



DEPARTMENT OF COMMERCE
QUESTION BANK FOR B COM
CORPORATE ACCOUNTING- I

MODULE I (COI- Illustrate the procedure of Shares) (Understand)
SECTION A

1. Explain Securities Premium
2. Compare and Contrast between Capital Reserve and Reserve Capital
3. Show the accounting treatment of issue of shares to vendors at par and at premium
4. Summarise about Premium on Redemption of preference shares
5. Illustrate the importance of ESCROW account.
6. Show the accounting Treatment of Forfeiture of shares.
7. Explain Book Building
8. Explain the merits of Buy Back of shares.
9. Outline CRR?
10. Illustrate journal entries for issue of shares to vendors at par and at a premium?

SECTION B

11. Explain company. What are its essential characteristics?

1. ABC Ltd invited applications for 100000 shares of Rs. 10 each, payable as follows
On application Rs. 2 On allotment Rs. 3 On first call Rs. 2 On final call Rs. 3.

All the shares were applied. You are required to pass journal entries in the books of the company assuming that all sums due on allotment and calls have been received.

12. Z Ltd forfeited 500 shares of Rs. 100 each, Rs. 80 called up, for non payment of allotment money of Rs. 30 per share and first call money of Rs. 10 per share. These shares were re-issued as fully paid up for Rs. 80 per share. Record Journal Entries for forfeiture and reissue of shares.

13. Bee Ltd invited application for 100000 shares of Rs. 10 each, payable as follows: On application Rs. 2 on allotment Rs. 2 On first call Rs. 3 On final call Rs. 3

130000 share applications were received and prorata allotment was made. The excess application money was adjusted against the allotment money due. All moneys were duly received. Mohan who had 1000 shares, paid the amount of first and final calls along with allotment. Pass journal entries in the books of the company.

14. Nava Bharath Limited provides you the following information:

1. Issued Capital: 400,000 Equity shares of Rs. 10 each

2. Reserves and Surplus

Capital Reserve Rs.20 Lakhs

Securities premium Rs. 36 Lakhs

General Reserve Rs.50 Lakhs

Statement of profit and Loss A/c Rs.30 Lakhs

3. Resolution Passed to buy back 25% of Equity shares @ Rs.30 per share.

Pass Journal Entries to record the above transactions assuming that the company achieved the target of buy back.

15.Explain the SEBI guidelines for buy back of shares?

16.Explain the SEBI guidelines for Issue of Bonus Shares?

17.Outline the Sources for Issuing Bonus Shares

SECTION C

18.Zee Ltd invited applications for 100000 shares of Rs. 10 each payable as follows:

On application Rs. 2 On allotment Rs. 3 On first call Rs. 2 On final call Rs. 3

130000 share applications were received 10000 applications were rejected and pro rata allotment was made to the rest. All the amounts were duly received except the first and final call on 3000 shares. Sitaram, the holder of 2000 shares paid the amount of first and final calls along with allotment. Pass journal entries in the books of the company.

19 ABC Ltd issued 1,00,000 Equity shares of Rs.10 each payable as follows:

On Application	Rs.1
On Allotment	Rs.2
On First Call	Rs.3
On final call	Rs.4

All the amounts were duly received with the following exceptions:

'A' who holds 1,000 shares, has not paid the money due on allotment and calls.

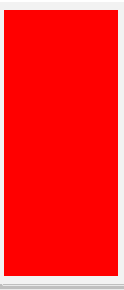
'B' who holds 500 shares, has not paid the money due on first and final calls.

'C' who holds 300 shares, has not paid the money due on final call.

All these shares were forfeited. Later on these shares were re-issued at a discount of 5%. Pass Journal Entries.

20.A Ltd. has 10000 8% redeemable preference shares of 100 each fully paid. It Resolved to redeem the preference shares at par. The company has general reserve ₹ 280000, statement of Profit & loss credit balance 220000 and capital reserve 50000. It is also resolved to utilise the available fund and to issue sufficient number of equity shares of 10 each at a premium of ₹ 5 per share to provide the required fund for redemption. Calculate the number of equity shares to be issued . Also give journal entries for the issue and redemption.

