Anjuman Islam Janjira Degree College of Science Murud-Janjira, Raigad-402401 Affiliated to University of Mumbai	
Class: -S.Y.B.Com (A&F)	**Subject: - Financial Accounting III**
Semester: - III	**Course code: -**
Exam Event: - Winter 2025 (SH)	**Marks: - 60**
Date: - 11/10/2025	**Duration: - 2.00 Hrs**

N.B. – 1 – All questions are compulsory.
2 – All questions have internal choice.
3 – Figures to the right indicate full marks

Q.1. A) Answer the following Questions **08**

1) A company was incorporated on 1st July 2024 to acquire a running business from 1st April 2016. When accounts were finalized on 31st March 2025, the following facts were noted.

(a) Sales for the year were ₹ 4,80,000
(b) The trends of sales were as under during the specified months:

April, July, September, December – Average Sales
May, August, October and February – 50% of the average sales
You are required to find out the sales ratio for the purpose of ascertaining profits prior to incorporation.

2) You are required to calculate the Time ratio for the Pre and Post incorporations periods from the following particulars:

(a) Date of Incorporation: 1st June, 2024
(b) Period of Financial Accounts: April 2024 to March 2025
(c) Total Wages ₹ 4,800
(d) Number of workers: Pre Incorporation Period - 5, Post Incorporation Period - 25

Also divide the total wages between Pre and Post Incorporation Periods.

3) P & Co. and R & Co. amalgamated with effect from 1-4-2024.
R & Co. had the following account balances on that date:

a. Premises ₹ 5,000
b. Furniture ₹ 7,000
c. Inventory ₹ 8,000
d. Debtors ₹ 14,000
e. Bank ₹ 4,000
f. Cash ₹ 2,000
g. Creditors ₹ 4,000
h. Bills Payable ₹ 3,000

(i) Premises was valued at ₹ 10,000.
(ii) (ii) Furniture was not taken over by new firm
(iii) A reserve of 5% is to be created on debtors.
(iv) Goodwill was valued at ₹ 15,000.
(v) The new firm also assumed other Assets and Liabilities of old firm at book value. Calculate purchase consideration.

4) Raman and Krishnan decided to dissolve their firm and convert it into a Limited Company. Their assets were Rupees Ninety Thousand (₹ 90,000) and Trade Liabilities Rupees Thirty Thousand (₹ 30,000). Purchase price is agreed at Rupees Seventy-Eight Thousand (₹ 78,000). Expenses amounted to Rupees Five Thousand (₹ 5,000), paid by the firm. Prepare Realisation Account.

Q.1 B. **Answer the Following questions.** **07**

(i) Designated partners
(ii) Net payment method of purchase consideration
(iii) Explain pre and post incorporation profit..
(iv) What are the features of joint stock company.
(v) Explain LLP agreement.
(vi) Steps involve in formation of LLP
(vii) Company Vs LLP
(viii) Bases for allocation of expenses in pre post incorporation

Q.2. A) Following are the Balance Sheets of M/S B & O who share Profits and Losses equally and M/S A & T sharing Profits and Losses in the Ratio of 2 :1. **(15)**

Balance Sheets as on 31st March, 2025

Liabilities	**B&O**	**A&T**	**Assets**	**B&O**	**A&T**
Creditors	50,000	44,000	Cash at Bank	64,000	50,000
Bills Payable	40,000	20,000	Investments	32,000	54,000
Bank Loan	20,000	24,000	Debtors	20,000	44,000
oss Loan	14,000		Machinery	1,06,000	70,000
General Reserve	12,000	24,000	Goodwill	24,000	
Investment Fluctuation Fund	10,000	8,000	Furniture and Fixtures	30,000	42,000
Capital			Building	1,00,000	40,000
B	1,20,000				
O	1,10,000				
A		1,00,000			
T		80,000			
	3,76,000	3,00,000		3,76,000	3,00,000

Both the firms decided to amalgamate and form a new firm by the name BOAT Following additional information is provided to implement the process of amalgamation.

1. 1, Investments were taken over at 5% less than the Book Value for both the firms.
2. Furniture and Fixtures of B & O were taken at Book Value and that of A & T were valued at ₹50000.
3. Machinery of B & O was to be appreciated by 10% and that of A & T be appreciated by 20%.
4. R.D.D. should be created at 10% on Debtors for both the firms. Bad Debts for A & T was₹10000.
5. The value of Goodwill was fixed at ₹ 50,000 for each firm and cash at bank was not taken over.
6. Unrecorded tools of B & O are valued at ₹10,000 were taken over by the new firm.
7. The new firm took only creditors and bills payable of both the firms and the liabilities not taken over by the new firm were paid in full by the old firm.

