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**PRESIDENCY UNIVERSITY**

**Bengaluru**

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| **End - Term Examinations – JANUARY 2025** |
| **Date:** 10 – 01- 2025 **Time:** 09:30 am – 12:30 pm |

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| **School:** SOM-UG | **Program:** BBA FINANCE | |
| **Course Code:** BBA3008 | **Course Name:** Advanced Financial Accounting | |
| **Semester**: V | **Max Marks**:100 | **Weightage**: 50% |

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| **CO - Levels** | **CO1** | **CO2** | **CO3** | **CO4** |
| **Marks** | **08** | **32** | **30** | **30** |

**Instructions:**

1. *Read all questions carefully and answer accordingly.*
2. *Do not write anything on the question paper other than roll number.*

**Part A**

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| **Answer ALL the Questions. Each question carries 2 marks. (10Q x 2M = 20M)** | | | **Bloom's Level** | **CO** | |
| **1** | What are the main functions of a bank? | **2 Marks** | **Remembering** | **CO1** |  |
| **2** | Define Reverse Repo rate . | **2 Marks** | **Remembering** | **CO1** |  |
| **3** | What does the term "Cash Reserve Ratio (CRR)" refer to in banking? | **2 Marks** | **Remembering** | **CO1** |  |
| **4** | A trader draws a bill of exchange for ₹20,000 for 3 months. The bank agrees to discount the bill at a discount rate of 6% per annum. What is the amount the trader will receive after discounting the bill? | **2 Marks** | **Understanding** | **CO2** |  |
| **5** | Classify the following transactions into Revenue or Capital in terms of receipt or expenditure.   1. Sale of furniture. 2. Sale of Building 3. Purchase of Plant 4. Rent income. | **2 Marks** | **Understanding** | **CO2** |  |
| **6** | Recall any two transactions recorded as Revenue Expenditure. | **2 Marks** | **Understanding** | **CO2** |  |
| **7** | Solve the following and calculate the purchase value:  Purchase of bonds for ₹ 20,000, brokerage paid ₹500, Interest ₹ 150 (Cum Interest) | **2 Marks** | **Applying** | **CO3** |  |
| **8** | On April 1, 2024, a company purchased 100, 10 % debentures of ₹1,000 each at par, Interest payable semi-annually (on September 30 and March 31). The company sold 40 debentures on August 1, 2024, at ₹1,050 each. Calculate Profit & loss on sale of Investment. | **2 Marks** | **Applying** | **CO3** |  |
| **9** | Draw a Proforma of schedule I and II of Electricity Company. | **2 Marks** | **Remembering** | **CO1** |  |
| **10** | What is the main purpose of preparing double account system? | **2 Marks** | **Understanding** | **CO2** |  |

**Part B**

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| **Answer ALL the Questions. Each question carries 7 marks. (5Q x 7M = 35M)** | | | **Bloom's Level** | **CO** |
| **11** | Ram and Shyam are two businessmen. Ram accepts a bill of ₹8,000 drawn by Shyam for a period of 3months. Shyam, in need of immediate cash, gets the bill discounted at a bank at a discount rate of 8% per annum.   Calculate the discount charged by the bank.   * Determine the amount Shyam will receive from the bank after discounting the bill. * Pass necessary journal entries in the books of bank. | **7 Marks** | **Understanding** | **CO2** |
|  | **Or** | | | |
| **12** | Calculate the discount on the following Bills.   1. 60,000, 3-month, rate 1% per month (Presented after two month) 2. 80,000 3-month Rate 6% per year (Presented on Same date) | **7 Marks** | **Applying** | **CO3** |

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| **13** | For the year ending on March 31, 2021, the balances of The Axis Bank Ltd. are given hereunder:   |  |  | | --- | --- | | Particulars | Rs. | | Interest on loan | 2,50,000 | | Printing & stationery | 6,000 | | Telephone & internet | 4,000 | | Interest on fixed deposit | 36,000 | | Salaries | 30,000 | | Postage | 5,000 | | Rent | 7,000 | | Interest on saving bank deposit | 20,000 | | Commission received | 1,40,000 | | Legal charges | 15,000 | | Insurance | 9,000 | | Interest on overdraft | 1,20,000 | | Interest on cash credit account | 3,40,000 |   Prepare P&L Account for the year ended on March 31, 2021. | **7 Marks** | **Applying** | **CO3** |
|  | **Or** | | | |
| **14** | You are preparing for a seminar on banking regulations and financial stability. While reviewing the guidelines issued by the Reserve Bank of India (RBI), you come across the concept of minimum paid-up capital and reserves required for banks to operate. In this regard, explain the minimum paid-up capital and reserve requirements for banks incorporated in India and outside India. | **7 Marks** | **Understanding** | **CO2** |

