limited partnership:

Limited partnerships allow outside investors to buy into a business but maintain limited liability and involvement, based on their contributions. This is a more complicated form of partnership, which also has more flexibility in terms of ownership and decision-making.

Joint Venture

Short-term projects or alliances that bring together multiple partners for a project are typically structured as joint ventures. If the venture performs well, it can be continued as a general partnership. Otherwise, it can

Advantages of Partnership

Capital : Due to the nature of the business, the partners will fund the business with start up capital. This means that the more partners there are, the more money they can put into the business, which will allow better flexibility and more potential for growth. It also means more potential profit, which will be equally shared between the partners.

Flexibility : A partnership is generally easier to form, manage and run. They are less strictly regulated than companies, in terms of the laws governing the formation and because the partners have the only say in the way the business is run (without interference by shareholders) they are far more flexible in terms of management, as long as all the partners can agree.

Shared Responsibility : partners can share the responsibility of the running of the business. This will allow them to make the most of their abilities. Rather than splitting the management and taking an equal share of each business task, they might well split the work according to their skills. So if one partner is good with figures, they might deal with the book keeping and accounts

Decision Making : partners share the decision making and can help each other out when they need to. More partners means more brains that can be picked for business ideas and for the solving of problems that the business encounters.

Disadvantages of Partnership

Disagreements : One of the most obvious disadvantages of partnership is the danger of disagreements between the partners. Obviously people are likely to have different ideas on how the business should be run, who should be doing what and what the best interests of the business are. This can lead to disagreements and disputes which might not only harm the business, but also the relationship of those involved. This is why it is always advisable to draft a deed of partnership during the formation period to ensure that everyone is aware of what procedures will be in place in case of disagreement and what will happen if the partnership is dissolved.

Agreement: Because the partnership is jointly run, it is necessary that all the partners agree with things that are being done. This means that in some circumstances there are less freedoms with regards to the management of the business. Especially compared to sole traders. However, there is still more flexibility than with limited companies where the directors must bow to the will of the members (shareholders).

Liability : Ordinary Partnerships are subject to unlimited liability which means that each of the partners shares the liability and financial risks of the business. Which can be off putting for some people. This can be countered by the formation of a limited liability partnership, which benefits from the advantages of limited liability granted to limited companies, while still taking advantage of the flexibility of the partnership model.

Taxation : One of the major disadvantages of partnership, taxation laws mean that partners must pay tax in the same way as sole traders, each submitting a Self Assessment tax return each year. They are also required to register as self employed with HM Revenue & Customs. The current laws mean that if the partnership (and the partners) bring in more than a certain level

Profit Sharing : Partners share the profits equally. This can lead to inconsistency where one or more partners aren't putting a fair share of effort into the running or management of the business, but still reaping the rewards

Q#2

Ans:- **Following are the difference between Time Series analysis and Periodic analysis :-**

Time Series analysis comprises methods for analyzing time series data in order to extract meaningful statistics and other characteristics of the data.

- Time series forecasting is the use of a model to predict future values based on previously observed values.
- Time series data have a natural temporal ordering.
- Time series analysis can be useful to see how a given asset, security, or economic variable changes over time.
- It can also be used to examine how the changes associated with the chosen data point compare to shifts in other variables over the same time period.
- Time series analysis is recording data at regular intervals. The analysis helps in forecasting future values based on past trends, which often leads to an informed decision, crucial for business.

Periodic Analysis:- This enables you to select the Scenario for which you want to view the financial values in the Periodic Analysis Reports.

- Select the required Scenario for which you want to view all the financial values in the Periodic Analysis Reports.
- For example: If you select Actual then all the financial values in the Periodic Analysis Reports are displayed in terms of Actual Value.
- In economics management is needed periodic data (time series) from production effort in predicting continuation of a situation is action which at one time must be done.
- The method used during this study took place, namely using a literature study method which functions so that in research, researchers continue to add insight.

Different tools used for analysis are as under:-

1. **Comparative Statements:-** Comparative statements deal with the comparison of different items of the Profit and Loss Account and Balance Sheets of two or more periods. Separate

comparative statements are prepared for Profit and Loss Account as Comparative Income Statement and for Balance Sheets.

