ROLL NO										

PRESIDENCY UNIVERSITY
BENGALURU
SCHOOL OF COMMERCE

MIDTERM

Winter Semester: 2021 - 22

Course Code: COM2008

Course Name: Corporate Accounting

Program & Sem: BBA, BAV, BCH, BCP

Date: 10.05.2022

Time: 10.00am – 11.30am

Max Marks: 50 marks

Weightage: 25%

Instructions:

(i) Read the all questions carefully and answer accordingly.

(ii) Normal calculators are allowed

Part A [Memory Recall Questions]

I. Answer all the Questions. Each question carries 1 mark. (10Qx 1M= 10M)

1. The applications received by the company bearing the official stamp of the individual underwriter or the respective underwriters are called **as** ____**(1 Mark, CO2, Knowledge)**
(A) Marked Application (B) Unmarked Application
(C) Commission. (D) None of the above

2. ________________is an arrangement under which an underwriter or underwriters make definite commitment to take up certain shares or debentures of a company, irrespective of the number of shares or debentures subscribed by the public.
(1 Mark, CO2, Knowledge)

(A) Marked Application (B) Unmarked Application
(C) Firm Underwriting. (D) None of the above

3. If allotment money demanded is Rs. 5 per share including Rs.2 for premium. the share capital account will be credited by _____ (C.O.No.1 [Knowledge]
A. Rs 2 B. Rs 7 C. Rs 5 D. Rs 3

4. ABC Co: issued a debentures worth Rs 1,00,000, the maximum commission payable to the debenture holder is (C.O.No.2 [Knowledge]
A. 25,000 B. 50,000
C. 75.000 D. None of the above

5. Mr. Xavier has underwritten 40,000 Shares, but the public applied for 50,000 shares. Therefore, Mr. Xavier will get commission on the issue price of (C.O.No.2 [Knowledge]

A. 40,000 B. 50,000
C. 4000 D. None of the above

6**.** Whenever there are divisible profits, __________ preference shares are paid dividend for all the previous years in which dividend could not be declared. **(1 Mark, CO1, Knowledge)**

(A) Cumulative (B) Non-Cumulating
(C) Redeemable (D) Irredeemable

7. The holders of ________ shares participate in the surplus profits of the company. **(1 Mark, CO1, Knowledge)**

(A) Cumulative (B) Redeemable
(C) Non-Participating (D) Participating

8. The holders of _______ shares have no claim for the arrears of dividend and they are paid dividend only if there are sufficient profits. **(1 Mark, CO1, Knowledge)**

(A) Cumulative (B) Non-cumulating (C) Redeemable (D) Irredeemable

9. The return shareholder gets on his investment is called _______. **(1 Mark, CO1, Knowledge)**

(A) Share (B) Capital (C) Shareholder (D) Dividend

10. Shares of a company are _______ in the manner provided in the Articles of Association.

(1 Mark, CO1, Knowledge)

(A) Fixed assets (B) Non moveable
(C) Transferable (D) None of the above

Part B [Thought Provoking Questions]

II. Answer all the Questions. Each question carries 5 marks. (5Qx5M=25M)

1. Lillies Ltd. issued 1,00,000 equity shares, where the issue was underwritten by THREE underwriters as follows:

A 40%; B 30%; C 30%

Applications for 60,000 shares were received in all, out of which applications for 20,000 shares had the stamp of A; those for 10,000 shares that of B and those for 20,000 shares that of C. The remaining applications for 10,000 shares did not bear any stamp.
Determine the liability of the underwriters. **(5 Marks, CO2, Comprehension)**

2**.** What is a 'Preference Share'? Briefly describe the different types of preference shares. **(5 Marks, CO1, Comprehension)**

3. Jupiter Company Limited issued 35,000 equity shares of Rs. 10 each at a premium of Rs.2 payable as follows:

- On Application Rs. 3
- On Allotment Rs. 5 (including premium)

The did not make any other call. Record journal entries in the books of the Company.

(5 Marks, CO1, Comprehension)

4. "Underwriters are paid commission for the contract to take up the whole or a portion of the offered shares or debentures that may not be subscribed for by the public." Discuss the provisions of underwriting commission as specified by the Companies Act, 2013.

(5 Marks, CO2, Comprehension)

5. The authorised capital of a limited company is Rs. 2,00,000 divided in to 20,000 equity shares of Rs.10 each. Out of these, 15,000 shares have been issued to the public, payable Rs. 2 on application, Rs. 4 on allotment, Rs. 2 on first call and Rs. 2 on second and final call.