4.Explain the Legal provisions for redemption of Preference shares?



**MODULE 2 (CO2-Examine underwriting of shares) ((Analyse level)
SECTION A**

1. Distinguish between marked application and unmarked application
2. Examine the important features of underwriting
3. Compare and contrast between Open underwriting and Firm Underwriting
4. List out the different types of Underwriting
5. Analyse the pros and cons of underwriting agreement
6. Compare and Contrast between Syndicate Underwriting and Joint Underwriting
7. Examine how will you determine the liability of an underwriter
8. XYZ Ltd issued 100,000 Equity shares of Rs.10 each. The issue was underwritten as follows:

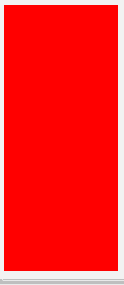
X- 30%,Y-30%,Z-20%

The company received applications for 80000 Shares Only . Determine the liability of Underwriter.

9. List out the SEBI guidelines regarding Underwriting
10. Compare and contrast between Underwriter and Broker

SECTION B

11. Explain the types of underwriting.2
12. Show the proforma statement showing net liability of underwriters.
13. .Greenland Ltd issued 150000 equity shares. The whole of the issue was underwritten as follows. X - 50%, Y - 25% ,Z-25%.
Applications for 120000 shares were received in all, out of which marked application were: X - 30000, Y - 15000, and Z- 30000. The remaining applications for 45000 shares did not bear any stamp of the underwriter.Determine the liability of underwriters.
- 14..Explain the SEBI guidelines regarding Underwriting.
- 15.H&N Ltd issued 10% Rs.7500000 Debentures .70% of the issue was underwritten by Mr. A with a firm Underwriting of Rs.1000000.Marked application were Rs.55,00,000 Debentures.Calculate liability of the underwriter and commission payable to him.
- 16.Explain the advantage, objective, importance and limitations of underwriting.
- 17.Nestle Ltd Issued 30000 Equity Shares of Rs.100 each .75%of the issue was underwritten by Mr.C applications for 21000 shares were received in all by the company.
Determine the liability of Mr.C



SECTION C

18. Reliance Ltd issued 40000 equity shares. The issue was underwritten as follows. X - 24000, Y -10000 ,Z-6000.

The firm underwriting of underwriters were as follows:

X-3200

Y-4000

Z-1200

The total applications excluding firm underwriting but including marked applications were for 2000 shares. The marked applications as under

X-4000

Y-5000

Z -2000

Calculate the liability of underwriters

19. Meethu Ltd issued 60000 shares of Rs 100 each. These shares were underwritten by B. Applications for 45000 debentures were received in all, Out of which applications for Rs.30000 debentures were marked. Determine The liability of Mr.B

20 P&G Ltd issued 100,000 equity shares. The issue was underwritten as follows.

X -60,000(Firm underwriting 8000 shares,)

Y -30000 ,(Firm Underwriting 10000shares)

Z-10000 (Firm underwriting 2000 shares)

The total applications excluding firm underwriting but including marked applications were for 2000 shares. The marked applications as under

X-20000 shares

Y-14000

Z -6000

The underwriting contract provides that credit for unmarked applications be given to the underwriter in proportion to the shares underwritten.

Calculate the liability of underwriters and the amount of commission “(assuming the maximum rate to be 2.5%

MODULE 3 (CO3-Construct Final Accounts of Joint Stock Companies) (Apply) **SECTION A**

1.From the following particulars calculate weighted time ratio for pre and post incorporation period and share the salaries accordingly.

Accounting period-I. 1.2015 to 31.12.2015
Date of incorporation-I. 4.2015
Total salaries for the year-Rs. 2000000
Total number of workers:
Preincorporation period-10
Post incorporation period-20

2. Contrast between Time ratio and Sales ratio
3. Develop an idea about the important adjustments related to dividends and reserves
4. Identify how will you disclose the following items while preparing the balance sheet of a company
 - a. Outstanding Expense
 - b. Provision for tax
5. Choose on which basis the following items are apportioned
 - a. Partners Salary
 - b. Directors Remuneration
6. Illustrate the treatment of transfer to reserves in final accounts?
7. Illustrate the treatment of TDS in final accounts?
8. Explain the requirements of financial statements?
9. Explain contingent liabilities
10. Explain Deferred Tax liability and Assets?