2. Comparative Income Statement three important information are obtained from the Comparative Income Statement. They are Gross Profit, Operating Profit and Net Profit. The changes or the improvement in the profitability of the business concern is find out over a period of time.
3. **Comparative Balance Sheet:-**The financial condition of the business concern can be find out by preparing comparative balance sheet. The various items of Balance sheet for two different periods are used. The assets are classified as current assets and fixed assets for comparison. Likewise, the liabilities are classified as current liabilities, long term liabilities and shareholders' net worth.
4. **Common Size Statements:-** A vertical presentation of financial information is followed for preparing common-size statements. Besides, the rupee value of financial statement contents are not taken into consideration. But, only percentage is considered for preparing common size statement.
5. **Trend Analysis:-** The ratios of different items for various periods are find out and then compared under this analysis. The analysis of the ratios over a period of years gives an idea of whether the business concern is trending upward or downward. This analysis is otherwise called as Pyramid Method.
6. **Average Analysis:-** Whenever, the trend ratios are calculated for a business concern, such ratios are compared with industry average. These both trends can be presented on the graph paper also in the shape of curves
7. **Statement of Changes in Working Capital**:-The extent of increase or decrease of working capital is identified by preparing the statement of changes in working capital.
8. **Fund Flow Analysis**:-Fund flow analysis deals with detailed sources and application of funds of the business concern for a specific period
9. **Ratio Analysis**:- Ratio analysis is an attempt of developing meaningful relationship between individual items (or group of items) in the balance sheet or profit and loss account.
10. **Cost Volume Profit Analysis**:- This analysis discloses the prevailing relationship among sales, cost and profit.

Q#4:

Ans: Matching concept is that expenses in an accounting period that should be matched with the revenues during that period.

Revenue relized = expenses relized

Payments may be made later in the next finanacial year.

For example,

if they earn 10,000 worth of product sales in November, the company will pay them 1,000 in commissions in December. The matching principle stipulates that the 1,000 worth of commissions should be reported on the November statement along with the November product sales of 10,000.

Costing principal

It states that Assests and services acquired should be recorded at thier actual cost .

It says that all assests we purchased should be recorded at the cost at which it is purchased.

Assests are recorded at Historical cost.

For exampel

The cost principle means that a long-term asset purchased for the cash amount of

50,000 will be recorded at 50,000. If the same asset was purchased for a down payment of 20,000 and a formal promise to pay 30,000 within a reasonable period of time and with a reasonable interest rate, the asset will also be recorded at 50,000.

Going concern assumption

It assumed that the business will have a long life and not close or sold in immediate future.

Business carry of its operation for a longer period of time and would not be liquidated.

Continuity of business allow us to charge from the revenue of a period only that part of the assest which have been consumed.

example going concern assumption is the prepayment and accrual of

expenses.

Monitory unit assumption

Only those transactions which are capabel of of being expressed in terms of money are included in the accounting records.

The unit of measurement is dollar is assumed to remain constant.

Exampel

A U.S. corporation purchased a two-acre parcel of land at a cost of $40,000 in 1970. Then in 2019 the corporation purchased an adjacent (nearly identical) two-acre parcel at a cost of $500,000. After the 2019 purchase is recorded, the balance in the corporation's general ledger account Land is $540,000. Therefore, the corporation's balance sheet will report its four acres of land at a cost of $540,000. There is no adjustment for the vast difference in purchasing power between the 1970 dollar and the 2019 dollar.

Economic entity assumption

It states that the financial activities of business must be accounted separately from the business owners.

Examples of economic entities are hospitals, companies, municipalities, and federal agencies. The Economic entity assumption states that the activities of the entity are to be kept separate from the activities of its owner and all other economic entities.

Time period assumption

The period of time reflected in financial statements. Finite reporting periods applied to the persumed indefinite life of a business. Financial year start 1 April and ends on 31 march.

Example

The Al khidmat company incurs expenses of 1,200 during the first quarter of the year. The cash for these expenses will be paid next quarter. The time period assumption requires Meta company to disclose these expenses on the income statement for the first quarter of the year.

Q#3#

A

Current liabilities	
Accounts payable	77000
Unearned ticket revenu	36000
Warrenty	25000
Interest payable	10000
Mortage	40000
Sales tax	14000
Total	202000

b) The company's current ratio is 1·73 =1 which shows company has a good liquidty ratio and is able to pay off its current liability without any operational cashflow issue