Roll No:
Date: __/__/____

St. Claret College

Autonomous, Bengaluru

UG END SEMESTER EXAMINATION - MAY 2026

BBA- II SEMESTER

BM 2124: FINANCIAL ACCOUNTING

9

TIME: 3 hours. **MAX. MARKS: 80**

This paper contains FOUR printed pages and FOUR parts

Instructions:

1. **Verify and ensure that the question paper is completely printed.**
2. **Any discrepancies or questions about the exam paper must be reported to the COE within 1 hour after the examination.**
3. **Students must check the course title and course code before answering the questions.**

PART-A

Answer ALL questions. Each answer carries ONE mark. **[10x1=10]**

1. MCA stands for
   a) Ministry of Corporate Affairs
   b) Member of Commerce Academy
   c) Ministry of Commerce Affairs
   d) Mining Company Act

2. Ind AS and IFRS are _____
   a) Statutory Bodies
   b) Accounting Standards
   c) Government Polices
   d) Audit Procedures

3. _____ accounting is a financial accounting system that keeps separate account books for each department in a company.
   a) Branch
   b) Management
   c) Departmental
   d) Cost

4. Common expenses are:
   a) Expenses for only one department
   b) Expenses not recorded
   c) Expenses shared by all departments
   d) Expenses of the manager only

5. Branches of a business that operate in a different country from where the headquarters is located are called
   a) International branches
   b) Regional branches
   c) Domestic branches
   d) Another Company

6. The profit or loss of a branch account is transferred to which account?
   a) Gen P & L A/c
   b) Capital A/c
   c) Cash A/c
   d) Sales A/c

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7. Find out sales when COGS is Rs. 80,000 and Gross profit on sales is 20%

a) Rs. 1,04,000 b) Rs. 96,000

c) Rs. 1,00,000 d) Rs. 98,000

8. If the insured amount is less than the actual value of the insurable stock is called

a) Over insurance b) Premium

c) Under insurance d) Discount

9. What is a bill of exchange?

a) A type of currency b) A loan agreement

c) A written order requiring payment d) A stock certificate

10. What is 'dishonour of a bill'?

a) Paying the bill before the due date b) Refusing to pay the bill on the due date

c) Endorsing the bill d) Renewing the bill

PART – B

Answer any THREE questions. Each answer carries EIGHT marks. **[3x8=24]**

11. Analyze the differences between Indian Accounting Standards and IFRS

12. Complete the Departmental Trading and Profit and Loss Account using the given information by selecting appropriate bases for the apportionment of common expenses.

a. Floor Area occupied by Department A is 3 & Department B is 2

b. Number of light points in Department A is 4 & Department B is 4

c. Number of employees in Department A is 300 & Department B is 200

d. Carriage inwards and other direct expenses are to be distributed equally.

Dr. Departmental Trading & Profit & Loss Account Cr.

Particulars	Dep A Rs.	Dep B Rs.	Total Rs.	Particulars	Dep A Rs.	Dep B Rs.	Total Rs.
To Opening Stock	12,000	8,000	20,000	By Sales	2,20,000	1,90,000	4,10,000
To Purchases	1,32,000	1,26,000	2,58,000	By Closing Stock	19,000	11,000	30,000
To Carriage Inwards	?	?	12,000				
To Other direct exp	?	?	7,000				
To Factory lighting	?	?	800				
To Gross Profit c/d	?	?	?				
	2,39,000	2,01,000	4,40,000		2,39,000	2,01,000	4,40,000
To Salaries	?	?	5,000	By Gross Profit b/d	?	?	?
To Dep on Machinery	5,000	3,000	?	By Disc Received	450	350	?
To Rent & Taxes	?	?	5,000				
To Net Profit	?	?	?				
	85,550	57,450	1,43,000		85,550	57,450	1,43,000

13. Prepare only Mangalore Branch account in the books of Delhi H.O. for the year ending on 31/03/2026.

Opening Stock Rs. 1,20,000; Opening Petty cash Rs. 4,000; Opening Debtors Rs. 4,000

Goods send to branch by H.O. Rs. 1,40,000; Goods returned by branch to H.O. Rs. 5,000

Cash Sales Rs. 1,90,000; Cash received from Debtors Rs. 2,01,000

Cash paid by H.O to meet branch expenses like Salary Rs. 12,000; Rent Rs. 17,000; Advertisement Rs. 8,000

Closing Stock Rs. 1,80,000; Closing Petty cash Rs. 2,000; Closing Debtors Rs. 6,500

14. A fire occurred on November 14, 2025 in the shop of Gurumurthy. Calculate actual amount of loss.

Stock on 1/04/2025 Rs. 1,00,000; Purchases up to the date of fire Rs. 4,50,000; Sales up to the date of fire Rs. 5,00,000; Wages paid up to the date of fire Rs. 30,000; Stock salvage Rs. 40,000; The rate of Gross profit on sales is 20%.