SECTION B

11. A limited company was incorporated on 1.1.2017 to acquire a partnership firm 1.10.2016. The accounts of the company for the period ended 30.9.2017 disclosed a profit of Rs. 67540 after charging the following expenses.

Salaries-Rs. 15000 (preincorporation employees-4 and post incorporation employees 7)

Wages-5280 (preincorporation workers-4 (Rs 80 per month) and post incorporation workers-5 (Rs 100 per month))

Directors fees- 8000

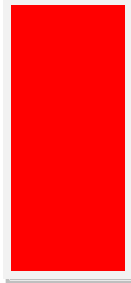
Sales Rs. 240000 of which Rs. 40000 related to incorporation profits. Prepare statement showing preincorporation and post incorporation profits.

12. Identify the accounting steps involved in the calculation of profit/loss prior to incorporation.

13. Explain treatment for Dividend Distribution Tax or Corporate Dividend Tax

14. Explain how will you treat profit prior to incorporation

15. Explain how will you treat loss prior to incorporation



SECTION C

16. Construct a Balance Sheet as per the Schedule III of Companies Act ,2013 with imaginary figures

17. Galaxy Ltd was incorporated on 1-4-2019 in order to take the running business from 1.1.2019. Accounts are closed on 31.12.2019. You are required to calculate sales ratio.

Additional information:

A) Sales for the year- Rs.960000

B) January Sales- Twice the average

C) February sales- average sales

D) May to August- 1/4 th of average sales

E) October to November- 3 times the average sales

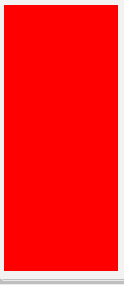
18. Construct a Profit and Loss Account as per Part II of Schedule III of Companies Act 2019

And briefly Explain the Items

Particulars	₹
Share capital	6993000
Reserves & Surplus	2647400
Long-term borrowings	1697000
Trade Payables	1400000
Other current liabilities	200000
Short term provisions	325500
Tangible assets	7475000
Intangible assets	400000
Inventories	1750000
Trade receivables	1400000
Cash and cash equivalents	1939000
Short term loans and advances	298900

19.. On
Ltd. provides

31.03.2018, Ananya
to you the



following ledger balances after preparing its statement of profit and loss. Prepare Balance sheet.

The following is the trial balance of DELL Ltd at 31-03-2018

particulars	Dr.	Cr.
Stock (31-3-2018)	75,000	
Sales		3,50,000
Purchases	2,45,000	
Wages	50,000	
Discount		5,000
Furniture	17,000	
Salaries	7,500	
Rent	4,950	
Sundry Expenses	7,050	
Surplus A/c		15,030
Dividends paid	9,000	
Share capital		1,00,000
Debtors and Creditors	37,500	17,500
Plant and Machinery	29,000	
Cash and Bank	16,200	
General Reserve		15,500
Patents and trademarks	4,830	
	5,03,030	5,03,030

Adjustments:

- Stock on 31-3-2018 is valued at Rs.82,000
- Depreciation of fixed assets @10%
- Make provision for income tax@50%
- Ignore CDT

Prepare final accounts as per Schedule III of Companies Act,2013



**MODULE 4 (CO4- Demonstrate the investment accounts preparation)
(Understand)**

SECTION A

1. Explain the classification of investments on the basis of income
2. Compare and contrast between trade investments and marketable securities
3. Interpret the reclassification procedure of investments
4. Show the proforma of an investment account
5. Summarise the importance of investment ledger
6. Illustrate the treatment of brokerage in investment accounts?
7. Define investments as per AS-13
8. Explain fixed income bearing securities?
9. Explain Variable income bearing securities
10. Explain a note on investment Account

