

UNIVERSITY OF CALICUT



SCHOOL OF DISTANCE EDUCATION

B.COM – Core Course

(2016 Admission onwards)

Corporate Accounting

QUESTION BANK AND ANSWER KEY

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CORPORATE ACCOUNTING

1. The amount given to the policyholder due to his inability of paying further premium is called
A. Annuity B. Bonus C. Surrender value D. Claim
2.is an agreement between two insurance companies whereby one transfers a part of risk to other.
A. Reinsurance B. Sub insurance C. Shared Policy D. None of these
3. The commission given by insurance companies to others for receiving business under reinsurance is called
A. Commission on reinsurance accepted B. Agents' commission
C. Commission on reinsurance ceded D. None of these
4. Profit and Loss Account of General Insurance Companies are prepared in ...
.....
A. Form A-PL B. Form B-RA C. Form B-PL D. Form B-BS
5. Section of the Companies Act deals with issue of bonus shares
A. 63 B. 73 C. 68 D. 70
6. When 4,000 equity shares of Rs.10 each is bought back at Rs.20 per share, the amount to be transferred to Capital Redemption Reserve is
A. 80,000 B. 40,000 C. 4,000 D. none
7. A contract that evidences a residual interest in the assets of an undertaking after deducting all its liabilities is called
A. bilateral contract B. equity instrument
C. standard instrument D. none
8. Bonus shares can be issued only on getting approval of
A. articles of the company B. board of directors C. shareholders D. all the above

9. Unsecured debentures are otherwise known as..... Debentures
A. simple B. mortgage C. complex D. none
10. Ind AS 28 deal with.....
A. investments in association and joint ventures B. investment in parent company
C. investment in subsidiary company D. investment in foreign company
11. The new Electricity Act was passed in the year...
A. 2003 B. 2008 C. 2004 D. 2000
12. IFRS..... deals with business combination
A. IFRS 4 B. IFRS 3 C. IFRS 6 D. none
13. The principle of subrogation is applicable to.....
A. Fire Insurance B. Marine Insurance C. Burglary Insurance D. All of the
se
14. Capital redemption reserve and security premium can be utilised for issuing
.....bonus shares
A. fully paid B. partly paid C. fully paid or partly paid D. none
15. In case of buyback of shares by a listed company, the letter of offer to the
shareholders shall be dispatched not earlier than –
A. 10 days from its submission to the SEBI in draft form
B. 15 days from its submission to the SEBI in draft form
C. 21 days from its submission to the SEBI in draft form
D. 30 days from its submission to the SEBI in draft form
16. Under double account system, fixed assets are shown at.....
A. original cost B. historical cost C. future cost D. none
17. Own debenture account will appear on the side of B/S
A. Liability B. asset C. both side D. none
18. The most important income of a bank is

- A. commission B. interest C. registration fee D. locker rent
19. Under Ind AS 103, assets and liabilities are recorded at
A. fair value B. book value C. intrinsic value D. none
20. When the directors refund the fees already received by them,..... a/c is credited.
A. cash B. Capital reduction C. directors D. fees
21. In the case of marine hull insurance, reserve for unexpired risk is to be maintained @..... % of net premium
A. 50% B. 80% C. 100% D. 20%
22. The cost of replacing an asset in its original condition is known as.....
A. replacement cost B. revaluation cost C. revenue cost
D. reconstruction cost
23. CRR stands for
- A. Current Reserve Ratio B. Capital Reserve Ratio
C. Cash Reserve Ratio D. Capital Redemption Ratio
24. SLR stands for
- A. Savings Level Ratio B. Statutory Liquidity Ratio
C. Standard Liquidity Ratio D. None of these
25. The method of rapidly posting entries in the books of banks is called as
-
- A. Single Entry B. Cash Method C. Slip System D. None of these
26. The P&L A/c of Banking Companies are prepared as per
- of Banking Regulation Act.
- A. Form A of Schedule III B. Form B of Schedule III C. Form A of Schedule VI
D. Form B of Schedule VI
27. of profit is transferred to statutory reserves.
A. 10% B. 20% C. 25% D. 30%

