ACCOUNTING FOR COMPANIES — ISSUE OF SHARES

OBJECTIVE QUESTION SET 1

Q. I. A company has....................
(A) Separate Legal Entity (B) Perpetual Existence(C) Limited Liability (D) All of the Above
Q. 2. Shareholders are:
(A) Customers of the Company (B) Owners of the Company(C) Creditors of the Company (D) None of these
Q. 3. Who are the real owners of a company?
(A) Government (B) Board of Directors(C) Equity shareholders (D) Debenture holders
Q. 4. A Company is created by :
(A) Special act of the Parliament (B) Companies Act(C) Investors (D) Members
Q. 5'. An artificial person created by Law is called:
(A) Sole Traders hip (B) Partnership Firm(C) Company (D) All of the above
Q. 6. The liability of members in a Company is:
(A) Limited (B) Unlimited(C) Stable (D) Fluctuating
Q. 7. Liability of a shareholder is limited to.....................of the shares allotted to him.
(A) Paid up Value (B) Called up value(C) Face value (D) Reserve Price
Q. 8. Maximum number of members in a private company is:
(A) 7 (B) 200(C) 20 (D) No Limit
Q. 9. Capital of a Company is divided in units which is called:
(A) Debenture (B) Share(C) Stock (D) Bond
Q. 10. Shareholders receive from the company:
(A) Interest (B) Commission(C) Profit (D) Dividend
Q. 11. Equity shares cannot be issued for the purpose of:
(A) Cash Receipts (B) Purchase of assets(C) Redemption of debentures (D) Distribution of dividend
Q. 12. A Company may issue...............
(A) Equity Shares (B) Preference Shares(C) Equity and Preference both shares(D) None of the Above
Q. 13. A company cannot issue:
(A) Redeemable Equity Shares (B) Redeemable Preference Shares(C) Redeemable Debentures (D) Fully Convertible Debentures
Q. 14. To whom dividend is given at a fixed rate in a company?
(A) To equity shareholders (B) To preference shareholders(C) to debenture holders (D) To promoters
Q. 15. Preference shareholders have
(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
Q. 16. 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
Q. 17. Preference shares, in case the holders of these have a right to convert their preference shares into equity shares at their option according to the terms of issue, such shares are called:
(A) Cumulative Preference Share (B) Non-cumulative Preference Share (C) Convertible Preference Share (D) Non-convertible Preference Share
Q. 18. A preference share which does not carry the right of sharing in surplus profits is called....................
(A) Non-Cumulative Preference Share (B) Non-participating Preference Share
(C) Irredeemable Preference Share (D) Non-convertible Preference Share
Q. 19. Which shareholders have a right to receive the arrears of dividend from future profits:
(A) Redeemable Preference Shares (B) Participating Preference Shares(C) Cumulative Preference Shares
(D) Non-Cumulative Preference Shares
Q. 20. Which shareholders are returned their capital after some specified time:
(A) Redeemable Preference Shares (B) Irredeemable Preference Shares (C) Cumulative Preference Shares (D) Participating Preference Shares
Q. 21. The following statements apply to equity /preference shareholders. Which one of them applies only to preference

shareholders?
(A) Shareholders risk the loss of investment (B) Shareholders bear the risk of no dividends in the event of losses
(C) Shareholders usually have the right to vote(D) Dividends are usually given at a set amount in every financial year.
Q. 22. Unless otherwise stated, a preference share is always deemed to be :
(A) Cumulative, participating and non-convertible(B) Non-cumulative, non-participating and non-convertible
(C) Cumulative, non-participating and non-convertible(D) Non-cumulative, participating and non-convertible
Q. 23. Nominal Share Capital is..................
(A) That part of authorized capital which is issued by the company
(B) The amount of capital which is actually applied by the prospective shareholders
(C) The amount of capital which is actually paid by the shareholders
(D) The maximum amount of share capital which a company is authorized to issue
Q. 24. Subscribed capital is :
(A) That part of authorized capital which is issued to the public for subscription.
(B) That part of issued capital which has been actually subscribed by the public.
(C) That part of subscribed capital which has been called up on the shares.
(D) That part of subscribed capital which has not yet been called up on the shares.
Q. 25. The portion of the capital which can be called-up only on the winding up of the Company is called..................
(A) Authorized Capital (B) Called up Capital(C) Uncalled Capital (D) Reserve Capital
Q. 26. Capital included in the Total of Balance Sheet of a Company is called :
(A) Issued Capital (B) Subscribed Capital(C) Called up Capital (D) Authorized Capital
Q. 27................is transferred to Capital Reserve.
(A) Profit from sale of fixed assets(B) Premium on issue of shares(C) Profit on forfeiture of shares
(D) All of the Above
Q. 28. Reserve Capital is also known by:
(A) Capital Reserve (B) Called up Capital(C) Subscribed Capital(D) None of the above
Q. 29. Reserve Capital is:
(A) Subscribed Capital
(B) Capital Reserve
(C) Uncalled Capital
(D) Part of the uncalled capital which may be called only at the time of liquidation of the Company.
Q. 30. This of the following statements does not relate to 'Reserve Capital':
(A) It is part of uncalled capital of a company.(B) It cannot be used during the lifetime of a company.
(C) It can be used for writing off capital losses.(D) It is part of subscribed capital.
Q. 31. In the Balance Sheet of a company, under the heading share capital, at the last is shown :
(A) Authorized Share Capital (B) Subscribed Share Capital(C) Issued Share Capital (D) Reserve Share Capital
Q. 32. Which of the following is not shown under the heading 'Share Capital' in a Balance Sheet:
(A) Subscribed Capital (B) Issued Capital(C) Reserve Capital (D) Authorized Capital
Q. 33. Reserve Capital is a part of:
(A) Paid-up Capital(B) Forfeited Share Capital(C) Assets(D) Capital to be called up only on liquidation of company
Q. 34. Which of the following statements is true?
(A) Authorized Capital = Issued Capital (B) Authorized Capital > Issued Capital(C) Paid up Capital > Issued Capital
(D) None of the above
Q. 35. Authorized Capital of a Company is mentioned in:
(A) Memorandum of Association (B) Articles of Association(C) Prospectus (D) Statement in lieu of Prospectus
Q. 36. In case of private placement of shares, the lock in period is:
(A) 1 Year (B) 2 Years(C) 3 Years (D) None of the above
Q. 37. In case of private placement of shares and company does not invite the general public for subscription of shares in that case, company instead of issuing prospectus:
(A) Prepares the statement in lieu of prospectus (B) Prepares the Report(C) Prepares the Budget
(D) Prepares the Asset side of Balance Sheet
Q. 38. In case of private placement of shares, to raise the amount of capital a company:
(A) Invites the public through prospectus(B) Does not invite the public(C) Invites the public through advertisement(D) invites the public through memorandum of association
Q. 39. Shares issued by a company to its employees or directors in consideration of 'Intellectual Property Rights' are called:

(A) Right Equity Shares (B) Private Equity Shares(C) Sweat Equity Shares (D) Bonus Equity Shares
Q. 40. A Company may issue the shares:
(A) By Private Placement of Shares (B) By Public Subscription of Shares(C) For Consideration other than cash
(D) By All of the Above
Q. 41. Public subscription of shares includes:
(A) To Issue Prospectus (B) To Receive Applications(C) To Make Allotment (D) All of the Above
Q. 42. Which of the following will define when appropriation of a certain number of shares is made to an applicant in response to his application?
(A) Share allotment (B) Share forfeiture(C) Share trading (D) Share Purchase
Q. 43. Issue of shares at a price lower than its face value is called:
(A) Issue at a Loss (B) Issue at a Profit(C) Issue at a Discount (D) Issue at a Premium
Q. 44. According to SEBI Guidelines, Minimum Subscription has been fixed at..........of the issued amount.
(A) 25% (B) 50%(C) 90% (D) 100%
Q. 45. One of the conditions, in addition to others, for allotment of shares is:
(A) Resolution in General Meeting (B) Receiving Minimum Subscription (C) Full Subscription by Public (D) Full Payment on Application
Q. 46. Persons who start a company are called.........................
(A) Shareholders (B) Directors(C) Promoters (D) Auditors
Q. 47. Minimum subscription amount of 90% is related to which share capital :
(A) Authorized Capital (B) Issued Capital(C) Paid up Capital (D) Reserve Capital
Q. 48. Share Application Account is in the nature of:
(A) Real Account (B) Personal Account(C) Nominal Account (D) None of the above
Q. 49. As per SEBI Guidelines, Application money should not be less than...............
Of the issue price of each share.
(A) 10% (B) 15 %(C) 25% (D) 50%
Q. 50. 4,000 Equity Shares of Rs. 10 each were issued at 8% premium to the promoters of a company for their services. Which account will be debited?
(A) Share Capital Account(B) Goodwill Account/Incorporation Cost Account(C) Securities Premium Reserve Account
(D) Cash Account
Q. 51. Excess value of net assets over purchase consideration at the time of purchase of business is :
(A) Credited to the Capital Reserve.(B) Debited to the Goodwill Account.(C) Credited to the General Reserve Account.(D) Credited to the Vendor's Account.
Q. 52. If vendors are issued fully paid shares of Rs. 1,25,000 in consideration of net assets of Rs. 1,50,000, the balance of Rs.25,000 will be credited to :
(A) Statement of Profit & Loss (B) Goodwill Account(C) Security Premium Reserve Account
(D) Capital Reserve Account
Q. 53. Issue of shares at a price higher than its face value is called :
(A) Issue at a Profit (B) Issue at a Premium(C) Issue at a Discount (D) Issue at a Loss
Q. 54. On issue of shares Premium is :
(A) Profit (B) Income(C) Revenue Receipt (D) Capital Profit
Q. 55. Which of the following is not a capital profit?
(A) Profit prior to incorporation of the company (B) Profit from the sale of fixed assets
(C) Premium on issue of shares (D) Compensation received on the termination of a contract
Q. 56. Maximum limit of Premium on shares is:
(A) 5% (B) 10% (C) No Limit (D) 100%
Q. 57. When a company issues shares at a premium, the amount of premium should be received by the company
(A) Along with application money (B) Along with allotment money(C) Along with calls
(D) Along with any of the above
Q. 58. Amount of securities premium can be utilized for :
(A) Writing off the preliminary expenses of the company(B) Issuing bonus shares to the shareholders of the company(C) Buy-back of its own shares(D) All of the above
Q. 59. For what purpose securities premium reserve account cannot be utilized?
(A) Amortization of preliminary expenses(B) Distribution of dividend(C) Issue of fully paid bonus shares
(D) Buy Back of own shares
Q. 60. Which of the following is not a purpose for which the Securities Premium amount can be used?