SECTION B

11. Explain the treatment of bonus shares and right shares in investment accounts.
12. On 1.4.2017 ABC Ltd had Rs.300000 6% government bonds at Rs.94 each.(face value being Rs.100). Interest payable half yearly on 31st march and 30th september every year. The company sold Rs.90000 of the bonds of Rs.95 cum interest on 1.6.2017. Draw up 6% government bond account for the year ended 31.3.2018.
13. On 1.5.2017 Mr. Prasad purchased 2000 10% debentures of Rs.100 each at Rs.95 per debenture and paid brokerage of ½% and stamp duty of Rs.125. On 30.9.2017 he sold 1000 debentures at Rs.98 per debenture. Rs.150 were paid as expenses on them. Interest were paid on 30th june and 31st december each year. Prepare 10 % debenture account.
14. Explain the Investment in Equity Shares
15. On 1.4.2017 ABC Ltd had Rs.300000 6% government bonds at Rs.94 each.(face value being Rs.100). Interest payable half yearly on 31st march and 30th september every year. The company sold Rs.90000 of the bonds of Rs.95 cum interest on 1.6.2017. Draw up 6% government bond account for the year ended 31.3.2018.
16. Explain ex-Interest sale and cum interest sale
17. Explain ex interest purchase and cum interest purchase

SECTION C



18..Mr. Mohan gives the following details regarding his investment in 16% debentures of ABC Ltd.

- a) Opening bal (1 Jan) face value of Rs 60000
 - b) 1st March: Purchased 100 debentures ex-interest @Rs.98
 - c) 1st July: Sold 200 debentures ex-interest out of original holding @ Rs 100
 - d) 1st October: Purchased 50 debentures at Rs. 98 cum interest.
 - e) 1st November:Sold 200 debentures exinterest at Rs. 99 out of the original holdings.
 - f) Interest dates are 30th September and 31st march.
- Mohan closes his books every 31st December. Brokerage at 1% to be paid for each transaction. Show the investment account as it would appear in his books. Market value of debentures on 31st December is Rs. 99.

19. Tandon carried out the following transactions in the shares of Bright Ltd.

1. On 1.4.2017 he purchased 20000 equity shares of Rs. 1 each fully paid for Rs. 30000
2. On 15.5.2017 Tandon sold 4000 shares for Rs. 7600.
3. At a meeting on 15.6.2017 the company decided:
 - a. To make a bonus issue of one fully paid share for every four shares held on 1-6-2017
 - b. To give its members the right to apply for one share for every five shares held on 1.6.2017 at a price of Rs. 1.5/share of which 75 paise is payable on or before 15th July 2017 and the balance 75 paise per share on or before 15th September 2017.The shares issued under a) and b) were not to rank for dividend for the year ending 31.12.2017.

20.Mr. Mohan gives the following details regarding his investment in 16% debentures of ABC Ltd.

- a) Opening bal (1 Jan) face value of Rs 60000
- b) 1st March: Purchased 100 debentures ex-interest @Rs.98
- c) 1st July: Sold 200 debentures ex-interest out of original holding @ Rs 100
- d) 1st October: Purchased 50 debentures at Rs. 98 cum interest.
- e) 1st November:Sold 200 debentures exinterest at Rs. 99 out of the original holdings.
- f) Interest dates are 30th September and 31st march.

Mohan closes his books every 31st December. Brokerage at 1% to be paid for each transaction. Show the investment account as it would appear in his books. Market value of debentures on 31st December is Rs. 99.

MODULE 5 (CO5- Estimate insurance claims on loss of stock)(Evaluate)
SECTION A

1. Determine how to calculate admissible claim under loss of stock policy
2. Explain the following terms:
 - a. Standing Charges
 - b. Indemnity Period
3. Evaluate about the computation of Net Claim
4. Compare Annual Turnover and Standard turnover with an example
5. Interpret about average clause in insurance claims
6. Define Insurance Claim?
7. Explain the different types of Claims?
8. Explain the procedure adopted to compute the claim for loss of stocks?
9. Explain How to calculate admissible claim under loss of stock policy? What is admissible claim?
10. Explain Short sales

SECTION B

11..A fire occurred at the premise of a trader on 31.05.2018 destroying a great part of the stock.