- 28..... deals with separate financial statements.
A. Ind AS 110 B. Ind AS 100 C. Ind AS 112 D. Ind AS 120
- 29.The pre- acquisition loss of subsidiary should be deducted from while calculating net assets
A. share capital B. equity share capital C. debentures D. none
- 30.Ind AS Deals with share based payments
A.102 B. 110 C. 101 D. 105
- 31.The accounting concept that is principally used to classify leases into operating and finance is.....
A. substance over form B. prudence C. neutrality D. completeness
- 32.Buy back of equity shares is a process of capital
A. reduction B. restructuring C. control D. none
- 33.Assets are NPAs for a period exceeding 12 months are called A
. Standard Assets B. Substandard Assets C. Doubtful Assets
D. Loss Assets
- 34.....is a form of agreement between two parties in which one party agrees to make good for loss of another.
A. Contract B. Insurance C. Banking D. Mutual fund
- 35.The agreement of insurance is called as
A. Policy B. Premium C. Annuity D. None of these
- 36.The consideration in insurance for covering the risk is called
A. Claim B. Premium C. Annuity D. None of these
- 37.....is the party who undertakes the risk in insurance.
A. Insurer B. Assurer C. Underwriter D. All of these
- 38.Preference shares can be redeemed by.....
A. Fresh issue of shares B. Profit C. Partly out of fresh issue and partly out of profit. D. All of these

- 39..... preference shares can be redeemed
 A. Fully paid B. Partly paid C. Both A and B D. None of these
- 40.Profit available for dividend distribution is called
 A. Capital profit B. Divisible profit C. Capital Reserve D. None of these
- 41.The buy back of shares is also known as
 A. corporate redemption B. corporate equity repurchase C. corporate equity valuation D. none
- 42.The buy back of shares may be done
 A. at par B. at discount C. at premium D. all the above
- 43.Interest on debenture is
 A. adjustment of profit B. appropriation of profit C. charge on profit D. none
- 44.After all the debentures are redeemed the balance in the sinking fund is transferred to
 A. General reserve B. statutory reserve C. both A and B D. none
- 45.Debenture is document which creates a.....
 A. debt B. credit C. both A and B D. none
- 46.When own debentures are cancelled, any profit on cancellation is transferred to
 A. general reserve B. capital reserve C. p&laccount D. none
- 47.Profit not available for dividend includes
 A. CRR B. P&L account credit balance C. security premium D None
- 48.All the profits are not available for the purpose of redemption of preference shares
 A. revenue B. capital C. Both A and B D none
- 49.Profit and Loss Account of General Insurance Companies are prepared in ...

A. Form A-PL B. Form B-RA C. Form B-PL D. Form B-BS

50. The principle of subrogation is applicable to.....

A. Fire Insurance B. Marine Insurance C. Burglary Insurance D. All of these

51. Preference shareholders are.....

A. Debtors of the company B. Creditors of the company C. Owners of the company D. None of these

52. The shares firstly offered to the existing shareholders are called as

A. Right shares B. Bonus shares C. Ordinary shares D. None of these

53. The security premium account is shown in the balance sheet under the head.....

A. Share capital B. Reserves & Surplus C. Secured loans D. Current liabilities

54.should be deducted from the share capital to determine the paid up capital.

A. Security premium B. Calls in advance C. Calls in arrears
D. Discount on issue

55. The share capital account is debited withwhile forfeiting shares A
. Calls in arrears B. Paid up capital C. Called capital D. Issued capital

56. Discount or loss on issue of debenture is a

A. Capital Profit B. Revenue Receipt C. Capital Loss
D. Revenue Expense

57. Discount or loss on issue of debenture is shown in the balance sheet under the head

A. Reserves & Surplus B. Secured loans
C. Current liabilities D. Miscellaneous expenditure

58. Debentures can be redeemed out of

- A. Fresh issue B. Capital C. Profit D. All of these
59. When preference shares are redeemed, it amounts to
A. increase in share capital B. decrease in share capital C. Both A and B
D. none
60. Capital redemption reserve is created....
A. out of security premium B. to meet legal requirements C. Voluntarily
D. none
61. No company limited by shares shall issue any preference share which is redeemable after the expiry of years from the date of issue.
A. 20 B. 15 C. 10 D. 25
62. The Companies (Amendment) Act 1988 restricts the issue of preference shares.
A. Redeemable B. irredeemable C. none
63. Interest on loan and debentures are shown as In the net revenue account.
A. Appropriations B. provisions C. none
64. Under Double account system, the balance sheet is prepared in parts
A. three B. two C. one D. none
65. In case of electricity companies, contingency reserve is created until it amounts to of the original cost of the fixed assets.
A. 5% B. 6% C. 4% D. 8%
66. The profit and loss account under double account system is termed as.....
A. revenue account B. income and expenditure account C. P&L account D. none
67. General insurance policies are generally taken for
A. one year B. two years C. three years D. none
68. IRDA Act came into effect in