(A) Issuing fully paid bonus shares to shareholders.(B) Issuing partly paid up bonus shares to shareholders.
(C) Writing off preliminary expenses of the company.(D) In purchasing its own shares (buy back)
Q. 61. Premium on the issue of shares should be shown:
(A) On the Assets side of balance sheet (B) On the Equity & Liabilities side of balance sheet
(C) In profit & loss Statement (D) None of the Above
Q. 62. A Company issued 50,000 shares of Rs.20 each at 5% premium. Rs.10 were payable on application and balance on allotment. What will be the allotment amount?
(A) Rs.5,00,000 (B) Rs.4,75,000(C) Rs.5,50,000 (D) Rs.5,25,000
Q. 63. Interest on calls in arrears is charged according to Table F at:
(A)6%p.a. (B) 10%p.a.(C)5%p.a. (D)12%p.a.
Q. 64. Amount of Calls in Arrears is shown in the Balance Sheet
(A) as deduction from issued capital(B) as deduction from subscribed capital(C) as addition to subscribed capital
(D) on the assets side
Q. 65. As per Table F, the Company is required to pay......................interest on the amount of calls in advance.
(A)12%p.a. (B)5%p.a.(C) 10%p.a. (D)6%p.a.
Q. 66. Amount of Calls in Advance is
(A) Added to Share Capital(B) Deducted from Share Capital(C) Shown on the Assets side(D) Shown on the Equity & Liabilities side
Q. 67. First call amount received in advance from the shareholders before it is actually called up by the directors is:
(A) Debited to calls-in-advance account.(B) Credited to share allotment account.
(C) Debited to first call account.(D) Credited to calls-in-advance account.
Q. 68. Following amounts were payable on issue of shares by a Company: Rs.3 on application, Rs.3 on allotment, Rs.2 on first call and Rs.2 on final call. X holding 500 shares paid only application and allotment money whereas Y holding 400 shares did not pay final call. Amount of calls in arrear will be :
(A) Rs.3, 800 (B) Rs.2, 800(C) Rs. 1,800 (D) Rs.6, 200
Q. 69. The subscribed capital of a company is Rs. 80,00,000 and the nominal value of the share is Rs.100 each. There were no calls in arrear till the final call was made. The final call made was paid on 77,500 shares only. The balance in the calls in arrear amounted to Rs.62,500. Calculate the final call on share.
(A) Rs.7 (B) Rs.20 (C) Rs.22 (D) Rs.25
Q. 70. A shareholder holding 600 shares paid the amount of call @ Rs.5 per share on 1st November 2018 whereas the call was due on 1st March 2019. Interest on calls in advance as per Table F will be :
(A) Rs.45 (B) Rs.60(C) Rs.50 (D) Rs.120
Q. 71. From which account, expenses on issue of shares will be written off first of all:
(A) Statement of Profit and Loss(B) Miscellaneous Expenditure Account(C) Share Issue Expenses Account
(D) Securities Premium Reserve Account
Q. 72. Pro-rata allotment of shares is made when there is :
(A) Under subscription (B) Oversubscription(C) Equal subscription (D) As and when desired by directors
Q. 73. Authorized capital of a Company is divided into 5,00,000 shares of Rs. 10 each. It issued 3,00,000 shares. Public applied for 3,60,000 shares. Amount of issued capital will be :
(A) Rs.30,00,000 (B) Rs.36,00,000(C) Rs.50,00,000 (D) Rs.6,00,000
Q. 74. A Company invited applications for 1, 00,000 shares and it received applications for 1,50,000 shares. Applications for 30,000 shares were rejected and the remaining were allotted shares on prorata basis. How many shares an applicant for 3,000 shares will be allotted?
(A) 2,500 Shares (B) 3,600 Shares(C) 4,500 Shares (D) 2,000 Shares
Q. 75. E Ltd. had allotted 10,000 shares to the applicants of 14,000 shares on pro-rata basis. The amount payable on application was f.2. F applied for 420 shares. The number of shares allotted and the amount carried forward for adjustment against allotment money due from F will be :
(A) 60 shares; Rs. 120 (B) 340 shares; Rs. 160(C) 320 shares, Rs.200 (D) 300 shares; Rs.240
Q. 76. If applicants for 80,000 shares were allotted 60,000 shares on prorata basis, the shareholder who was allotted 1,200 shares must have applied for:
(A) 900 Shares (B) 3,600 Shares(C) 1,600 Shares (D) 4,800 Shares
Q. 77. A Company offered 50,000 shares of Rs. 10 each at par payable as to Rs.3 on applications, Rs.5 on allotment and the balance on final call. Applications were received for 60,000 shares and the allotment was made pro-rata. The excess application money was to be adjusted on allotment and call. How much amount will be transferred from Share Application A/c to Share Allotment A/c?

(A) Rs. 1, 80,000 (B) Rs.30,000(C) Rs. 1,50,000 (D) Rs.50,000

Q. 78. A company issued 4,000 equity shares of Rs. 10 each at par payable as under : On application Rs.3; on allotment Rs.2; on first call Rs.4 and on final call Rs.1 per share.

Applications were received for 13,000 shares. Applications for 3,000 shares were rejected and pro-rata allotment was made to the applicants for 10,000 shares. How much amount will be received in cash on first call? Excess application money is adjusted towards amount due on allotment and calls.

(A) Rs.6,000 (B) Nil(C) Rs. 16,000 (D) Rs. 10,000

Q. 79. A company issued 4,000 equity shares of Rs. 10 each at par payable as under : On application Rs.3; on allotment Rs.2; on first call Rs.4 and on final call Rs.1 per share.

Applications were received for 10,000 shares. Allotment was made pro-rata. How much amount will be received in cash on allotment?

(A) Rs.8,000 (B) Rs. 12,000(C) Nil (D) None

Q. .80. A company issued 5,000 equity shares of Rs. 100 each at par payable as to : Rs.40 on application; Rs.50 on allotment and Rs. 10 on call.

Applications were received for 8,000 shares. Allotment was made on pro-rata. How much amount will be received in cash on allotment?

(A) Rs.2, 50,000 (B) Rs. 1, 20,000(C) Rs. 1,30,000 (D) Rs.50,000

Q. 81. A Company purchased a building for Rs.3,60,000 and issued as payment equity shares at 20% premium. Journal Entry will be :

(A) Building A/c	Dr.	4,00,000	
To Share Capital A/c			3,20,000
To Securities Premium Reserve A/c			80,000
(B) Share Capital A/c	Dr.	4,00,000	
To Building A/c			3,60,000
To Securities Premium Reserve A/c			40,000
(C) Building A/c	Dr.	3,60,000	
To Share Capital A/c			3,00,000
To Securities Premium Reserve A/c			60,000
(D) Building A/c	Dr.	3,60,000	
To Share Capital A/c			60,000
To Securities Premium Reserve A/c			3,00,000

Q. 82. A Company purchased a Building for Rs. 12,00,000 out of which Rs.2,00,000 were paid in cash. Balance amount was paid by issue of equity shares of Rs.10 each at 25% premium. How many shares will be issued by the Company?

(A) 1,00,000 Shares (B) 80,000 Shares(C) 1,20,000 Shares (D) 96,000 Shares

Q. 83. If shares of Rs.4,00,000 are issued for purchase of assets of Rs.5,00,000,
Rs. 1,00,000 will be treated as.............

(A) Discount (B) Premium(C) Profit (D) Loss

Q. 84. A Building was purchased for Rs.9,00,000 and payment was made in Rs. 100 shares at 20% premium. Securities Premium Reserve A/c will be...................

(A) Debited by Rs. 1,50,000 (B) Credited by Rs. 1,50,000(C) Debited by Rs. 1,80,000 (D) Credited by Rs. 1,80,000

Q. 85. A company purchased machinery for Rs. 1,80,000 and in consideration issued shares at 20% premium. What will be the face value of shares issued :

(A) Rs. 1,50,000 (B) Rs. 1,44,000(C) Rs. 1,80,000 (D) Rs.2,16,000

Q. 86. Forfeiture of shares results in the reduction of:

(A) Subscribed Capital (B) Authorized Capital(C) Reserve Capital (D) Fixed Assets

Q. 87. Which one of the following items is not a part of subscribed capital?

(A) Equity Shares (B) Preference Shares(C) Forfeited Shares (D) Bonus Shares

Q. 88. At the time of forfeiture of shares the share capital account is debited with

(A) Face value (B) Called up value(C) Paid up value (D) Issued value

Q. 89. Voluntary return of shares for cancellation by the shareholders is called

(A) Cancellation of shares (B) Forfeiture(C) Surrender of shares (D) None of these

Q. 90. If the Premium on the forfeited shares has already been received, then Securities Premium A/c should be :

(A) Credited (B) Debited(C) No treatment (D) None of these

Q. 91. Balance of share forfeiture account is shown in the balance sheet under the head............

(A) Share Capital Account (B) Reserve and Surplus(C) Current Liabilities and Provisions (D) Unsecured Loans

Q. 92. On an equity share of Rs.10 the company has called up Rs.8 but Rs.6 have been received by the company is forfeited, the capital account should be debited by:

(A) Rs.10 (B) Rs. 8(C) Rs. 6 (D) Rs. 2

Q. 93. If a share of Rs. 10 issued at a premium of Rs.3 on which the full amount has been called and Rs.8 (including premium) paid is forfeited the capital account should be debited with :

(A) Rs. 5 (B) Rs. 8(C) Rs. 10 (D) Rs.13

Q. 94. If a share of Rs.10 issued at a premium of Rs.1 on which Rs. 9 (including premium) have been called and Rs.7 including premium is paid is forfeited,
the capital account should be debited by :

(A) Rs.10 (B) Rs. 7(C) Rs. 8 (D) Rs. 9

Q. 95. 600 shares of Rs. 10 each were forfeited for non-payment of Rs.2 per share on first call and Rs.5 per share on final call. Share Forfeiture Account will be credited with:

(A) Rs. 1,200 (B) Rs. 1,800(C) Rs.3, 000 (D) Rs.4,200

Q. 96. 800 shares of Rs. 10 each issued at 20% premium were forfeited for non-payment of allotment money of Rs.5 (including premium) and first & final of Rs.3 per share. Share Forfeiture Account will be credited with :

(A) Rs. 1,600 (B) Rs.2,400(C) Rs.3,200 (D) Rs.4,800

Q. 97. 800 shares of Rs. 10 each issued at 30% premium (to be paid on allotment) were forfeited for non-payment of Rs.2 per share on first call and Rs.2 per share on final call. Share Forfeiture Account will be credited with :

(A) Rs.2,400 (B) Rs.4,800(C) Rs.3,200 (D) Rs.7,200

Q. 98. A Company forfeited 300 shares of Rs.10 each, Rs.8 per share called up, on which X had paid application and allotment money of Rs.6 per share. Share Forfeiture Account will be credited with :

(A) Rs. 600 (B) Rs. 1,800(C) Rs. 1,200 (D) Rs.2,400

Q. 99. On 300 equity shares of Rs.10 the company has called up Rs.8 but Rs.6 have been received by the company are forfeited, the forfeiture account should be credited by :

(A) Rs.2,400 (B) Rs. 1,200(C) Rs. 1,800 (D) Rs. 600

Q. 100. If 400 shares of Rs. 10 issued at a premium of Rs.3 on which the full amount has been called and Rs.8 (including premium) have been received are forfeited, the forfeiture account should be credited with :

(A) Rs.3,200 (B) Rs.2,000(C) Rs. 1,200 (D) Rs.2,800

Q. 101. If 500 shares of Rs.10 issued at a premium of Rs.1 on which Rs.9 (including premium) have been called and Rs.7 including premium have been paid are forfeited, the forfeiture account should be credited by :

(A) Rs.3,000 (B) Rs.3,500(C) Rs.4,000 (D) Rs.4,500

Q. 102. A Company forfeited the following shares:

200 shares of Rs. 10 each; called up Rs.9 per share, paid-up XI per share. Journal Entry for forfeiture will be):

(A) Share Capital A/c	Dr.	2,000	
To Share Forfeiture A/c			200
To Calls in Arrears A/c			1,800
(B) Share Capital A/c	Dr.	2,000	
To Share Forfeiture A/c			1,800
To Calls in Arrears A/c			200
(C) Share Capital A/c	Dr.	1,800	
To Share Forfeiture A/c			1,400
To Calls in Arrears A/c			400
(D) Share Capital A/c	Dr.	1,800	
To Share Forfeiture A/c			400
To Calls in Arrears A/c			1,400

Q. 103. JV Ltd. forfeited 500 shares of Rs. 10 each, Rs.7 called up, issued at a premium of Rs.2 per share to be paid at the time of allotment for non-payment of first call of Rs.2 per share. Entry on forfeiture will be :