Pass necessary journal entries. All amounts have been duly received.

(5 Marks, CO1, Comprehension)

Part C [Problem Solving Questions]

III. Answer the following Question. It carries 15 marks. (1Qx15M=15M)

1. Surjeet Ltd. was incorporated on January 1, 2006. The authorized capital of the company was 2,50,00,000 divided into 15,00,000 equity shares of 10 each and 1,00,000, 10%preference shares of 100 each. The company issued 6,00,000 equity shares and 50,000 preferences shares payable as follows:

a. Equity shares: ₹3 on application, ₹3 on allotment, ₹2 on first call and ₹ 2 on second and final call.

b. Preference shares: ₹30 on allotment, ₹30 on allotment, ₹20 on first call and ₹20 on second and final call.

All these shares were subscribed. Pass journal entries assuming that all money was duly received. (C.O.No.1 [Knowledge]

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GAIN MORE KNOWLEDGE REACH GREATER HEIGHTS

SCHOOL OF LAW
END TERM EXAMINATION

Winter Semester: 2021 - 22

Course Code: COM 2008

Course Name: Corporate Accounting

Program & Sem: BCOM LLB & II Sem

Date: 28th June 2022

Time: 01:00 PM to 04:00 PM

Max Marks: 100

Weightage: 50%

Instructions:

(iii) Read the question properly and answer accordingly.

Part A (Memory Recall Questions)

Answer all the questions. Each question carries THREE marks. (10QX3M=30M)

1. Issued share capital is: (C.O.No.1) [Knowledge]

(A) that part of the authorised capital which is issued by the company
(B) the amount of capital which is actually applied for by the prospective shareholders
(C) the maximum amount of share capital which a company is authorised to issue
(D) the amount actually paid by the shareholders

2. A Company was incorporated on 1st May, 2000 to take over a business from another company with effect from 1st January, 2000. The company closes its books of accounts on 31st December. It is ascertain that the average monthly sales during the first four months was twice the average monthly sales during each of the remaining eight months. The sales ratio for pre-and-post incorporation in this situation is: (C.O.No.3) [Knowledge]

(A) 1:1
(B) 1:3
(C) 5:7
(D) 7:5

3. SEBI has allowed underwriting commission only at the rate of ________ of issue price of equity shares.

(C.O.No.2) [Knowledge]

(A) 2.5%

(B) 5%

(C) 4.5%

(D) 3.5%SS

4. If buy-back is made from free reserves a sum equal to the nominal value of shares so bought must be transferred to__________.

(C.O.No.4) [Knowledge]

(A) Profit and Loss Account

(B) General Reserve

(C) Capital Reserve

(D) Capital Redemption Reserve

5. Ramona Ltd., issued 50,000 equity shares which is fully underwritten by Golden. Applications for 40,000 shares were recived by the company. The gross liability of Golden is:

(C.O.No.2) [Knowledge]

(A) 50,000

(B) 5000

(C) 40,000

(D) 10,000

6. TATA Ltd. took over the running business of Air India Ltd. from 1st April 2021, was incorporated on 31st August 2021, and it closed its accounts on 31st March 2022. The time ratio for pre-and-post incorporation in this situation is:

(C.O.No.3) [Knowledge]

(A) 1:1

(B) 1:3

(C) 5:7

(D) 7:5

7. Whenever there are divisible profits, __________ preference shares are paid dividend for all the previous years in which dividend could not be declared.

(C.O.No.1) [Knowledge]

(A) Non-Cumulative

(B) Cumulating

(C) Redeemable

(D) Irredeemable

8. If the face value of a share is ₹ 10/- and the company call only ₹ 6/- now, then ₹ 4/- will be called as:
(C.O.No.1) [Knowledge]
(A) Called share capital
(B) Uncalled up Share capital
(C) Paid-up Share capital
(D) Subscribed Share capital

9. When a company buys-back its own shares from the open market, it shall physically destroy the shares so bought-back within ______ days from the date of completion of buy-back.

(C.O.No.4) [Knowledge]

(A) 15
(B) 5
(C) 7
(D) 9

10. A company issued 1,000 shares, 40% of which is underwritten by Nikhil. Out of 800 applications received, the marked applications are 350. The net liability of Nikhil is:
(C.O.No.2) [Knowledge]

(A) 100
(B) 50
(C) 150
(D) 200

Part B (Thought Provoking Questions)

Answer all the questions. Each question carries EIGHT marks.
(5QX8M=40M)

11. ABC Ltd. has the balance in its Securities Premium Account and General Reserve Account were ₹ 4,00,000 and ₹ 5,00,000 respectively. The company bought back 1,00,000 shares at a price of ₹ 20 each, face value ₹ 10. Journalise the transactions.
(C.O.No.4) [Comprehension]

12. Lillies Ltd. issued 1,00,000 equity shares, where the issue was underwritten by 3 underwriters as follows:

A 30%; B 30%; C 40%

Applications for 60,000 shares were received in all, out of which applications for 20,000 shares had the stamp of A; those for 10,000 shares that of B and those for 20,000 shares that of C. The remaining applications for 10,000 shares did not bear any stamp. Determine the liability of the underwriters.