15. Explain the types of bills of exchange.

PART – C

Answer any THREE questions. Each answer carries TWELVE marks. **[3x12=36]**

16. Discuss the role of Institute of Chartered Accountants of India (ICAI) in issuance of Standards.

17. From the below information prepare trading and profit and loss account.

Particulars	Department A	Department B	Total
Opening Stock	1,00,000	1,20,000	2,20,000
Purchases	3,10,000	2,80,000	5,90,000
Sales	5,00,000	4,00,000	9,00,000
Direct expenses	3,000	4,000	7,000
Closing Stock	2,14,000	2,35,000	4,49,000

Carriage Inward Rs. 2,500; Wages Rs. 12,000; Rent, taxes and insurance Rs. 10,000; Indirect Expenses Rs. 4,000; Salaries Rs. 3,000; Discount allowed (loss) Rs. 1,000; Advertisement Rs. 3,500; Depreciation on furniture Rs. 2,000; Depreciation on plant and machinery Rs. 6,000. Apportion all expenses equally, except wages and salaries. These should be apportioned in the ratio of 2:1.

18. Kolar H.O. sends goods to the K.G.F. branch at cost plus 25%. Prepare K.G.F Branch account in the books of Kolar H.O.

Petty cash on 01/04/2025 Rs. 4,000; Petty cash on 31/03/2026 Rs. 3,000

Machinery on 01/04/2025 Rs. 40,000; Machinery on 31/03/2026 Rs. 36,000

Stock on hand on 01/04/2025 Rs. 16,000; Stock on hand on 31/03/2026 Rs. 16,000

Sundry Debtors on 01/04/2025 Rs. 14,500; Sundry Debtors on 31/03/2026 Rs. 17,000

Sundry Creditors on 01/04/2025 Rs. 1,000; Sundry Creditors on 31/03/2026 Rs. 1,000

Goods send to branch Rs. 2,38,000; Cash sales Rs. 1,36,000; Cash received from debtors Rs. 1,88,000;

Cash sent from H.O. for branch expenses like Office expenses Rs. 23,000; Salaries Rs. 12,000; Rent and taxes Rs. 4,000

19. On 15.9.2025 the premises and stock of a firm was destroyed but the accounting records were saved from which the following particulars were available. Stock on 1.4.2024 Rs. 1,47,000; Stock on 31.3.2025 was Rs. 1,63,800; Purchases for the year 2024-25 was Rs. 7,96,000; Sales for the year 2024-25 Rs. 9,74,000; Purchases from 1.4.2025 to 15.9.2025 was Rs. 3,24,000; Sales from 1.4.2025 to 15.9.2025 was Rs. 4,62,400. Carriage inwards from 1.4.2025 to 15.9.2025 was Rs. 22,000. Stock salvaged was Rs. 60,600; Amount of policy was taken for Rs. 60,000. There is an average clause in the policy. Show the amount of claim.

20. Ram sold goods Rs. 1,50,000 to Mohan on credit. He drew a bill of exchange for the same amount upon Mohan payable after date two months. Mohan accepted the bill and returned the same to Ram. On the due date the bill was presented to Mohan who met the same. Pass the necessary journal entries in the books of Ram and Mohan under the following circumstances.

A. When the bill was retained by Ram till the date of its maturity.

B. When Ram endorsed the bill in favour of his creditor Mukesh.

PART – D

Answer the following case study. The answer carries TEN marks. **[1x10=10]**

21. Ramesh Traders, a wholesale grocery business, had taken a fire insurance policy of ₹5,00,000 to protect its stock. On 10th July 2023, a sudden fire broke out in the warehouse due to an electrical short circuit. A large portion of the stock was destroyed, while goods worth ₹50,000 were saved (salvage). Ramesh immediately informed the insurance company, filed an FIR, and submitted all necessary documents including purchase bills and stock records. The insurance company appointed a surveyor to assess the damage. After evaluation, it was found that the total value of stock at the time of fire was ₹6,00,000, and the actual loss was ₹4,50,000. Since the stock was under-insured, the average clause was applied. The insurance company approved the claim proportionately, and Ramesh Traders received less than the actual loss amount.

A. What steps did Ramesh take to claim insurance?

B. How can businesses avoid under-insurance?

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