(A) Share Capital A/c	Dr.	3,500	
Securities Premium Reserve A/c	Dr.	1,000	
To Share First Call A/c			1,000
To Share Forfeiture A/c			3,500
(B) Share Capital A/c	Dr.	4,500	

Securities Premium Reserve A/c	Dr.	1,000	
To Share First Call A/c			1,000
To Share Forfeiture A/c			4,500
(C) Share Capital A/c	Dr.	4,500	
To Share First Call A/c			1,000
To Share Forfeiture A/c			3,500
(D) Share Capital A/c	Dr.	3,500	
To Share First Call A/c			1,000
To Share Forfeiture A/c			2,500

Q. 104. The amount of discount on reissue of forfeited shares cannot exceed:
(A) 5% of the face value(B) 10% of the face value(C) The amount received on forfeited shares(D) The amount not received on forfeited shares
Q. 105. Discount allowed on re-issue of forfeited shares is debited to:
(A) Share Capital A/c (B) Share forfeiture A/c(C) Statement of Profit & Loss (D) General Reserve A/c
Q. 106. The balance of the forfeited shares account after re-issue of forfeited shares is transferred to:
(A) Statement of Profit & Loss (B) Share Capital A/c(C) Capital Reserve A/c (D) General Reserve A/c
Q. 107. X Ltd. forfeited 500 shares of Rs.10 each fully called up for non-payment of final call of Rs.3 per share 300 of these shares were reissued at Rs.9 per share, fully paid up. What is the amount to be transferred to Capital Reserve Account?
(A) Rs.3,500 (B) Rs.2,100(C) Rs.3,200 (D) Rs. 1,800
Q. 108. 7Ltd. forfeited 400 shares of Rs. 10 each, Rs.7 called up, for non-payment of first call of Rs.2 per share. Out of these, 300 shares were reissued for Rs.6 per share as Rs.7 paid up. What is the amount to be transferred to Capital Reserve Account?
(A) 11,700 (B) Rs. 1,200(C) Rs.2,100 (D) Rs. 300
Q. 109. 400 shares of Rs.10, on which Rs.8 has been called and Rs.5 has been paid, are forfeited. Out of these, 300 shares are re-issued for Rs.9 as fully paid. What is the amount to be transferred to Capital Reserve Account?
(A) Rs. 1,200 (B) Rs. 1,600(C) Rs.2,000 (D) Rs. 1,700
Q. 110. R Ltd. forfeited 600 shares of Rs. 100 each Rs.70 called up on which Mahesh has paid application and allotment money of Rs.50 per share. Of these, 400 shares were re-issued to Naresh as fully paid-up for Rs.110 per share. What is the amount to be transferred to Capital Reserve?
(A) Rs.30,000 (B) Rs.36,000(C) Rs.24,000 (D) Rs.20,000
Q. 111. Madhu Ltd. forfeited 800 shares of Rs.10 each issued at 10% premium to Shyam (Rs.9 called up) on which he did not pay Rs.3 of allotment (including premium) and first call of Rs.2. Out of these, 600 shares were re-issued to Ram as fully paid up for Rs.9 per share. What is the amount to be transferred to capital Reserve?
(A) Rs.2,400 (B) Rs. 1,800(C) Rs.3,000 (D) Rs.3,600
Q. 112. If a share of Rs. 100 on which Rs.60 has been paid, is forfeited, it can be re-issued at the minimum price of:
(A) Rs. 60 (B) Rs.100(C) Rs. 40 (D) Rs.140
Q. 113. A Company forfeited 1,000 shares of Rs. 10 each fully called, on which Rs.6,000
has been paid. Out of these 800 shares were reissued upon payment of Rs.6,600.
What is the amount to be transferred to Capital Reserve?
(A) Rs.4,800 (B) Rs.6,000(C) Rs.4,600 (D) Rs.3,400
Q. 114. A company forfeited 700 shares of Rs. 10 each, on which only Rs.5 per share was paid. Of these, 200 shares were reissued at Rs.9 per share. Amount from Share
Forfeiture Account to Capital Reserve Account will be transferred :
(A) Rs.800 (B) Rs.200(C) Rs.3,500 (D) Rs.2,500
Q. 115. 300 equity shares of Rs. 10 each were issued at Rs.5 per share premium. Only Rs.4 per share on application has been paid on these shares. These shares were forfeited. Later on out of these, 200 shares were reissued at Rs.12 per share as fully paid. What will be amount of Capital Reserve?
(A) Rs. 500 (B) Rs. 1,200. (C) Rs. 200 (D) Rs. 800
Q. 116. 700 shares of Rs. 10 each were reissued as Rs.9 paid up for Rs.7 per share. Entry for reissue will be

(A) Bank A/c	Dr.	4,900	
Share Discount A/c	Dr.	1,400	
To Share Capital A/c			6,300
(B) Bank A/c	Dr.	4,900	
To Share Capital A/c			4,900

(C) Bank A/c	Dr.	4,900	
Share Forfeiture A/c	Dr.	1,400	
To Share Capital A/c			6,300
(D) Bank A/c	Dr.	4,900	
Share Forfeiture A/c	Dr.	2,100	
To Share Capital A/c			7,000

Q. 111. A Ltd. forfeited 2,000 shares of Rs. 10 each fully called up for non-payment of final call of Rs.2 per share. 1,200 of these shares were reissued at Rs.7 per share, fully paid up. What is the amount to be transferred to Capital Reserve Account?
(A) * 7,600 (B) Rs. 1,200(C) Rs. 12,400 (D) Rs. 6,000
Q. 118. Using information given in Q. 112 what is the net balance in Share Forfeiture Account:
(A) Rs.9,600 (B) Rs.6,400(C) Rs. 16,000 (D) Rs.2,800
Q. 119. B Ltd. forfeited 300 shares of Rs. 100 each, Rs.70 called up, for non-payment of first call of Rs.20 per share. Out of these, 200 shares were reissued for Rs.60 per share as Rs.70 paid up. What is the amount to be transferred to Capital Reserve Account?
(A) Rs. 13,000 (B) Rs. 8,000(C) Rs. 2,000 (D) Rs. 7,000
Q. 120. 2,000 shares of Rs.10, on which Rs.7 has been called and Rs.5 has been paid, are forfeited. Out of these, 1,500 shares are re-issued for Rs.9 as fully paid. What is the amount to be transferred to Capital Reserve Account?
(A) Rs.6,000 (B) Rs.7,500(C) Rs. 10,000 (D) Rs.8,500

11.	D	12.	C	13.	A	14.	B	15.	D
16.	A	17.	C	18.	B	19.	C	20.	A
21.	D	22.	C	23.	D	24.	B	25.	D
26.	B	27.	D	28.	D	29.	D	30.	C
31.	B	32.	C	33.	D	34.	B	35.	A
36.	C	37.	A	38.	B	39.	C	40.	D
41.	D	42.	A	43.	C	44.	C	45.	B
46.	C	47.	B	48.	B	49.	C	50.	B
51.	A	52.	C	53.	B	54.	D	55.	D
56.	C	57.	D	58.	D	59.	B	60.	B
61.	B	62.	C	63.	B	64.	B	65.	A
66.	D	67.	D	68.	B	69.	D	70.	D
71.	D	72.	B	73.	A	74.	A	75.	D
76.	C	77..	B	78.	A	79.	C	80.	C
81.	C	82.	B	83.	B	84.	B	85.	A
86.	A	87.	C	88.	B	89.	C	90.	C
91.	A	92.	B	93.	C	94.	C	95.	B
96.	C	97.	B	98.	B	99.	C	100.	B
101.	A	102.	C	103.	D	104.	C	105.	B
106.	C	107.	D	108.	B	109.	A	110.	D
111.	A	112.	C	113.	D	114.	A	115.	D
116.	C	117.	D	118.	B	119.	B	120.	A

OBJECTIVE QUESTION SET 2

1. Premium on issue of shares can be used for
(a) issue of partly paid bonus shares. (b) Writing off losses incurred during the year.
(c) writing off discount/loss on Issue of debentures, (d) writing off past losses.
2. When shares are forfeited. Share Capital Account is debited with
(a) nominal (face) value of shares. (b) called-up share capital.(c) paid-up value of shares. (d) market value of shares.
3. If a share of Rs. 10 issued at a premium of Rs. 2 on which the full amount has been called and Rs. 8 (including premium) paid is forfeited, the Share Capital Account will be debited with
(a) Rs. 12. (b) Rs.10. (c) Rs. 8. (d) Rs. 6.
4. If discount on reissue of shares is less than the amount forfeited, the surplus is transferred to

(a) Capital Reserve. (b) General Reserve.(c) Securities Premium Reserve. (d) Statement of Profit and Loss.
5. A company has issued 10,000 Equity Shares of Rs. 10 each and it has called the total nominal (face) value. It has received the total amount, except the final call of Rs. 3 on 500 Equity Shares. These 500 Equity Shares will be shown as
(a) Subscribed and fully paid-up. (b) Subscribed but not fully paid-up.(c) Issued share capital. (d) None of these.
6. On an equity share of Rs. 20, the company called-up Rs. 16 but Rs. 14 has been received by the company, Equity Share Capital Account will be credited by
(a) Rs. 20. (b) Rs. 16. (c) Rs. 14. (d) Rs.2.
7. X Ltd. forfeited 2,000 shares of Rs. 10 each (which were issued at par) held by Naresh for non-payment of allotment money of Rs.4 per share. The called-up value per share was Rs. 9.On forfeiture, the amount debited to Share Capital Account will be
(a) Rs. 10,000. (b) Rs. 8,000.(c) Rs. 2,000. (d) Rs. 18,000.
8. Green Ltd. had allotted 10,000 shares to the applicants of 14,000 shares on pro rata basis. The amount payable on application is Rs. 2 per share. Mohan applied for 420 shares. The number of shares allotted and the amount carried forward for adjustment against allotment money due from Mohan are
(a) 60shares, Rs. 120. (b) 320 shares, Rs. 200.(c) 340shares, Rs. 100. (d) 300shares, Rs.240.
9. Star Ltd. issued 10,000 equity shares of Rs. 100 each at a premium of 20%. Mamta, who has been allotted 2,000 shares did not pay first and final call of Rs. 5 per share. On forfeiture of Mamta's shares, amount debited to Securities Premium Reserve Account will be
(a) Rs. 5,000. (b) Rs. 10,000.(c) Rs. 15,000. (d) NIL.
10. Anthony Ltd. Issued 40,000 equity shares of Rs. 20 each payable as Rs. 5 on application; Rs. 7 on allotment and Rs. 8 on final call. Company received the due amount but one shareholder holding 250 shares did not pay the allotment money and another shareholder holding 150 shares failed to pay the amount due on final call. Total amount of Calls-in-Arrears is
(a) Rs. 1,750. (b) Rs. 3,200.(c) Rs. 6,000. (d) Rs. 4,950.
11. Gopal Ltd. purchased machine of Rs. 1, 15,000 from Indian Traders, payment of Rs. 10,000 was made by issuing cheque and the remaining amount by issue of equity shares of the face value of Rs. 10 each fully paid at an issue price of Rs. 10.50 each. Amount of securities premium will be
(a) Rs. 6,000. (b) Rs. 7,000.(c) Rs. 5,000. (d) Rs. 4,000.
12. Mohar Ltd. forfeited 160 shares of Rs. 10 each on which the holder had paid only the application money of Rs. 2 per share. Out of these, 40 shares were reissued to Gaurav as fully paid for Rs. 9 per share.The gain on reissue Is
(a) Rs. 320. (b) Rs. 160.(c) Rs. 40. (d) None of these.
13. MIG Ltd. forfeited 40 shares of Rs. 10 each issued at a premium of 40% to Raj who had applied for 48 shares. After having paid Rs. 6 (including Rs. 2 premium), he did not pay allotment money of Rs. 2 (including Rs. 1 premium) and on his subsequent failure to pay the first call of Rs. 3 (including Rs. 1 premium) his shares were forfeited. The amount to be credited to Forfeited Shares Account is
(a) Rs. 288. (b) Rs. 200.(c) Rs. 192. (d) Rs. 160.
14. On a share of Rs. 10 issued at a premium of Rs. 2, whole amount is called-up and Rs. 7 is received, Share Capital Account will be credited by
(a) Rs. 10 (b) Rs.12. (c) Rs.7. (d) Rs.2.

