

KGUC
(NEP 2020)
Semester Exam October - 2025
Sub – Financial Accounting - III

Class: SYBAF
Semester - III

Marks: 60
Time: 2 hrs.

Note

- i) Attempt any 4 out of 6 questions
- ii) Each Questions 15 Marks each
- iii) Figures to the right indicate full marks

Q1) M/s Prem & CO. and M/s Raj & CO. decided to amalgamate on the following terms and conditions on 1st April 2024. When their Balance sheets were as follows.

Liabilities	M/S Prem.Co. Rs	M/s Raj&Co. Rs	Assets	M/S Prem.Co. Rs	M/s Raj& Co. Rs
Capital A/c			Land & Building	62,500	-
Prem	66,000	-	Furniture	28,750	67,500
Aman	84,000	-	Investment	-	56,250
Raj	-	1,80,750	Inventories	34,000	81,500
Ajay	-	1,05,500	Trade Receivables	80,000	1,55,000
Creditors	53,750	1,28,750	Cash at Bank	28,500	54,750
Bank Loan	30,000	-			
Total	2,33,750	4,15,000		2,33,750	4,15,000

Terms of Amalgamation

a) In the case of M/s Prem

- 1. Provision for doubtful debts to be created at 10% on Sundry Debtors.
- 2. Inventories to be revalued at Rs 31,500.
- 3. Building is to be taken over at Rs 1,50,000
- 4. M/s Prem took over Bank loan .
- 5. Goodwill was valued at Rs 50,000

b) In the case M/s Raj

- 1. Provision for doubtful debts to be created at 10% on Sundry Debtors.
- 2. Inventories were to be valued at Rs 80,000.
- 3. Investment were to be revalued at Rs 75,000
- 4. Goodwill was valued at Rs 75,000

You are required to

- 1. Calculated the purchase Consideration
- 2. Prepare Necessary Ledger Accounts in the books of old firms
- 3. Prepare Balance Sheet after Amalgamation of the firms

Q.2) A,B and C carry on business in partnership sharing profit and losses in the proportions of 4/8, 3/8 and 1/8 respectively .On 31st March,2025,they agreed to sell their business to a limited company.

Their position on that date was as follows.

Particulars	Rs	Particulars	Rs
A's Capital	40,000	Machinery	48,000
B's Capital	30,000	Furniture	42,000
C's Capital	26,000	Stock	23,000
Loan on Mortgage	16,000	Book Debts	15,000
Sundry Creditors	18,000	Cash	2,000
	1,30,000		1,30,000

The company took the following assets at the valuation show below :

	Rs.
Machinery	61,000
Furniture	31,800
Stock	22,000
Book Debts	14,000
Goodwill	10,000

The compay also agreed to pay the creditors which was agreed at Rs 17,700. The company paid Rs 67,000 in fully Paid shares of Rs 10 each and the balance in cash . The expenses amounted to Rs 1500.

Prepare Ledger accounts in the books of the firm.

Q.3) L and M are partners sharing Profit and losses equally in LLP. From the following trial Balance of the firm,prepare Income Statement and Balance Sheet as on 31st March, 2025

Particulars	Rs	Particulars	Rs
Stock	20,000	Capital A/c :	
Purchases	1,30,000	L	15,000
Sales Returns	700	M	15,000
Debtors	20,000	Commission	1,000
Wages	6,000	Rent	1,000
Royalties on Sales	1,000	Miscellaneous Income	2,000
Furniture	5,000	Sales	1,70,500
Machinery	30,000	Purchase Returns	3,200
Advertisment for 4 years	4,000	Discount	300
Salaries	3,000	Provident Fund	2,000
Provident Fund Investment	2,000	Interest on Provident Fund	200
Contribution to Provident Fund	500	Investment	
Insurance	500	Reserve for Doubtful Debts	500
Cash	3,000	Creditors	20,000
Drawings			
L	3,500		
M	1,500		
	2,30,700		2,30,700

Additional Information

1. Closing Stock Price Rs25,000; Market Price Rs 30,000.
2. L has taken goods worth Rs 500 for his personal use .
3. Prepaid Insurance amounted Rs 100
4. Depreciate furniture by 15% and Machinery 20%
5. Write off Rs 400 as Bad debts and maintain the reserve for Doubtful debts at 3% on debtors.