You are required to prepare ledger accounts to close books of both the old firms and prepare the Balance Sheet of the new Firm .

OR

Q.2. B)Following is the Balance Sheet of M/S. L B. & M/S. M. B. as at 31st March, 2024. (15)

M/S L B			
Liabilities		**Assets**	
		Cash-in-Hand	12,000
Sundry Creditors	50,000		
Loan from Vijaya Bank	10,000	Stock-in-Trade	58,000
Capitals		Sundry Debtors	30,000
Ajay	1,00,000	Furniture & Fixture	20,000
- Sujay	50,000	Office Premises	90,000
	2,10,000		2,10,000
M/S M.B			
Liabilities		**Assets**	
Sundry Creditors		Cash-in-Hand	16,000
	60,000	Stock-in-Trade	44,000
Capitals		Sundry Debtors	50,000
Ankur	60,000	Furniture & Fixtures	10,000
Ankit	40,000	5% in National Saving Certificate	40,000
	1,60,000		1,60,000

They shared profits and losses in proportion to their capital. They decided to amalgamate their business with effect from 1-4-2024 as per the following conditions.

1) Name of new firm shall be Vanee Trading Corporation.
2) Vijaya Bank be repaid by M/s. L. B.
3) 5% N.S.C. not to be taken over by new firm.
4) Goodwill of M/s. L. B. and M/s. M. B. are fixed at 21,000 and 25,000 respectively.
5) Office premises are revalued at 99,000.
6) Stock in Trade of M/s. L. B. be reduced by ₹9,000 and that of M/s. M. B. be increased by ₹ 5,000.
7) Reserve for Bad Debts be created @ 5% on debts of both firms.
8) Total capital of firm of Vanee Trading Corporation will be 1,80,000 and the capital of each partner will be in his P.S.R. which will be as follows: Ajay 30%; Sujay 20%; Ankur 30%; Ankit 20%.
9) The goodwill account in new firm should be written off.
10) The differences if any should be transfer to current account

you are required to close the books of M/s LB and M/s MB and prepare balance sheet after amalgamation of the firm.

Q. 3 A)AB Ltd. was formed to acquire the business A and B who share profits in the ratio of 3:2 respectively. The Balance Sheet of A and B on 31st December, 2024 was as under: (15)

Balance Sheet as on 31st December 2024

Liabilities	**₹**	**Assets**	**₹**
Capital Account:		Land and Building	40,000
A	64,000	Machinery	20,000
B	40,000	Stock	24,000
A's Loan	3,200	Debtors	23,200

Bills Payable	7,200	Bills Receivable	6,400
Sundry Creditors	21,600	Investments	4,800
		Cash at Bank	9,600
		Goodwill	8000
	1,36,000		1,36,000

It was agreed by the company to take over the assets at book value with the exception of land and building, stock and goodwill which are taken over at ₹ 45,000, ₹ 20,000 and ₹ 28,800 respectively. The investments were retained by the firm and sold for ₹ 4,000. The firm discharged the loan of Mrs. A. The company took over the remaining liabilities. The purchase consideration was discharged by issuing 10,000 Equity shares of ₹ 10 each in AB Ltd. and the balance was paid in cash. Prepare the Ledger Accounts of the firm assuming the shares are distributed amongst partners in their profit sharing ratio.

OR

Q.3.B) P and Q were partners sharing profits in the ratio of 2: 1. Their balance sheet on 31-3-2025 on which date they converted their business into a company was as follows: (15)

Liabilities	₹	Assets	₹
Capitals		Cash	14,000
P	40,000	Debtors	52,000
Q	20,000	Stock	32,000
Mortgage on Freehold Premises	20,000	Machinery	10,000
Creditors	60,,000	Freehold Premises	32,000
Total	1,40,000	Total	1,40,000

The company took over all the Assets and Liabilities except mortgage of Freehold premises for a purchase price of ₹ 1,20,000 payable as to ₹ 24,000 in Cash, ₹ 48,000 in Debentures and the Balance in Equity shares of ₹ 100 each. Close the books of the firm after the above transactions have been carried out, mortgage loan has been paid and partners agreed to share the debentures and shares in proportion to their final capitals.
Prepare the Ledger accounts in the books of the firm and Balance Sheet in the books of Purchasing Company.