(C.O.No.2)

[Comprehension]

13. "Underwriting may be defined as a contract entered into by the company with persons or institutions to take up the whole or a portion of such of the offered shares or debentures as may not be subscribed for by the public". Discuss the different types of underwriting agreements with suitable examples.

(C.O.No.2) [Comprehension]

14. JP Limited issued 55,000 equity shares of ₹ 10 each at a premium of ₹ 2 payable as follows:

- On Application ₹ 3
- On Allotment ₹ 6 (including premium)

The did not make any other call. Record journal entries in the books of the Company.

(C.O.No.1) [Comprehension]

15. Differential voting rights (DVRs) refer to equity shares holding differential rights as to dividend and/or voting. Discuss the conditions for issuing the equity shares with DVR under Companies Act, 2013.

(C.O.No.5) [Comprehension]

Part C (Problem Solving Questions)

Answer the questions. Each question carries FIFTEEN marks. (2QX15M=30M)

16. Kaveri Ltd. was incorporated on 31.07.2016 to take over the running business of M/s. Saveri Bros. with effect from 01.04.2016. From the following details for the year ended 31.03.2017, prepare a statement showing profit or loss made during pre and post incorporation periods:

Particulars	Amount (₹)	Particulars	Amount (₹)
Gross Profit	3,00,000	Underwriting commission	20,000
Salaries	48,000	Insurance premium paid	12,000
Advertising	6,000	Interest on loans taken	14,000
Commission to Partners	8,000	Depreciation	18,000
Carriage outward	16,000	Provision for doubtful debts	6,000

The following data is available:

A. Average monthly sales during the first four months of the year was twice the average monthly sales during each of the remaining months.
B. Commission to the partners was paid for their work before incorporation
C. Salaries include salary paid to a director of the company ₹ 6000.

(C.O.No.3)
[Application]

17. The Evergreen Co. Ltd. Wanted to buy-back 10,000 of its equity shares of the face value of ₹ 10 each, on which ₹ 7 has been paid up. However, the company is not sure about the conditions to be fulfilled by the company under Section 68 (2) of the Companies Act, 2013. You are requested to guide the company about the conditions to be fulfilled by the company for initiating the buy back. Also, pass journal entries in the books of Evergreen to complete the buy back process. You may draw necessary assumptions, if required. (C.O.No.4) [Application]

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SCHOOL OF COMMERCE
END TERM EXAMINATION

Winter Semester: 2021 - 22
Course Code: COM2008
Course Name: Corporate Accounting
Program & Sem: BCP/BCH/BBA/BBA Aviation & II Sem

Date: 28/June/2022
Time: 09:30AM to 12:30PM
Max Marks: 100
Weightage: 50%

Instructions:

(iv) Read the all questions carefully and answer accordingly.
(v) Attend all the questions.

Part A [Memory Recall Questions]

Answer all the Questions. Each question carries THREE marks. (10Qx 3M= 30M)

1. When company receives applications for more number of shares than offered for subscription it is a case of ___________
(C.O.No.1) [Comprehension]

2. If the company decides to demand the premium with share Allotment, then the journal entry made is_________ (C.O.No.1) [Comprehension]

3. The shares on which there is no any pre-fixed rate of dividend is decided, but the rate of dividend is fluctuating every year according to the availability of profits, such share are called :

(A) Equity Share (B) Non-cumulative preference share
(C) Non-convertible preference share (D) Non-guaranteed preference share
(C.O.No.1) [Comprehension]

4. Preference shareholders have (C.O.No.1) [Comprehension]

(A) Preferential right as to dividend only
(B) Preferential right in the management
(C) Preferential right as to repayment of capital at the time of liquidation of the company
(D) Preferential right as to dividend and repayment of capital at the time of liquidation of the Company