15. On a share of Rs. 20 issued at a premium of Rs. 4 on which Rs. 16 (including premium) is called-up and Rs. 10 (including premium) paid is forfeited, the Share Capital Account will be debited by
(a) Rs.20. (b) Rs.12. (c) Rs.10. (d) *16.
16. At the time of reissue of all forfeited shares
(a) General Reserve is debited with the credit balance left in the Forfeited Shares Account.
(b) General Reserve is credited with the credit balance left in the Forfeited Shares Account.
(c) Capital Reserve is debited with the credit balance left in the Forfeited Shares Account.
(d) Capital Reserve is credited with the credit balance left in the Forfeited Shares Account.
17. Deepak Ltd. offered for subscription 5, 50,000 equity shares of Rs. 10 each. The public applied for 5, 00,000 shares.The call (Rs. 8 per share) was received except from Gopal, who holds 4,000 shares has not paid after application money of Rs. 2 per share and from Shyam who holds 1,000 shares has paid only Rs. 6 per share. Gopal's shares were forfeited. The amount of subscribed capital to be disclosed in the Balance Sheet is
(a) Rs.39, 96,000. (b) Rs.39, 74,000.(C) Rs.49,46,000. (d) Rs.49, 74,000.
18. If a shareholder does not pay his dues on allotment, for the amount due, there will be a

(a) Credit balance in the Shares Allotment Account.(b) Debit balance In the Shares Forfeiture Account.
(c) Credit balance in the Shares Forfeiture Account.(d) Debit balance in the Shares Allotment Account,
19. Sun & Moon Ltd. invited applications for 25,000 equity shares of Rs. 10 each and received 30,000 applications along with the application money of Rs. 4 per share. Which of the following alternatives can be followed?
(i) Refund the excess application money and full allotment to rest of the applicants,
(li) Not to allot any share to some applicants, full allotment to some of the applicants and pro rata allotment to the rest of the applicants,(iii) Not to allot any share to some applicants and make pro rata allotment to other applicants.(iv) Make pro rata allotment to all the applicants and adjust the excess money received towards call money.
(a) only (I) above. (b) both (i) and (iii) above,
(c) All of the above. (d) only (li) above.
20. Which category of shares are redeemed after a specific given period according to the terms of issue?
(a) Cumulative preference shares(b) Redeemable preference shares(c) Irredeemable preference shares
(d) Non-cumulative preference shares
21. Capital reserve is the reserve which is not readily available for distribution of dividend. It is mandatory to create capital reserve in case of
(a) capital profits earned by the company(b) loss generated by the company(c) gain made by company(d) None of the above
22. Shares offered to a specific group of people or to an organization is called
(a) pubic issue (b) public offer '(c) private placement (d) None of these
23. ABC Ltd received application money on its issued share capital, which account is debited while recording this transaction?
(a) Share application account(b) Balance sheet(c) Bank account(d) None of the above
24. Shares issued for consideration other than cash are paid through
(a) cheque (b) liability(c) asset (d) None of these
25. A company issues shares for consideration other than cash at par. Which account will be debited while recording the issue of shares?
(a) Share capital account(b) Share at par account(c) Vendor(d) Share premium account
26. What is the maximum interest rate charged on call-in-arrears amount as per Company Act, 2013?
(a) 10% (b) 12%(c) 15% (d) 7%
27. What interest rate is applicable on calls-in-advance amount as per Company Act, 2013?
(a) 10% (b) 12% (c) 15% (d) 7%
28. A company may receive calls-in-advance, if it is permitted by its
(a) AoA (b) MoA(c) Both (a) and (b) (d) None of these
29. on forfeiture, share capital is
(a) Reduced (b) increased(c) no change(d) Either (a) or (b)
30. When forfeited shares are re-issued at premium, then premium account is
(a) Debited with share face value(b) credited with share face value(c) debited with premium amount
(d) Credited with premium amount

31. When discount is allowed on re-issue of forfeited shares, then the amount of discount is calculated using the formula
(a) Number of shares re-issued x (Paid-up value per share - Re-issue price per share)
(b) Number of shares re-issued x Paid-up value(c) Number of shares re-issued x Re-issue price per share
(d) Paid-up value x Re-issue price per share
32. A Ltd forfeited 300 shares of 10 each, fully called-up, held by B for non-payment of allotment money of Rs. 3 per equity share and final call money of Rs. 4 per share. Out of these, 250 shares were re-issued to C for a total payment of Rs. 1,800. Calculate the amount to be transferred to capital reserve account?
(a) Rs. 750 (b) Rs. 50(c) Rs. 700 (d) Rs. 900
33. X Ltd. was formed with a capital of Rs.. 10,00,000 dividend into Shares of Rs.. 10 each. X offered the entire Shares and called up fully on application. The subscribers. paid Rs.. 20,00,000. The capital will appear in the balance sheet as shown below in column --

Type of capital	Rs..	Rs..	Rs..	Rs..
Authorized	10,00,000	10,00,000	10,00,000	10,00,000
Issued	8,50,000	10,00,000	8,50,000	8,50,000

Unissued	1,50,000	NIL	1,50,000	1,50,000
Subscribed	8,50,000	10,00,000	5,10,000	5,10,000
Called-up	8,50,000	10,00,000	5,10,000	5,10,000
Uncalled	NIL	NIL	3,40,000	3,40,000
Paid-up	8,50,000	10,00,000	5,10,000	5,09,000
Calls-in-arrears.	NIL	NIL	NIL	1,000

34 X ltd was formed with a capital of Rs.. 10,00,000 divided into Shares of Rs.. 10 each. It offered 90% of Shares. The entire amount was called up fully on application. The subscribers. paid Rs.. 8,50,000. Capital will appear in the balance sheet as shown below in column –

	A	B	C	D
Type of capital	Rs..	Rs..	Rs..	Rs..
Authorized	10,00,000	10,00,000	10,00,000	10,00,000
Issued	9,00,000	10,00,000	9,00,000	8,50,000
Unissued	1,50,000	NIL	1,50,000	1,50,000
Subscribed	8,50,000	10,00,000	5,10,000	5,09,000
Called-up	8,50,000	10,00,000	5,10,000	5,10,000
Uncalled	NIL	NIL	3,40,000	3,40,000
Paid-up	8,50,000	10,00,000	5,10,000	5,09,000
Calls-in-arrears.	NIL	NIL	NIL	1,000

35. X Ltd was formed with a capital of Rs.. 10,00,000 divided into Shares of Rs.. 10 each. If offered 85% of Shares as 40% called up on application and 20% on allotment. The subscribers. paid Rs.. 3,40,000 on application and Rs.. 1,69,000 on allotment. Capital will appear in the balance sheet as shown below in column –

	A	B	C	D
Type of capital	Rs..	Rs..	Rs..	Rs..
Authorized	10,00,000	10,00,000	10,00,000	10,00,000
Issued	8,50,000	10,00,000	8,50,000	8,50,000
Unissued	1,50,000	NIL	1,50,000	1,50,000
Subscribed	8,50,000	10,00,000	5,10,000	5,10,000
Called-up	8,50,000	10,00,000	5,10,000	5,10,000
Uncalled	NIL	NIL	3,40,000	3,40,000
Paid-up	8,50,000	10,00,000	5,10,000	5,09,000
Calls-in-arrears.	NIL	NIL	NIL	1,000

36. Dividends are usually paid on –
(a) Authorized capital (b) issued capital(c) called-up-capital(d) paid-up-capital

37 A company cannot issue –
(a)Redeemable equity Shares (b) redeemable preference Shares(c)redeemable debentures(d)fully convertible debentures

38. Consider the following statements:
Assertion (A): Rights Shares are given to equity Shareholders. in proportion to their Shares capital in the company.
Reason (R): Equity Shareholders. Assume the greatest risk in company finance.
(a) Both A and R is true and R is the correct explanation for A
(b)Both A and R is true and R is not the correct explanation for A
(c)A is true but R is false (d)A is false but R is true

39. Right Shares are the Shares –
(a)Issued to the directors. of the company(b)First offered to the debentures holders.
(c)First offered to the existing Shareholders.(d) issued by a newly formed company

40. The balance appearing in the books of a company at the end of year were -
Capital redemption reserve a/c - Rs.. 50,000
Security premium - Rs.. 5,000
Revaluation reserve - Rs.. 20,000
P & L A/c (Dr.) - Rs.. 10,000.
Maximum amount available for distribution as bonus Shares will be -
(a)Rs... 50,000 (b)Rs.. 55,000 (c)Rs.. 45,000 (d)Rs.. 57,000

41. The minimum subscription as prescribed by SEBI against the entire issue is -
(a)95 %(b)90%(c)5%(d) none of these

42. The number of Shares offered for subscription is more than the number of Shares subscribed by the public is known is -
(a) Full subscription (b) over subscription(c)under subscription(d) calls in arrear

43. in case, the whole or a part of the Shares issued are not subscribed by the public who will subscribe such unsubscribed securities for a fixed commission?
(a)Brokers.(b) commission goods(c)Underwriters.(d)sales goods

44. Which of the following statement is not true with regard to issue of Shares by a joint stock company?
(a) Shares can be issued for consideration other than cash.
(b) in the event of over-subscription, the company cannot allot more number of Shares than those specified in the prospectus.
(c) as per the SEBI guidelines, the minimum subscription clause is applicable only to the First issue of Shares by the company.
(d) Shares application money is converted into Shares capital even before the board of directors. Approves the allotment of Shares.

45. Which of the following statements is false?
(a) Shares can be issued for cash or any other consideration.
(b) in the event of over subscription, excess amount has to be refunded or a pro-rata allotment is to be made.
(c) SEBI guidelines are applicable not only for the First issue of Shares but also to subsequent issue of Shares
(d) Shares application money is automatically converted to Shares capital.

46. T Ltd. proposed to issue 10,000 equity Shares of Rs.. 100 each at a premium of 20%. The minimum amount of application money to be collected per Shares will be -
(a)Rs.. 5.00 (b) Rs.. 6.00 (c) Rs.. 12.00 (d) Rs.. 8.40

47. if a Shareholder does not pay his dues on allotment, for the amount due there will be a -
(a) Shares allotment A/c (Dr. Balance) (b) Shares forfeiture A/c (Dr. balance)
(c) Shares forfeiture A/c (Cr. Balance) (d) Shares allotment A/c (Cr. Balance)

48. When Shares are allotted, the account to be credited will be?
(a)Shares capital A/c (b) Shares allotment a/c(c)Shares application A/c(d)Shares First and final call A/c

49. When the money received on applications is to be adjusted at the time of allotment (partial allotment), the account to be credited is -
(a)Shares capital a/c (b) Shares allotment a/c (c)Shares application A/c (d)none of the above

50. pro-rata allotment is done in case of -
(a) Full subscription (b) over subscription(c)under subscription(d) Shares issued at premium

51.A company invited applications for certain number of equity Shares and received applications for more number of Shares along with the application money. Which of the following alternative can be followed?
Refund the excess applications.
Make pro-rata allotment to all the applicants, and no refund of excess application money.
Not to allot any Shares to some applicants, full allotment to the rest of the applicants.
Not to allot any Shares to some applicants and make pro-rata allotment to other applicants.
Make pro-rata allotment to all the applicants and adjust the excess money received towards call money.
(a)only (II) (b) Both (I) and (II) (c)Both (II) and (IV) (d) All of these

52. pro-rata allotment of Shares means allotment of Shares -
(a) Equally amongst the applicants (b)at the discretion of the directors.
(c) To all the applicants in proportion to the Shares applied for (d)to only a few selected applicants

53.X ltd. invites applications for subscription to 10,000 Shares, Rs.. 2 to be paid on application. Applications were received for 18,000 Shares and Shares were allotted pro-rata basis to applicants of 15,000 Shares. If the excess application money is refunded, how much money will be refunded to Ram who have been allotted 50 Shares?