Q 4. A) Changu and Mangu are partners sharing profits and losses equally. From the following Trial Balance and adjustments you are required to prepare a Trading A/c, Profit and Loss A/c for the year ended on 31st March, 2025 and Balance Sheet as on that date.
(15)

Trial Balance as on 31-3-2025

Debit Balances	₹	Credit Balances	₹
Carriage Inward	2,000	Capitals:	—
Opening Stock	30,760	Changu	60,000
Salary	4,000	Mangu	40,000
Wages	1,000	Commission	4,000
Discount	500	Interest	4,200
Interest	750	Sales	92,000

Motive Power	4,500	Purchase Return	3,800
Motor Van	28,000	Sundry Creditors	27,400
Bad Debts	1,920	Outstanding Salary	400
Building	34,000	—	—
Debtors	20,000	—	—
Cash at Bank	16,120	—	—
Machinery	10,000	—	—
Investment	12,000	—	—
Purchases	60,250	—	—
Drawings:	—	—	—
Changu	2,800	—	—
Mangu	3,200	—	—
Total	**2,31,800**	**Total**	**2,31,800**

Adjustments:

1. Outstanding wages ₹ 400.
2. Provide depreciation at 10% p.a. on Building and Motor Van.
3. Accrued interest on investment ₹ 360.
4. Provide 5% R.B.D.D. on Debtors.
5. Stock at 31st March, 2025 was Market Value ₹ 40,000; Cost Price ₹ 50,000.

OR

Q.4 B) Answer the following Questions. **15**

a) Define Limited Liability Partnership (LLP). Explain its salient features and state its advantages and disadvantages.

b) Explain the concept of 'purchase consideration' in the context of an LLP taking over a partnership firm. Describe the various methods for its calculation.

Q.5. A) M/s. Nimish Pvt. Ltd. was incorporated on 1st August, 2024 to take over the business of Mr. Chinmay with effect from 1st April, 2024. The following Profit and Loss Account was prepared for the year ended 31st March, 2025. **15**

Particulars		Particulars	
To Office Salaries	24000	By Gross Profit	1,00,000
To Chinmays Salary	2,000	By share Transfer Fees	2,000
To Advertisement	18,000		
To Printing and Stationery	1,500		
To Travelling Expenses	4,000		
To Office Rent	9,600		
To Electricity Charges	5,100		
To Directors Fees	1,200		
To Auditor's Fees	600		
To Bad Debts	1,200		
To Commission on Sales	7,000		
To Preliminary Expenses	2,000		
To Debenture Interest	2,300		
To interest on Capital	800		

To depreciation	2,100		
To net Profit	20,600		
	1,02,000		1,02,000

Additional Information:

(1) Total sales for the year amounted to ₹8,00,000, arose evenly per month upto 30-9-2024 whereafter they recorded an increase of two-third per month during the rest of the period.
(2) Office Rent was paid @ ₹8,400 p.a. upto 30th September, 2024 and thereafter, it was paid @ ₹10,800 p.a.
(3) Travelling expenses include ₹1,600 towards sales promotion. The balance of the travelling expenses are fixed in the nature.
(4) Bad Debts written off were:
 (a) A debt of ₹400 taken over from the vendor.
 (b) A debt of ₹800 in respect of goods sold in September, 2024.
(5) Mr. Chinmay agreed to get his accounts audited.
(6) Depreciation includes ₹600 for assets acquired in the post incorporation period.
(7) Allocate other expenses and incomes in an appropriate manner.

Prepare Statement of Profit and Loss showing separately Pre-incorporation and Post-incorporation Profits for the year ended 31-3-2025.

OR

Q.5 B) Sampurna Co. Ltd. was incorporated on 1st May, 2024 to take over the business of M/s Apurna, as going concern from 1st January 2024. The Profit and Loss Account for the year ending 31st December, 2024 was as follows. **15**

Particulars	₹	Particulars	₹
To Rent and Taxes	8,500	By Gross Profit	2,12,020
To Administrative Salaries and Expenses	25,500	—	—
To Selling Expenses	5,000	—	—
To Directors Fees	12,000	—	—
To Carriage Outward	12,960	—	—
To Advertisement	18,000	—	—
To Depreciation	3,000	—	—
To Audit Fees	6,000	—	—
To Electricity Charges	1,260	—	—
To Interest on Debentures	19,800	—	—
To Net Profit	1,00,000	—	—
Total	**2,12,020**	**Total**	**2,12,020**

Additional Information:

(1) Sales for each month from September 2024 to December 2024 were double the monthly sales from January 2024 to August 2024
(2) Audit fees are for the entire period.
(3) Rent was increased from ₹ 500 p.m. to ₹ 1,000 p.m. with effect from 1st August 2024.

You are required to prepare statement of Profit and Loss, allocating the income and expenses on suitable basis between pre and post incorporation periods.

Q.6 Answer the followings questions. (any 3) (15)

1. Explain the different types of Amalgamation.
2. What is Purchase consideration.
3. Discuss the steps of conversion of partnership firm into Joint stock company.
4. Advantages of LLP
5. Profit prior to incorporation.