5. Mr. Xavier has underwritten 40,000 Shares, but the public applied for 50,000 shares. Therefore, Mr. Xavier will get commission on the issue price of
(C.O.No.2) [Comprehension]
A. 40,000 B. 50,000 C. 4000 D. None of the above
6. Profit earned before incorporation is treated as (C.O.No.3) [Comprehension]
a. Revenue reserve b. Capital Reserve c. Goodwill d. General Reserve
7. The Time interval between the date of acquisition of shares in subsidiary company and date of Balance Sheet of Holding Company is known as :
a) Pre-acquisition period b) Post-acquisition period
c) Pre-commencement period d) Pre-incorporation period (C.O.No.3) [Comprehension]
8. Business is said to be in a profit when
a) Expenditure exceeds income b) Income exceeds expenditure
c) Income exceeds liability d) Assets exceed expenditure (C.O.No.3) [Comprehension]
9. The repurchase of outstanding shares (repurchase) by a company in order to reduce the number of shares on the market is called _______________. (C.O.No.4) [Comprehension]
10. ____________ is the statement is a financial statement that summarizes the revenues, costs, and expenses incurred during a specified period, usually a fiscal quarter or year.
(C.O.No.5) [Comprehension]

Part B [Thought Provoking Questions]

Answer all the Questions. Each question carries EIGHT marks.
(5Qx8M=40M)

11. XYZ company issued 18,000 shares of Rs.100 each. The issue was fully underwritten by A, B & C equally. Applications were received for 16,000 shares out of which marked applications were as follows:
A – 6,000, B – 4,000 and C – 3,000.
Determine the liability of A, B, C and also commission payable as per law.(C.O.No.2) [Comprehension]
12. A Company was incorporated on 30/9/2021 to acquire the business of Mohan as from 1/4/2021. The accounts for the year ended on 31/3/2022 disclosed the following:
a) There was a gross profit of Rs. 2,40,000
b) The sales for the year amounted to Rs. 12,00,000 of which Rs. 5,40,000 were for the first 6 months.
c) The expenses debited to P&L Account included Directors fees Rs. 15,000, Bad Debts Rs. 3,600. Advertising Rs. 12,000 (Under a contract amounting to Rs. 1,000 Per Month). Salaries and general expenses Rs. 64,000, Preliminary Expenses written off Rs. 5,000 and Donation to political party given by the company Rs. 5,000. Prepare a statement showing the of Profit

earned before and after incorporation.
(C.O.No.3) [Comprehension]

13. Eastern Company Limited issued 40,000 shares of Rs. 10 each to the public for the subscription out of its share capital, payable as Rs. 4 on application, Rs. 3 on allotment and the balance on Ist and final call. Applications were received for 40,000 shares. The company made the allotment to the applicants in full. All the amounts due on allotment and first and final call were duly received. Give the journal entries in the books of the company.
(C.O.No.1) [Comprehension]

14. Preference shares are the shares which have preferential rights in respect of payment of dividend during the existence of the company and also in respect of repayment or refund of share capital in the event of the winding up the company. Explain the different types of Preference Shares.
(C.O.No.1) [Comprehension]

15. The repurchase of outstanding shares (repurchase) by a company in order to reduce the number of shares on the market. Discuss the Advantages and Disadvantages of Buy Back of shares.
(C.O.No.4) [Comprehension]

Part C [Problem Solving Questions]

Answer both the Questions. Each question carries FIFTEEN marks.
(2Qx15M=30M)

16. Samvith Limited decided to issue 12,000 shares of Rs.100 each payable at Rs.30 on application, Rs.40 on allotment, Rs.20 on first call and balance on second and final call. Applications were received for 13,000 shares. The directors decided to reject application of 1,000 shares and their application money being refunded in full. The allotment money was duly received on all the shares, and all sums due on calls are received except on 100 shares. Pass the necessary Journal Entries in the books of Samvith Limited. (C.O.No.1) [Comprehension]

17. Nisarga Ltd. issued 2,50,000 shares of Rs.10 each which was underwritten as follows:
Mr. A – 75,000 shares (Firm Underwriting 8,000 Shares)
Mr. B – 62,500 shares (Firm Underwriting 12,000 Shares)
Mr. C – 62,500 shares (Firm Underwriting NIL)
Mr. D – 50,000 shares (Firm Underwriting 30,000 Shares)
The total applications excluding firm underwriting but including marked applications were for 1,80,000 shares. The marked applications were as under:
Mr. A – 40,000 shares; Mr. B – 36,000 shares; Mr. C – 24,000 shares & Mr. D – 48,000 shares.
Calculate the net liability of each underwriter treating:

a) Firm underwriting as marked applications
b) Firm underwriting as unmarked applications (C.O.No.2) [Comprehension]