(a)Rs.. 80(b) Rs.. 50(c) Rs.. 30(d) Rs. 42.50

54. A ltd. had allotted 20,000 Shares to the applicants of 28,000 Shares on pro-rata basis. The amount payable on application is Rs.. 2. M applied for 420 Shares. The number of Shares allotted and the amount carried forward for adjustment against allotment money due from Mr. X will be –

(a)60 Shares, Rs.. 120 (b)340 Shares, Rs. 160(c)320 Shares, Rs.. 200 (d)300 Shares, Rs.. 240

55.X co. ltd. issued 60,000 Shares of Rs.. 10 each at a premium of Rs.. 2.50 per Shares payable on application. The amount payable on allotment was fixed at Rs.. 4 per Shares and an equivalent sum was due on a call to be made. Total applications received were for 1,10,000 Shares and after consulting the stock exchange, the following scheme of allotment was decided upon.

	A	B	C
Grouping of Shares	1-100	101-500	Over 500
No. of applications received	1,200	175	5
No. of Shares applied for	70,000	35,000	5,000
No. of Shares allotted	42,000	14,000	4,000

It was decided that the excess amount received on applications would be utilized in payment of allotment money and surplus, if any, would be refunded to the applicants' who was one of the applicants belonging to category 'A' and had applied for 100 Shares, defaulted in payment of allotment money. The amount remaining unpaid by S amounts to

(a)Rs.. 400 (b) Rs.. 180 (c) Rs.. 650 (d) Rs.. 60

56.A company offers. to public 10,000 Shares for subscription. The company receives application for 12,000 Shares. If the Shares to be allotted on pro-rate basis. Application of 6 Shares will get how much Shares?

(a)6 (b) 10 (c) 12 (d) 5

57. Calls in arrears. A/c is shown as –

(a)Current liabilities (b) Deduction from capital (c) Addition to capital(d) Reserves in surplus

58.A ltd company issued equity Shares of Rs.. 100 each. It has called up Rs.. 75 on each Shares but received only Rs.. 60 per Shares. The Shares capital a/c will be credited with

(a)Rs... 60 per Shares (b) Rs.. 75 per Shares (c)Rs.. 100 per Shares(d) Any of above

59.bittu ltd issued 10,000 Shares of Rs.. 10 each to public. Applications were received for 12,000 shares by paying Rs.. 2 per Shares. Shares were allotted on pro-rata basis to the public and excess money was kept to be used in allotment and further calls. Kittu failed to pay the money of Rs.. 3 per Shares and her 1,000 Shares were forfeited after due notice. No further calls were made to her. Her call in arrears. Was

(a)Rs.. 3,000 (b)Rs.. 2,800 (c)Rs.. 2,600 (d)Rs.. 2,400

60. On an equity Shares of Rs.. 20, the company has called up Rs.. 18 but actually received Rs.. 16 only, the Shares capital would be credited by _________

(a)Rs.. 20 (b) Rs.. 18 (c) Rs.. 16 (d) Rs.. 10

61. The subscribed Shares capital of S ltd is Rs.. 80,000 of Rs.. 100 each. There were no calls in arrear till the final call was made. The final call made was paid on 77,500 Shares. The calls in arrear amounted to Rs.. 62,500. The final call on Shares will be

(a)Rs.. 25 (b) Rs.. 7.80 (c)Rs.. 20 (d) Rs.. 62.50

62. Which of the following statement is true regarding calls-in-arrears.?

(a)calls-in-arrears. is that part of called up capital which remain unpaid (b) it is not shown in the balance sheet until the defaulted Shares are forfeited.(c)the rate of interest on calls in arrear is chargeable at 10% p.a., if a company adopts table (d)Charging of interest on calls-in-arrear need not be permitted by the articles of association

63.The directors. Of a company made the final call of Rs.. 30 per Shares on june 15, 2008 indicating the last date of payment of call money to be june 30, 2008. Mr. X, holding 5,000 Shares paid the call money on Aug. 15, 2008. According to table A, the amount of interest on call-in-arrear to be paid by Shareholder

(a)Rs.. 625.00 (b)Rs.. 937.50 (c) Rs.. 750.00 (d) Rs.. 1,125.00

64. The subscribed Shares capital of S ltd is Rs.. 80, 00,000 of Rs.. 100 each. There were no calls-in-arrear till the final call was made. The final call made was paid on 77,500 Shares. The calls-in-arrear amounted to Rs... 75,000. The final call on per Shares is

(a)Rs.. 25 (b) Rs.. 30(c) Rs... 20(d) Rs.. 15

65. on an equity Shares of Rs.. 20, the company has called up Rs.. 16 but actually received Rs.. 18, the Shares capital would be credited by

(a)Rs... 20 (b) Rs.. 18 (c)Rs.. 16(d) Rs.. 10

66. The rate of interest paid on calls in advance as per table A is

(a) 5% p.a. (b) 6% p.a. (c)10% p.a.(d) 4% p.a. (e)15% p.a.

67. Which of the following statements is false?

(a)Capital redemption reserve cannot be used for writing off miscellaneous expenses and losses.

(b)Capital profit realized in cash can be used for payment of dividend

(c)Reserves created by revaluation of fixed assets are not permitted to be capitalized (d) dividend is payable on the calls paid in advance by Shareholders...

68. When any Shareholders. Pay any call money in advance then the A/c to be credited would be –

(a) Calls in advance a/c (b) pre paid a/c (c) Suspense a/c (d) goodwill a/c

69. To receive calls in advance it should be

(a) Authorized by articles of associations (b) Authorized by special resolution

(c)Sanctioned by the central government (d) all the three

70. The interest on calls-in-advance is paid for the period from the ____________

(a) Date of receipt of application money to the date of appropriation (b) date of receipt of allotment money to the date of appropriation

(c) Date of receipt of advance to the date of appropriation

(d) Date of appropriation to the date of dividend payment

71. Which of the following statements is false?

(a) Interest on calls-in-advance is paid from the date of receipt of advance to the date of relevant call.

(b) Interest on calls-in-advance is paid at declared rate in the prospectus

(c) Interest on calls-in-advance is paid at he rate of 6% p.a

(d) Payment of interest on calls-in-advance is at the discretion of the company.

72. When shares are issued to promoters for services offered by them, the account that will be debited with the nominal value of shares is___________.

(a) Cash/Bank Account(b) Goodwill Account (c) Preliminary Expenses Account (d) None of the above

73. Which of the following statement is false?

(a) Loss on re-issue should not exceed the amount forfeited.

(b) When shares are re-issued at a loss, such loss is debited to forfeited shares account.

(c) If loss on re-issue is less than the amount forfeited the surplus should be transferred to capital reserve.

(d) If the re-issued amount and forfeited amount (taken together) exceeds the face value of the shares re-issued, the excess amount is always credited to Securities Premium Account.

74. X Ltd. makes an issue of 1, 00,000 equity shares of Rs. 10 each, payable as follows:

On Application	Rs. 5
On Allotment	Rs. 2.5
On First and final call	Rs. 2.5

Shareholders holding 5000 shares did not pay first call and their shares were forfeited, 3000 of which were re-issued as fully paid up at Rs. 8 per share. The amount to be transferred to capital reserve will be:

(a) Rs. 16,500 (b) Rs. 31,500 (c) Rs. 22,500 (d) None of the above.

75. Following information pertains to X Ltd.:

	`
Equity share capital called up	4,60,000
Calls in arrear	7,500
Calls in advance	5,000
Proposed dividend	5%

The amount of dividend payable will be:

(a) Rs. 22,625 (b) Rs. 23,000 (c) Rs. 22,875 (d) None of the above.

76. Aelu Ltd. reissued 4000 shares (Face value Rs. 10 each), which were forfeited by crediting share forfeiture account by Rs. 6,000. These shares were re-issued Rs. 9 per share. The amount to be transferred to Capital Reserve Account will be:

(a) Rs. 3,000 (b) Rs. 2,000 (c) Rs. 1,000 (d) Nil.

77. The Securities Premium amount may be utilized by a company for:

(a) Writing off any loss on sale of fixed assets (b) Writing off any loss of Revenue nature

(c) Payment of dividends (d) Writing off the expenses on the issue of debentures.

78 The directors of E Ltd. made the final call of Rs. 30 per share on May 15, 2004 indicating the last date of payment of call money to be May 31, 2004. Mr. F, holding 5,000 shares paid the call money on July 15,2004. If the company adopts table A, the amount of interest on calls-in-arrears to be paid by MR. F =?

(a) Rs. 625.00 (b) Rs. 937.5 0 (c) Rs. 75 0.00 (d) Rs. 1,125.00

79A Company forfeited 2,000 shares of Rs. 10 each (which were issued at par) held by MR. John for non-payment of allotment money of Rs. 4 per share. The called-up value per share was Rs. 9. On forfeiture, the amount debited to share capital = ?

(a) Rs. 10,000 (b) Rs. 8,000 (c) Rs. 2,000 (d) Rs. 18,000

80 The maximum amount beyond which a company is not allowed to raise funds, by issue of shares is its'___________.

(a) Issue capital (b) Reserve capital (c) Nominal capital (d) Subscribed capital

ANSWERS

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
C	B	B	A	B	B	D	D	D	D	C	C	B	A	B	D	B	D	C	B
21	22	23	24	25	26	27	28	29	30	33	32	33	34	35	36	37	38	39	40
A	C	C	C	C	A	B	A	A	D	A	B	B	A	C	D	A	B	C	C
41	42	43	44	45	46	47	48	49	50	53	52	53	54	55	56	57	58	59	60
B	C	C	D	D	A	A	A	b	B	d	C	C	D	D	D	B	B	C	B
61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
A	A	B	A	C	B	D	A	A	C	D	B	D	A	A	B	D	B	D	C

OBJECTIVE QUESTION SET 3

1.A company forfeited 2,000 shares of Rs 10 each 9 which, were issued at par) held by A for non-payment of allotment money of Rs 4 per share. The called up value per share was Rs 9. On forfeiture, the amount debited to share capital is:

a. Rs 10,000 b. Rs 8000
b. Rs 2000
c. Rs 18000

2.The rate of interest paid on calls in advances as per table A is :

a. 5% p.a
b. 6% p.a
c. 10% p.a
d. 4% p.a

3.The directors of a company forfeited 1000 shares of Rs 10 each, Rs 7.50 paid up, for non payment of final call money of Rs 2.50 per share. 700 of these shares are reissued @ Rs 7/- per share. The amount transferred to capital reserve A/c would be:

a. Rs 2,500
b. Rs 3,150
c. Rs 3,500
d. Rs 5,400

4.A Ltd. Acquired, assets worth Rs 15,00,000 form H Ltd. By issued of shares of Rs 100 @ premium issued to settle the purchase consideration will be:

a. 12,000 shares
b. 15,000 shares
c. 18750 shares
d. 11,250 shares

5.E Ltd. Has allotted 10,000 shares to the applicants of 14,000 shares on pro-rata basis. The amount payable on application is Rs 2. F applied for 420 shares. The number carried forward for adjustment against allotment due from F:

a. 60 shares ; Rs 120
b. 340 shares; Rs 160
c. 320 shares; Rs 200
d. 300 shares Rs 240