- A. 1938 B. 1999 C. 2000 D. none
69. Reserve for unexpired risk is shown under
A. reserves and surplus B. current liabilities C. provisions D. none
70. The Insurance Act came in to effect in
- A. 1956 B. 1998 C. 1938 D. 2000
71. The fixed assets of an insurance company are shown in
A. Schedule 6 B. Schedule 7 C. Schedule 8 D. none
72. Banks show the provisions for income tax under the head
A. contingency accounts B. contingent liability C. other liabilities and provisions D. borrowings
73. If the purchase price of debentures includes interest for the expired period, the quotation is said to be
- A. Ex-interest B. Cum-interest C. Co-interest D. None of these
74. Grants related to depreciable assets should be recognised as....., in the period in which their depreciation is charged
A. income D. appropriation C. provisions D. none
- 75..... lease is a lease that transfers substantially all the risks and rewards incidental to ownership of assets
A. finance B. operating C. advanced D. maturity
- 76..... is called factory of credit
A. company B. bank C. firm D. none
77. Banking companies are governed in India by
A. Banking Regulation Act B. Indian Companies Act C. RBI Act D. all the above
78. Schedule 1 is concerned with
A. Capital B. Reserves and surplus C. interest earned D. none
79. Interest on debentures is calculated on _____.

- A. Issue price. B. redeemable price. C. face value. D. market price.
80. Transfer to capital redemption reserve can be made from ____.
- A. capital reserve. B. forfeited shares. C. general reserve. D. securities premium.
81. Rights shares are those shares which are _____.
- A. first offered to the existing shareholders B. issued by a newly formed company. C. issued to the directors of the company. D. issued to holders of convertible debentures.
82. In subdivision of shares, capital does not change
- A. Paid up B. Issued C. unissued D. none
83. No journal entry is required for the cancellation of Share capital
- A. Unissued B. paid up C. Subscribed D. none
84. All business combinations are accounted for by applying the method
- A. acquisition method B. Equity method C. both A and B D. none
85. Provision created for substandard asset is
- A. 10% B 15% C. 20% D. None
86. A term loan will be treated as NPA if interest or instalment and principal remain overdue for a period more than Days
- A. 75 B. 50 C. 90 D. 100
87. Which of the following does not include under the head other assets
- A. silver B. interest accrued C. gold D. inter office adjustment
88. The net profit available for dividend distribution is called
- A. Net Profit B. Surplus C. Divisible Profit D. Capital Profit
89. Dividend in the form of shares is called
- A. Interim Dividend B. Scrip Dividend C. Final Dividend D. None of these

- 90.....is the dividend declared in the annual general meeting of shareholders.
- A. Proposed Dividend B. Final Dividend C. Interim Dividend
D. None of these
- 91.The dividend recommended by the Board of Directors is called.....
- A. Proposed Dividend B. Final Dividend C. Interim Dividend
D. None of these
- 92.Unclaimed dividend is shown in the balance sheet under the head
- A. Reserves and Surplus B. Current Liabilities B. Loans and Advances D
. Current Assets
- 93.General Insurance includes
- A. Fire Insurance B. Marine Insurance C. Burglary Insurance
D. All of these
94. LIC was nationalized in
- A. 1935 B. 1950 C. 1956 D. 1964
- 95.Clear profit is the difference between
- A. reasonable return and appropriations B. total income and expenditure
C. reasonable return and total profit
D. none
- 96.Surplus of electricity company is limited to
- A. 20% of capital base B.20% of total assets
C. 20% of clear profit D. 20% of reasonable return
- 97.In the case of railway companies rent on leased lines is shown on
- A. debit side of revenue A/c B. credit side of revenue A/c
C. debit side of net revenue A/c D. credit side of net revenue A/c
- 98.The acquiree in a business combination is also called a..... company
- A. subsidiary B. parent C. holding D. controlling

99. When 8,00,000 shares of Rs.10 each is converted into 80,000 shares of Rs.100 each, it is a case of

A. sub division B. capital reduction C. consolidation D. none

100. Section of the Companies Act 2013 deals with the issue of right shares

A. 62 B. 63 C. 64 D. 68

ANSWERS

1	C	36	B	71	D
2	A	37	D	72	C
3	A	38	D	73	B
4	C	39	A	74	A
5	A	40	B	75	A
6	B	41	B	76	B
7	B	42	D	77	A
8	D	43	C	78	A
9	A	44	A	79	C
10	A	45	A	80	C
11	A	46	B	81	A
12	B	47	B	82	A
13	D	48	B	83	A
14	A	49	C	84	A
15	C	50	D	85	A

16	A	51	C	86	C
17	B	52	A	87	C
18	B	53	B	88	C
19	A	54	C	89	B
20	B	55	C	90	B
21	C	56	C	91	A
22	A	57	D	92	B
23	C	58	D	93	D
24	B	59	D	94	C
25	C	60	B	95	B
26	B	61	A	96	D
27	C	62	B	97	C
28	A	63	A	98	A
29	B	64	B	99	C
30	A	65	A	100	A
31	A	66	A		
32	B	67	A		
33	C	68	B		
34	B	69	C		
35	A	70	C		