You are required to prepare:

1. The Trading and Profit and Loss Account for the year ended 31st March ,2025.

2. The Balance Sheet as on that date.

Q4) M/s Mukesh Co. was incorporated on 1st September,2024 to take over the business of Mr. Anil w.e.f 1st April,2024. Purchase consideration was fixed at Rs 250000 payable as Rs 25000 Equity shares of Rs10 each which was paid on 31st October 2024.Its Profit and Loss Account for the year ended 31st March 2025 was as under.

Profit and Loss For the Year Ended 31st March ,2025

Particulars	Rs	Particulars	Rs
To Salaries - Office Staff	6,000	By Gross Profit	1,35,000
Proprietor	1,200	By Interest on Investment	6,000
To Rent	6,600	By Discount received	2,000
To Selling Expenses	13,500		
To Office Expenses	12,000		
To Interest on Purchase Consideration	7,000		
To Preliminary Expenses written off	2,900		
To Net Profit	93,800		
Total	1,43,000		1,43,000

Additional Information

1. Anil's capital as on 1st April 2024 was Rs 2,25,000.

2. Sales during the year were as under :

April and May 2024	Rs 15,000 p.m.
June, July and August 2024	Rs 30,000 p.m.
September, October and November 2024	Rs 36,000 p.m.
December 2024, January and February 2025	Rs 54,000 p.m.
March 2025	Rs 60,000 p.m.

3. Purchases during pre and post incorporation period were Rs 50,000 and Rs 1,50,000 respectively.

4. Rent was paid @ Rs 6,000 p.a. upto 30th September 2024 and thereafter @ Rs 7,200 p.a.

5. Provide depreciation on Land and Building at Rs 12,000 p.a. and on Plant and Machinery at Rs 9,000 p.a.

6. Investments were taken from vendor.

7. Write off 30% of Goodwill.

Prepare Statment of Profit and loss for the year ended 31st March 2025 showing profit or loss in pre - incorporation period and post - incorporation period.

Q5) M/s . P & Q as partners decided to amalgamate with M/s R & Co. having R & S as partners on the following terms and conditions :

1. The new firm to PR & Co. to consider Goodwill of Both the firm at Rs 12000 each .
2. The new firm to take over investments at 10% depreciation ; Debtors and Furniture at book value ; premises at Rs 53000 ; Land at Rs 66800; Machinery at Rs.9000 and Furniture and such cash which remained after discharge of partner's loans by the respective old firms before amalgamation .
3. The new firm also assumed other liabilities of old firms .

The following were the Balances Sheets of both the firms on the date of amalgamation

Liabilities	P & Co. Rs	R & Co. Rs	Assets	P & Co. Rs	R & Co. Rs
Creditors	20,000	10,000	Cash	15,000	12,000
Bills Payable	5,000	-	Investments	10,000	8,000
Loans : P	8,000	-	Debtors	9,000	4,000
R	-	10,000	Furniture	12,000	6,000
Reserves	10,000	4,000	Premises	30,000	-
Capital : P	35,000	-	Land	-	50,000
Q	22,000	-	Machinery	15,000	-
R	-	36,000	Goodwill	9,000	-
S	-	20,000			
	1,00,000	80,000			

Prepare following Ledger Accounts in each case :

- i) Realisation Account
- ii) Partner's Capital Accounts
- iii) New Firm Account ; and also prepare the Balance Sheet of the New Firm.
- iv) Prepare Journal of P & Co.

Q6) Write Short Note On (Any 3)

(15)

- 1) Advantages of LLP
- 2) Purchase Consideration - Lumpsum Method and Net Asset Method
- 3) Distinguish between Amalgamation and Absorption
- 4) Principles of Ascertainment of Profit / Loss