6.500 shares of Rs 20 each issued at 5% discount are forfeited for non-payment of allotment and final call money @ Rs 9 and Rs 5 respectively. Amount credited to share forfeiture A/c is:

a. Rs 2,000
b. Rs 25,00
c. Rs 3,000
d. Rs 7000

7.ABC Ltd forfeited 20 shares of rs 10 each, Rs 8 called up, on which X paid application and allotment money of Rs 2 and Rs 3 respectively. These shares were re issued to Y at 6 fully paid. What was the balance in share forfeiture account before shares were re-issued?

a. Rs 40
b. Rs 60
c. Rs 100
d. Rs 160

8.E Ltd. Has allotted 10,000 shares to the applicants of 14,000 shares on pro-rata basis. The amount payable on application is Rs 2. F applied for 420 shares. The number carried forward for adjustment against allotment due from F:

a. 60 shares ; Rs 120
b. 340 shares; Rs 160
c. 320 shares; Rs 200
d. 300 shares Rs 240

9.J Ltd. Reissued 2,000 shares which were forfeited by crediting share forfeited by crediting share forfeiture account by Rs 3000. These shares were reissued at Rs 9 Per share. The amount transferred to capital reserve will be:

a. Rs 3000
b. Rs 2000
c. Rs 1000
d. NIL

10.G Ltd. Acquired assets worth Rs 75,000 from H Ltd. By issue of share of Rs 10 at a premium of Rs 5. The number of shares to be issued by G Ltd. To settle the purchase consideration:

a. 6,000 shares
b. 7,500 shares
c. 9,375 shares
d. 5,000 shares

11. Dividends are usually paid on:

a. Authorized Capital
b. Issued Capital
c. Called – up- Capital
d. Paid – up - capital

12.A company invited application for subscription of 5000 shares. The applications were received for 6000 shares. The shares were allotted on pro-rata bases. If shyam applied for 180 shares, how many shares would be allotted to him?

a. 180
b. 200
c. 150
d. 175

13.If vendors are issued fully paid shares of Rs 1,00,000 in consideration of net assets of Rs 1,20,000 the balance of Rs 20,000 will be credited to:

a. Goodwill account
b. Capital Reserve account
c. Vendor's account
d. Profit and loss account

14. When shares are issued to promoters which account should be debited:

a. Share Capital A/c
b. Assets A/c
c. Promoters A/c
d. Goodwill A/c

15.The following information pertains to X Ltd:
   a. Equity Share capital called up Rs 5,00,000
   b. Calls in arrear Rs 40,000
   c. Calls in advance Rs 25,000
   d. Proposed dividend 15%

16.According to Section 78 of the companies Act, the amount in the Securities Premium A/c cannot be used for the purpose of:
   a. Issues of fully paid bonus shares
   b. Writing off losses of the company
   c. Writing of preliminary expense
   d. Writing off commission or discount on issues of shares

17.A to whom 100 shares of rs 10 each were allotted at per, paid Rs 3 on allotment and Rs 3 on application but could not pay the first and final call money of Rs 4. His shares were forfeited by directors. The amount to be credited to share forfeited account will be:
   a. Rs 500
   b. Rs 400
   c. Rs 600
   d. Rs 1000

18.A company forfeited 100 equity shares of Rs 100 each issued at premium of 50% (to be paid at the time of allotment) on which the first call money of Rs 30 per share was not received , final call Rs 20 is yet to be made. These shares were subsequently reissued @ Rs 70 per share at Rs 80 paid up. The amount credited to capital reserve is:
   a. 4000
   b. 2000
   c. 3000
   d. None

19. Share allotment account is a:
   a. Real account
   b. Nominal account
   c. Personal account
   d. Company account

20.10,000 equity shares of Rs 10 each were issued to public at a premium of Rs 2 per share. Applications were received for 12,000 shares. Amount of securities premium account will be:
   a. Rs 20,000
   b. Rs 24,000
   c. Rs 4,000
   d. Rs 1,600

21.Asha Ltd. Issued shares of Rs 100 each at a premium of 25% mamta who has Rs 2,000 shares of Asha ltd. Failed Rs 5. Premium was taken at the company. On forfeiture of Mamta's shares, the amount to be debited to share Premium account will be:
   a. Rs 5000
   b. Rs 10,000
   c. Rs 15,000
   d. Nil

22. If a company is not able to refund the excess amount of share within the reasonable time. The Company will give them Interest @:
   a. 15% p.a
   b. 5% p.a
   c. 7% p.a
   d. 10% p.a

23.A company makes an issue of 10,000 equity shares of Rs 100 each, payable as follows:
On application and allotment Rs 50
On first call Rs 25
On second and final call Rs 25 members holding 400 shares did not pay the second call and the shares were duly forfeited 300 of which are reissued as fully paid at Rs 80 per share. Amount transferred to Capital reserve will be:

a. 16,500
b. 15,000
c. 10,000
d. None

24. Voluntary return of shares for cancellation by the shareholders is called:
a. Surrender of shares
b. Forfeiture
c. Cancellation of share
d. Distribution of shares

25. A Ltd. Forfeited 1000 equity shares of Rs 10 each issued at a discount of 10 % for non- payment of first call of 2 and second call of Rs 3 per share. For recording this forfeiture, calls in arrear will be credited by:
a. Rs 4,000
b. Rs 1,000
c. Rs 5,000
d. Rs 10,000

26. If the issue size is up to Rs 500 corers, the issued shares should be made fully paid up within …… of the date of allotment:
a. 6 months
b. 10 months
c. 12 months
d. 18 months

27. The minimum subscription as prescribed by SEBI against the entire issue is:
a. 95%
b. 90%
c. 5%
d. None

28. Dividends are usually paid on:
a. Authorized Capital
b. Issued Capital
c. Called – up- Capital
d. Paid – up – capital

29. Following are the information related to G Ltd.:
a. Rs 57,000
b. Rs54,000
c. Rs56,000
d. Rs60,000

30. X was issued 100 shares of Rs 10 each at a premium of Rs R 1, he paid application money and allotment money which in total amounted to Rs 5 (excluding Premium) and failed to pay the balance call money of Rs 5. Find the maximum discount that can be given at the time reissue of shares:
a. Rs 4 per share
b. Rs 5 per share
c. Rs 2 per share
d. Rs 6 per share

31. Securities Premiums Account is shown in the balance sheet under
a. Reserves & Surplus
b. Miscellaneous Expenditure
c. Current Liabilities
d. None of the above

32. A purchased a Machinery for Rs 1,80,000 for which he is paying shares of Rs 100 each at 10% discount. How many shares will he give as consideration?
a. 2,500
b. 2,000
c. 1,800
d. 3,000

33. Mr. X, holder of 10,000 shares for Rs 10 each has paid Rs 3 on application and Rs 3 on allotment. He did not pay Rs 2 on first call. His shares are forfeited subsequently after first call. Share capital will be debited by……..

a. Rs 85,000
b. Rs1,00,000
c. Rs 80,000
d. Rs 60,000

34.The amount received over and above the par value is credited to which account?

a. Share Capital Account
b. Calls in advance Account
c. Securities Premium Account
d. Share Forfeiture Account

35.X Ltd. Allotted 10,000 shares to the applicants of 14,000 shares on prorate basis. O applied for 840 shares. What is the number of shares allotted to him. If application money is @ Rs 2 then what will be his amount transferred to further calls………

a. 600 shares Rs 480
b. 840 shares Nil
c. 600 shares Nil
d. 840 shares Rs 1200

36. Right shares are issued to:

a. Promoters for the services
b. Holders of convertible debentures
c. Existing shareholders
d. All of the above

37.The rate of interest paid on calls in advances as per table A is :

a. 5% p.a
b. 6% p.a
c. 10% p.a
d. 4% p.a

38.A company issued 20,000 preference shares at the rate of Rs 100 each at 5% premium and 2,00,000 equity shares at the Rs 10% premium. What is the net amount of securities premium?

a. Rs 1,00,000
b. Rs 2,00,000
c. Rs 2,40,000
d. Rs 3, 00,000

39. Share premium is utilized for this purpose:

a. For raising goodwill
b. For premium payable on redemption of preference share
c. For writing of capital losses.
d. For paying dividend.

40. X purchased the running business of A for Rs 60,000. In place of cash he discharged the purchase consideration by issue of equity shares of Rs 10 each at 20% premium. Find the number of shares to be issued ?

a. 6,000
b. 7,500
c. 5,000
d. 8,000

41. Reserve share capital means:

a. Part of authorized capital to be called at beginning
b. Portion of uncalled capital to be called only at liquidation
c. Oversubscribed capital
d. Under subscribed capital

42. When full amount is due on any call but it is not received, then the shortfall is debited to-

a. Calls in advance
b. Calls in arrear
c. Share capital
d. Suspense account

43. The difference between Subscribed Capital and Called- up Capital is called:
   a. Calls-in- arrear
   b. Calls-in- advance
   c. Uncalled capital
   d. None of the above

44. A company issued 5,000 shares of Rs 10 each at 20% premium payable as follows: Application – Rs 2, Allotment Rs 5 (including premium) and first and Final Call Rs 5. A holder of 200 shares failed to pay the first and final call. His shares were forfeiture. Calculate the amount to be credited to share Forfeiture Account.
   a. Rs 1,000
   b. Rs 1,400
   c. Rs 400
   d. None of these

45. At the time of forfeiture, share capital Account is debited with:
   a. Face Value
   b. Nominal Value
   c. Paid up Value
   d. Called up Value

46. Which statement is issued before the issue of shares?
   a. Prospectus
   b. Memorandum of Association
   c. Articles of Association
   d. All of these

47. A Ltd. Acquired assets worth Rs 11,25,000 from B.Ltd. by issue of equality shares of Rs 100 at premium of 25%. The number of shares to be issued by A Ltd , for the purchase consideration :
   a. 9000 shares
   b. 11250 shares
   c. 14063 shares
   d. 7500 shares

48. Which of the following should be deducted from the share capital to find out paid up capital of a company?
   a. Calls in advance
   b. Calls in arrear
   c. Share forfeiture
   d. Discount on issue of shares

49. Z & Co. forfeited 100 shares of Rs 10 each for non-payment of final call of Rs 2 per shares. All shares were re issued at Rs 9 per share. What amount will be transferred to Capital reserve A/c?
   a. Rs 700
   b. Rs 800
   c. Rs 900
   d. Rs 1000

50. If a share of Rs 10 on which Rs 8 has been paid up is forfeited, it can be re-issued at the minimum price of:
   a. Rs 10 per share
   b. Rs 8 per share
   c. Rs 5 per share
   d. Rs 2 per share

51. Securities Premium can be used by the company.
   a. To adjust Loss on revaluation of Assets
   b. To Issue fully paid Bonus shares
   c. To Pay dividend
   d. To Adjust trading Loss.

52. Uma being the holder of 1000 shares of Rs 20 each issued at 10% discount , failed to pay allotment money of Rs 4. The director decided to forfeit the share. At the time of forfeiture, discount on issue of shares A/C will be-
   a. Credited by Rs 1,000
   b. Debited by Rs 2,000
   c. Credited by Rs 2,000
   d. Not affected.