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| **15** | State with reasons whether the following receipts would be treated as Capital or Revenue: -  (a) ₹ 6,000 received from a customer whose account was previously written off as bad debts.  (b) ₹ 30,000 received from the sale of an old machine.  (c) ₹ 3,60,000 received from the sale of stock-in-trade.  (d) ₹ 6,00,000 is contributed by a partner as capital.  (e) Took a loan of ₹ 12 Lac from Punjab National Bank.  (f) Received ₹ 6 Lac as subsidy from State Government.  (g) Received ₹ 10 Lac as a grant from State Government for the construction of quarters for the staff. | **7 Marks** | **Applying** | **CO3** |
|  | **Or** | | | |
| **16** | Explain why capital expenditures are recorded differently from revenue expenditures in financial statements. | **7 Marks** | **Understanding** | **CO2** |

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| **17** | ABC Limited bought 5000, 10%, Bonds on Jan 1, 2024 @ 125 each ex-interest and paid brokerage 1% (Face Value ₹ 100) and sold 2500 Bonds for ₹ 3,00,000 and paid ½ % brokerage on sale on 31st March 2020. The Interest Payable date is May 1,2024 and Nov. 1, 2024. Prepare Investment account. | **7 Marks** | **Applying** | **CO3** |
|  | **Or** | | | |
| **18** | As Per Banking Regulation Act 1949, Prepare the Format of Schedule 13 to Schedule 16. | **7 Marks** | **Understanding** | **CO2** |

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| **19** | A Building was purchased on March 1, 2005, for ₹ 5,00,000. Half of the building was sold on Dec. 2014 for ₹ 5,00,000 and rest part sold on July 1, 2020, for ₹ 10,00,000. As per the Cost inflation index calculate the Profit and loss on both the sales Proceed.  The cost Inflation Index in 2004-05 , 2014-15 and 2020-21 are 120 , 250 and 400 respectively. | **7 Marks** | **Analyzing** | **CO4** |
|  | **Or** | | | |
| **20** | You are the financial manager of a mid-sized manufacturing company. Recently, there has been significant inflation, causing the prices of raw materials, labour, and overheads to fluctuate frequently. The company’s CEO has noticed discrepancies between the cost figures in your reports and the actual expenses being incurred. To address this issue, the CEO has tasked you to plan on how the company can adapt its accounting methods to reflect these changing costs more accurately. Explain the current cost accounting method in this regard. | **7 Marks** | **Analyzing** | **CO4** |

**Part C**

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| **Answer Any THREE Questions. Each question carries 15 marks. (3Q x 15M = 45M)** | | | **Bloom's Level** | **CO** | |
| **21** | State with reasons whether the following receipts would be treated as Capital or Revenue: -  (a) ₹ 6,000 received from a customer whose account was previously written off as bad.  (b) ₹ 20,000 received from the sale of an old machine.  (c) ₹ 2,60,000 received from the sale of stock-in-trade.  (d) ₹ 5,00,000 is contributed by a partner as capital.  (e) Took a loan of ₹ 10 Lac from Punjab National Bank.  (f) Received ₹ 4 Lac as subsidy from State Government.  (g) Paid ₹ 20,000 to accidental case due to company Truck. | **15 Marks** | **Applying** | **CO3** |  |
| **22** | Prepare Balance sheet from the following for HDFC bank Limited.  Share Capital 20,000 Shares @ ₹ 100 each,  Reserve Fund 4,00,000  Local Bill Discount 6,00,000  Cash Credit 5,00,000, Overdraft 10,00,000 & Term Loan 4,00,000  Investment in shares 5,60,000  Demand Deposit: From Banks 10,00,000, From Others 5,00,000  Term Deposit: From Banks 3,20,000 From Others 2,80,000  Borrowing in India 8,00,000  Bills Payable 1,00,000 & Unclaimed Dividend 2,50,000  Cash in Hand 3,60,000 & Cash With banks in India 7,40,000  Stationery and Stamp 1,40,000  Building 12,00,000 & Furniture 2,00,000  Profit & Loss (Credit Balance) 2,50,000 (Includes Last Year Profit 1,00,000)  Statutory Reserve is to be created 25% out of Current Year Profit which is 50,000 | **15 Marks** | **Applying** | **CO3** |  |
| **23** | Following are the details of Torrent Power Limited on 31st March 2024.  Equity Share Capital 30,000 (Face Value ₹ 10 each), Preference share Capital 25,000(Face value ₹ 10 each) Land purchased 6,000, Distribution station 7,400 Machinery 2,000, Mains 15,000, Transformers 10,000 Meter 500, Instrument 1,500, Furniture 150, Tools 30, Law cost 5,000.  The following additional information was provided on 31st March 2024:  Additional Expenditure on Building 140, Machinery ₹ 100, distribution Station ₹ 185, Transformers ₹ 65, Meters ₹ 20, Instrument ₹ 10, Tools ₹ 10, Public Lamps ₹ 114.  Prepare the statutory Capital account on 31st March 2024. | **15 Marks** | **Analyzing** | **CO3** |  |
| **24** | KK Limited Purchased 6%, 2000 Debenture of ₹ 100 each on May 1, 2024, at the rate of 120 each (ex- Interest) and paid 1% Brokerage for the same. The company sold 1000 Debenture after two months at the rate of 130 each and paid the brokerage at 1%. The company again sold 500 Debentures at the rate of ₹ 140 each cum interest and paid 1% Brokerage. Prepare the investment account and show all the working. | **15 Marks** | **Analyzing** | **CO4** |  |