Stock on 1.1.2018 was Rs. 60000, and the value of stock salvaged was Rs.13500. The gross profit on sales was 30% and sales amounted to Rs.153000 from January to the date of fire, while for the same period the purchases was Rs.103500. Prepare the statement of claim.

12.Determine the procedure adopted to compute the claim for loss of stocks

13.Explain briefly the procedure involved for the treatment for poor selling goods

SECTION C

14..Claim for Loss of Profits

From the following details, calculate consequential loss claim

1.Date of fire: 1st september

2.Indemnity period:6 months

3.Period of disruption:1st september to 1stfebruary

4.Sum insured:Rs.1,08,900

5.Sales were Rs.6,00,000 for the preceding financial year ended on 31 st March

6.Net profit for preceding Financial Year Rs.36000 Plus Insured Standing Charges Rs.72000

7. Rate of Gross profit 18%

8.Uninsured Standing Charges Rs.6000

9.Turnover during the Disruption Period Rs.67500

10. Annual turnover for 12 months immediately preceding the date of fire Rs.660000
11. Standard Turnover, for corresponding months (1st sep to 1st feb) in the year preceding the date of fire Rs.250000
12. Reduced turnover avoided through increase in working capital Rs.30000
13. Increase in cost of working capital Rs.12000 with saving of insured Standing charges 4,500 during the disruption period
14. Special clause stipulated A) increase in ratio of GP 25%
B) increase in turnover (standard and annual) 10%
15. A fire occurred on 24th December 2019 in the godown of Mr. Ajay. From the following figures ascertain the claim to be lodged

Stock on 1 st April 2019	Rs.30000
Purchases upto 24 th December 2019	Rs.94000
Wages and manufacturing expenses for the period	Rs.16000
Sales till 24 th December 2019	Rs.160000
Stock Salvaged	Rs.6000

The rate of profit is 25% on sales

16. Explain the different steps for ascertaining the amount of claim for loss of profit.
17. Explain the various steps in ascertaining the loss of stock by fire.
18. C Ltd has a loss of profit policy of 2100000. The period of indemnity is 3 months. A fire occurred on 31.03.2018. The following information is available

Sales:

For the year ending 31.12.2017 Rs.7000000

For the period from 01/04/2017 to 31.03.2018	Rs.8000000
For the period from 01/04/2017 to 30/06/2017	Rs.1800000
For the period from 01.04.2018 to 30.06.2018	Rs.120000
Standing charges for 2017	Rs.1600000

Net profit for 2017 Rs.500000

Savings in standing charges because of fire Rs.50000

Additional expenses to reduce loss of turnover Rs.100000

Assuming no adjustment has to be made for the upward trend in turnover compute the claim to be made on the insurance company.

19. The premises of Red Ltd. was partially destroyed by fire on 1st March, and as a result, the business was practically disorganized upto 31st August. The company is insured under a loss of profits policy for 6,60,000, having an indemnity period of 6 months.



From the information given below, find out claim under the policy.

Particulars

Actual turnover from 1st March to 31st August Rs.320000
Turnover from 1st March to 31st August (Previous year)Rs.960000
Turnover from 1st March to 28th February (Previous year)Rs.2400000
Net profit of previous financial year Rs360000
Insured standing charges (Previous year)Rs.240000
Uninsured standing charges (Previous year)Rs.20000
Turnover for the last financial year Rs.2000000

The company incurred additional expenses amounting to Rs. 40,000 immediately after fire, which reduced the loss in turnover. Otherwise turnover during the period of dislocation would have been only amounting to Rs. 2,20,000. The saving in insured standing charges in consequences of the fire amounted to Rs. 10,800. Adjustment of 10% be made in respect of the upward trend in turnover. Assume

that trend adjustment is required on total amount of annual turnover.

20.Explain how will you prepare Memorandum Trading Account .