53. Supreme ltd. has allotted 5000 shares to the applicants of 7500 shares on pro-rata basis. The amount on application is Rs 3 per share. M applied for 600 shares. The number of shares allotted to M will be_ and the amount carried forward for adjustment against allotment money from m will be _

a. 200 shares; Rs 200
b. 300 shares; Rs 300
c. 400 shares; Rs 600
d. 150 shares; Rs 450

54.A company forfeited 2000 shares of Rs 10 each (which were issued at par) held by Mr. John for non- payment of allotment money of Rs 4 per share. The called up value per share was Rs 9. On forfeiture, the amount debited to share capital will be……….

a. Rs 10,000
b. Rs 8,000
c. Rs 2000
d. Rs 18,000

55. Securities Premiums Account is shown in the balance sheet under

a. Reserves & Surplus
b. Miscellaneous Expenditure
c. Current Liabilities
d. None of the above

56. Calls in advance are shown under which head of the balance sheet?

a. Addition to Share Capital
b. Separately under head Share Capital
c. Current Liability
d. Fixed Liability

57. Securities Premiums Account is shown in the balance sheet under

a. Reserves & Surplus
b. Miscellaneous Expenditure
c. Current Liabilities
d. None of the above

58. Loss on issue of shares is shown under which head in the balance sheet?

a. Current Assets
b. Miscellaneous Expenditure
c. Reserves & Surplus
d. Current Liabilities.

59. When shares are issued at a premium and the amount is already received by company. Later on, when such shares are forfeited:

a. Premium A/c should be debited
b. Premium A/c should be credited
c. Premium A/c is not affected
d. None of these

60. Shares of a company can be issued at …….?

a. Premium
b. Discount
c. Par
d. Any of these

61.At the time of forfeiture, share capital Account is debited with:

a. Face Value
b. Nominal Value
c. Paid up Value
d. Called up Value

62. Issue of Bonus Share implies.

a. Dividend payment
b. Raising of fixed capital
c. Reserves and surplus
d. Working capital being raised

63. When shares are issued to promoters which account is debited?
   a. Goodwill
   b. Premium
   c. Promoters
   d. Share Capital.

64.X Ltd. Purchased the business of A Ltd. For Rs 60,000. It was payable in shares of Rs 10 each at a premium of 20%. The number of shares to be issues by X Ltd. To discharge purchase consideration will be:-
   a. 8,000 shares
   b. 7,500 shares
   c. 6,000 shares
   d. 5,000 shares

65.The profit remaining after issue of forfeited shares, in share forfeiture account will be transferred to………
   a. Profit and Loss Account
   b. Share Capital Account
   c. General Reserve Account
   d. Capital Reserve Account

66. When shares are issued for purchase of assets,………… should be credited.
   a. Vendor's A/c
   b. Sundry Assets A/c
   c. Share Capital A/c
   d. Bank A/c

67.If vendor's are issued 1,00,000 fully paid equity shares of rs 10 each in consideration of net assets of Rs 12,00,000 will be credited to:-
   a. Capital Reserve A/c
   b. Goodwill A/c
   c. Vendor's A/c
   d. Profit and Loss A/c

68. Balance in share forfeiture A/c is Shown in Balance Sheet under:
   a. Share Capital A/c
   b. Reserves and Surplus A/c
   c. Current Liabilities
   d. Provisions.

69. Which of the following statement is true:
   a. Debenture can be issued at a premium, but equity shares cannot be issued at a premium.
   b. Debenture holders are owners of a company, but equity share holders are creditors of a company.
   c. Debenture interest is a charge against profit, but equity dividend is an appropriation of profit.
   d. Debenture interest varies from year to year but equity shares dividend is at same rate every year.

70. Which of the following account is affected, when shares are issued to promoters?
   a. Preliminary expense account
   b. Share premium account
   c. Goodwill account
   d. Promoter's personal account

71. The power of forfeiture of share is exercised by-
   a. Promoters of the company
   b. Directors as per rules and regulations provided in the Articles of Association
   c. The shareholders at Annual General Meeting
   d. The Government

72.B limited has issued its shares of Rs 10 each at a discount of Rs 2 per share. Ram holding 100 Shares could not pay final call of Rs 5 per share. His shares were forfeited. Later on the company decided to re- issues these shares. Maximum amount of loss per share on such re-issue could be:
   a. Rs 5
   b. Rs 2
   c. Rs 7
   d. Rs 13

73. Which of the following statement is false?

a. Issued capital can never be more than the authorized capital
b. In the case of under subscribed capital is less than subscribed capital
c. Uncalled capital may be converted in to reserve capital
d. Paid up capital is equal to called up capital less calls in arrears

74. When shares are forfeited, share capital account is debited by:
a. Nominal values of share
b. Paid- up amount of shares
c. Called- up amount of shares
d. Forfeited amount

75. X limited allotted 25,000 equity shares to the applicants of 36,000 shares for Rs 10 each on pro- rata basis. A applied for 1,800 equity shares. Shares allotted to him are …….. And he had paid application money of Rs 5 per share………. Is the excess amount received that can be utilized to wards allotment money:
a. 1500 shares, Rs 1,500
b. 1350 shares, Rs 2,250
c. 1250 shares, Rs 2,750
d. 1050 shares, Rs 3,750

76. A company forfeited 1000 shares of Rs 10 each on which Rs 6,000 have been received. Forfeited shares were received. For Rs 7,000. The amount of capital reserve would be:
a. Rs 1,000
b. Rs 3,000
c. Rs 4,000
d. Rs 6,000

77. according to Companies Act, 2013, interest on calls in arrear and calls in advance can be charged and provided, the maximum rates for which are:
a. 4% p.a and 5% p.a
b. 5% p.a and 4% p.a
c. 10% p.a and 12% p.a
d. 5% p.a and 6% p.a

78. A company is permitted to issue shares at a discount if at least ….. must have elapsed since the company was entitled to commence the business:
a. Three years
b. Two Years
c. One Year
d. Six months

79. Discount on issue of share is presented on the ….. side of the company's balance sheet under the head……..
a. Assets, Fixed Assets
b. Assets, Current Assets
c. Liabilities, Current Liabilities
d. Assets, Miscellaneous Expenditure

80. Calls in arrear are shown in Balance Sheet as ………..:
a. Deduction from called up capital
b. Addition to paid up capital
c. Addition to issued capital
d. Deduction from issued capital

81. When equity shares are issued to the promoters in consideration of their services provided by them, …… A/c should be debited:
a. Equity Share Capital
b. General Reserve
c. Promoters
d. Goodwill

82.Krishi Ltd. Issued 1,50,000 shares of Rs 100 each at a discount of 10% Mr.Ram to whom 300 shares were allotted, failed to pay the final call of Rs 30 per share and hence, all his shares were forfeited, At the time of forfeiture of shares, what amount will be transferred to share forfeited account?
a. Rs 9,000
b. Rs 18,000

c. Rs 21,000
d. Rs 27,000

83. Discount on re-issue of shares forfeited cannot exceed the ……. :
   a. 50% of face value
   b. Face value
   c. 50% of amount forfeited
   d. Amount forfeited

84.The director's of E limited made a final call of Rs 50 per share on 1st August, 2012 indicating the last date of payment of call money to be 31st August, 2012. Mr. white holding 5,000 shares paid the call money on October 15, 2012. If the company adopts Table A the amount of interest on calls in arrears to be paid
   a. Rs 3,125
   b. Rs 1,562.50
   c. Rs 1,875
   d. Rs 1,500

85. Zee Limited allotted 10,000 shares to the applicants of 14,000 shares on a pro-rata basis. The amount payable on application is Rs 2 per share P, a shareholder was allotted 300 shares. The number of shares he applied for was…….
   a. 420 Shares
   b. 300 Shares
   c. 350 Shares
   d. 400 Shares

86.Tee Limited forfeited 500 shares of Rs 20 each issued at 5% discount for non- payment of allotment and final call money of Rs 9 and Rs 5 respectively. Amount credited to share forfeiture credited to share forfeiture A/c will be………
   a. Rs 3,500
   b. Rs 2,500
   c. Rs 3,000
   d. Rs 4,000

87.On 1.1.2011. X Co. Ltd decided to forfeit 800 equity shares of Rs 10 each due to non- payment of second and final call of Rs 5. On 1.3.2011, company re-issued 400 forfeited shares at Rs 7 as fully paid. What will be the amount to be transferred to capital reserve account?
   a. Rs 1,600
   b. Rs 2,800
   c. Rs 800
   d. Rs 1,200

88.Krishi Ltd. Issued 1,50,000 shares of Rs 100 each at a discount of 10% Mr. Ram to whom 300 shares were allotted, failed to pay the final call Rs 30 per share and hence, all his shares were forfeited . At the time of forfeiture of shares what amount will be transferred to Shares Forfeiture Account?
   a. Rs 9000
   b. Rs 18000
   c. Rs 21000
   d. Rs 27000

89.A company Ltd. by shares before commencement of business can issue its share at discount
Possible
   a. Not possible
   b. Possible it permitted by stock exchange
   c. Possible if shareholders approve

90.Uma is the holder of 1,000 shares of Rs. 20 each issued at 10% discount .she failed to pay allotment money of Rs. 8 and final call money of Rs. 4 The directors decided to forfeit the shares .at the time of forfeiture .discount on issue of shares A/c will be
   a. Credited by Rs. 1,000
   b. Debited by Rs. 2,000
   c. Credited by Rs. 2,000
   d. Not affected

91.Supreme Ltd. has allotted 5,000 shares to be applicants of 7,500 shares on pro-rata basis the amount of application is Rs. 3 per share M applied for 600 shares The number of shares allotted to Mr. M will be __________and the amount to be carry forward for adjustment against allotment money from M will be __________.

a. 200 shares Rs. 200
b. 300 shares Rs. 300
c. 400 shares Rs. 600
d. 100 shares Rs. 450

92. Which of the following shares capital is not shown in the Balance Sheet

a. Subscribed share capital
b. Un-issued share capital
c. Authorized share capital
d. Paid-up share capital

93. Underwriting Commission will not be paid on account of shares taken by:

(a) Promoters
(b) Employees
(c) Directors
(d) All of the above

94. Max Ltd. forfeited 300 shares of Rs. 10 each, fully called-up, for non-payment of final call money of Rs. 4 per share. These were subsequently re-issued by the company for Rs. 12 per share as fully paid up. Amount of share forfeiture a/c to be transferred to capital reserve is:

(a) Rs. 2,400
(b) Rs. 3,000
(c) Rs. 1,800
(d) Rs. 3,600

95. The subscribed share capital of SAI Ltd. is Rs. 80,00,000 of Rs. 100 each. There were no calls - in-arrear till the final call was made. The final call made was paid on 77,500 shares and the total amount of Calls-in - arrear amounted to Rs. 67,500. The amount of final call per share made was.

(a) Rs. 20
(b) Rs. 25
(c) Rs. 62.50
(d) Rs. 27

96. according to Companies Act, 2013 the application money must be at least.........of the face value of shares whereas as per SEBI guidelines application money must not be less than.......;.. of the issue price.

(a) 5%, 25%
(b) 25%, 5%
(c) 5%, 5%
(d) 25%, 25%

97. Zebra Ltd. invites applications for subscriptions to 50,000 shares for which Rs. 2 per share is to be paid on applications. Applications were received for 80,000 shares and shares were allotted on pro-rata basis to applicants of 70,000 shares. If the Excess application money is refunded, how much money will be refunded to Mr. Lion who has been allotted 200 shares?

(a) Rs. 100
(b) Rs. 160
(c) Rs. 240
(d) Rs. 80

98. A company has both 6% cumulative preference shares of 3,00,000 of Rs. 100 each and equity share capital of Rs. 6,00,000 of Rs. 10 each. If dividend declaration totalled Rs. 15,000 and Rs. 25,000 in the year 2012-13 and 2013-14 respectively, the dividend allocated to the equity shareholders in the year 2013-14 =

(a) Rs. 4,000
(b) Rs. 7,000
(c) Rs. 11,000
(d) Rs. 15,000

99. the subscribed share capital of Shri Ltd. is Rs. 90, 00,000 of Rs. 100 each. There were no calls in arrear till the final call was made. The final call was paid on Rs. 85,000 shares. The calls in arrear amounted to Rs. 1,25,000. The final call per share

(a) Rs. 25
(b) Rs. 7.80

(c) Rs. 20
(d) Rs. 125

100. The director of K Ltd. made the final call of Rs. 20 per share on September 15, 2014 indicating the last date for payment of call money to be September 30, 2014. Mr. F holding 8000 shares paid the call money on November 15, 2014. If the company adopts Table A, the interest on calls in arrears to be paid by Mr. F =?
(a) Rs. 800
(b) Rs. 1,000
(c) Rs. 1,200
(d) Rs. 1,333

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
(D)	(B)	(B)	(A)	(C)	(B)	(C)	(D)	(C)	(D)	(D)	(C)	(B)	(D)	(D)	(B)	(C)	(A)	(C)	(A)
21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
(D)	(A)	(A)	(A)	(C)	(C)	(B)	(D)	(A)	(B)	(C)	(B)	(C)	(C)	(A)	(C)	(B)	(D)	(B)	(C)
41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
(B)	(B)	(C)	(A)	(D)	(A)	(A)	(B)	(A)	(D)	(B)	(C)	(C)	(D)	(A)	(B)	(A)	(B)	(C)	(D)
61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
(D)	(C)	(A)	(D)	(D)	(C)	(A)	(A)	(C)	(C)	(B)	(A)	(B)	(C)	(C)	(B)	(D)	(C)	(D)	(A)
81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	956	97	98	99	100
(D)	(B)	(D)	(B)	(A)	(B)	(C)	(B)	(B)	(C)	(C)	(B)	(D)	(C)	(D)	(A)	(B)	(A)	(A)	(B)

OBJECTIVE QUESTION SET 4

1. A company is an association registered under –
(a) The Co-operative Societies Act
(b) The Societies Registration Act
(c) The Indian Partnership Act
(d) The Companies Act

2. Common Seal means the office signature of –
(a) The Company (b) The Director (c)They Members (d) The Employees

3. An authorized capital refers to –
(a) Paid up value of all shares allotted (b) Called up value of all shares allotted
(c) Nominal value of all shares offered to public
(d) That amount which is stated in the capital of the Memorandum of Association as the share Capital.

4. A company is a person created by —
(a) God (b) Human being (c) Law (d) None of these

5. Reserve Capital refers to –
(a) Capital reserve
(b) That portion of called up share capital which shall not be capable of being called up except in The event and for the purpose of the company being would up.
(c)That portion of uncalled share capital which cannot be called up when the company is being wound up.
(d) None of the above.

6. Issued capital Includes —
(a) Nominal value of shares offered to the public (b) Nominal value of shares applied by the public
(c) Nominal value of shares allotted to the public (d) none of these

7. X Ltd. was formed with a capital of Rs. 10, 00,000 divided into shares of Rs. 10 each. It offered 90% shares called up 40% on application and 20% on allotment. The subscribers paid Rs. 3, 40,000 on application and Rs. 1, 69,000 on allotment. The subscribed capital is —
(a) Rs. 10, 00,000 (b) Rs. 5, 10,000(c) Rs. 5, 09,000 (d) Rs. 3, 40,000

8. X Ltd. was formed with a capital of Rs. 1,00,000 divided into shares of Rs. 10 each. Out of these 2,000 shares were issued to the vendors as fully paid as purchased consideration. 6,500 shares was offered to the public and of these 6,000 share were applied for an allotted the directors called Rs. 6 per share and received the entire amount except a call of Rs. 2 per share on 500 share. The amount of issued capital is
(a) Rs. 20,000 (b) Rs. 65,000(c) Rs. 85,000 (d) Rs. 80,000(e) Rs. 55,000

9. the excess price received over the par value of shares, should be credited to

(a) Calls-in-advance account (b) Share Capital account
(c) Reserve Capital account (d) Share premium account

10. An applicable of shares is ——
(a) An acceptance of an offer to take shares made by the company in its Prospectus (b) An offer to take shares made by an applicant
(c) An invitation to make an offer to take shares (d)None of these

11. Cumulative Preference Share is one on which—
(a) Arrears of dividend accumulate (b) Arrears of dividend do not accumulate
(c) Arrears of redeemable share capital accumulate (d) None of these

12. Prospectus of a company is ——
(a)An application for shares / debentures (b)An offer by the company to the public to sell its shares of debentures (c)An invitation to make on offer to subscribe the shares of debentures of The company (d) All of above

13. Equity Shares can be issued ——
(a) With proportionate voting rights only (b) With differential voting rights only
(c) With differential right as to dividend and voting (d)None of these

14. Which is not to be disclosed in the Balance Sheet of a Company?
(a) Authorized Capital (b) Issued Capital (c) Subscribed Capital (d) Reserve Capital

15. Convertible Preference Share is one which carries –
(a) A right to receive arrears of dividend (b)A right to participate in the surplus profits and surplus assets (c)A right to participate in the surplus profits or surplus assets or both
(d)A right of conversion into equity share

16.X who applied for 100 shares was allotted 80 shares. The amount of demanded was Rs. 2 on application. Rs. 2 on allotment, Rs. 2 as first call and Rs. 3 on second call. He did not pay anything after application. The amount of calls-in-arrears is —
(a) Rs. 400 (b)Rs. 640 (c)Rs. 600 (d)Rs. 520

17. As per the Companies Act, only preference shares, which are redeemable within
-
(a) 24 years (b) 22 years (c)30 years (d) 20 years

18. If shares are forfeited, Forfeited Shares Account –
(a) Debited with the amount received (excluding securities premium) (b)Debited with the called up amount on shares (c)Credited with the paid up amount on shares
(d) Credited with the amount received (excluding securities premium)

19. If shares are forfeited, share capital account is debited with –
(a) The face value of shares. (b)The called up value of shares.
(c) The paid up value of shares. (d) None of the above.

20. on approval from the Central Government, the rate of discount on issue of shares can be _________ percent of the nominal value of the shares.
(a) 5 (b) 10 (c) 20 (d) None of three

21. Maximum amount that can be collected as premium as a percentage of face Value =?
(a) 20% (b)30% (c) 40% (d) Unlimited

22. Which of the following signifies the difference between par value and an issue price below par?
(a) Securities premium (b) Discount on issue of shares (c) Calls in arrear (d)Calls in advance

23. as per Schedule III of the Companies Act, 2013, under which of the following heads is Premium on issue of preference Shares' shown in the Balance Sheet of a company?
(a)Miscellaneous expenditure (b) Debenture (c) Reserves and surplus (d) Current liabilities and provisions

24. If articles are silent regarding interest on calls in advances, the minimum rate of interest which can be allowed on calls-in-advance is ———
(a) 5% p.m. (b) 12% p.a.
(c) 5% p.a. (d) None of these

25. As per SEBI Guidelines, the amount payable on application on each share must be at lease —
(a) 5% of the nominal amount of share (b) 25% of the nominal amount of share
(c) 25% of the called amount of share (d) 5% of the called amount of share

26. Securities Premium can be demanded –
(a) Only on application (b) Only on allotment (c) Only on call
(d) In lump sum or installments on application & or allotment & or call

27. A company can issue shares at premium –
(a)If the Articles authorities the company to do so (b)Even in the absence any express authority in its article (c)If the Memorandum authorize the company to do so (d)None of these

28. X Ltd's authorized capital is Rs. 10, 00,000 and has already issued 60,000 equity shares of Rs. 10 each. It now desires to issue preference share of Rs. 10 each at 10% discount after passing the ordinary resolution. The number of such perforce shares which can be issued by X Ltd are –
(a) 1, 00,000 (b) 60,000(c) 40,000 (d) None of these

29. The balance of Securities Premium Account can be utilized—
(a)To issue fully paid bonus shares to creditors. (b)To write off development expenditure.
(c)To provide for the premium payable on the buy-back of equity shares.
(d) None of the above

30. If articles are silent regarding interest on calls-in-arrears, the minimum rate of Interest which can be charged on calls-in-arrears is –
(a) 6% p.m. (b) 10% p.a.
(c) 6% p.a. (d) None of the these

31. Which of the following statements is false?
(a) The forfeited shares should not be issued at a premium
(b) At the time of forfeiture of shares, share premium should not be debited With the amount of premium already received.
(c) Shares can be issued at a discount only after one year from the commencement of business
(d) Share premium cannot be utilized to redeem preference shares.

32. When shares are issued to promoters for the services offered by them, the account that will be debited with the nominal value of shares is ——
(a) Preliminary expenses (b) Goodwill (c)Asset account (d) Share capital

33. Which type of the following shares have the right to receive dividends unpaid in Prior years, whenever earnings become adequate?
(a) Cumulative preference shares (b) Participating preference shares
(c) Convertible preference shares (d) Callable preference shares

34. Which of the following statements is false?
(a)Interest on calls-in-advance is paid from the date of receipt of advance to the date of relevant call
(b)Interest on calls-in-advance is paid from the date of receipt of advance to the date of appropriation to the relevant call(c)Interest on calls-in-advance is paid at the rate of 6% p.a.
(d)Payment of interest on calls-in-advance is at the discretion of the company.

35. The maximum amount beyond which a company is not allowed to raise funds, by issue of shares is its'_____
(a) Issued Capital (b) Reserve Capital
(c) Nominal Capital (d) Subscribed Capital

36. Dividends are usually paid as a percentage of ____
(a) Authorized share capital (b) Net profit
(c) Paid-up capital (d) Called-up capital

37. O Ltd. issued 10,000 equity shares of Rs. 10 each at a premium of 20% payable Rs. 4 on application (including premium), Rs. 5 on allotment and the balance on first and final call. The company received applications for 15,000 shares and allotment was made pro-rata. P, to whom 3,000 shares were allotted, failed to pay the amount due on allotment. All his shares were forfeited after the call was made. The forfeited shares were reissued to Q at par. Assuming the no other bank transactions took place, the bank balance of the company after effecting the above transaction = ?
(a) Rs. 1,14,000 (b) Rs. 1,32,000
(c) Rs. 1,20,000 (d) Rs. 1,00,000

38. The interest on calls-in-advance is paid for the periods from the __
(a) Date of receipt of application money to the date of appropriation
(b) Date of receipt of allotment money to the date of appropriation
(c) Date of receipt of advance to the date of appropriation
(d) Date of appropriation to the date of dividend payment.

39. D Ltd. issued 5,000 equity, shares of Rs. 20 each at a premium of 20% payable Rs. 8 on application (including

premium), Rs. 10 on allotment and the balance on first and final call. The company received applications for 7,500 shares and allotment was made pro-rata. E, to whom 1,500 shares were allotted, failed to pay the amount due on allotment. All her shares were forfeited after the call was made. The forfeited shares were reissued to F at par. Assuming that no other bank transactions took place, the bank balance of the company after affecting the above transactions = ?

(a) Rs. 1,14,000 (b) Rs. 1,32,000
(c) Rs. 1,20,000 (d) Rs. 1,00,000

40. G Ltd acquired assets worth Rs. 7,50,000 from H Ltd by issue of shares of Rs. 100 at a premium of 25%. The number of shares to be issued by G Ltd. to settle the purchases consideration?

(a) 6,000 shares (b) 7,500 shares (c)9,375 shares (d) 5,625 shares

41.A company forfeited 2,000 shares of Rs. 10 each (which were issued at par) held by Mr. John for non-payment of allotment money of Rs. 4 per share. The called-up value per share was Rs. 9. On forfeiture, the amount debited to share capital=?

(a) Rs. 10,000 (b) Rs. 8,000(c)Rs. 2,000 (d) Rs. 18,000

42.E Ltd. has allotted 10,000 shares to the applicants of 14,000 shares on pro rata basis. The amount payable on application is Rs. 2. F applied for 420 shares. The number of shares allotted and the amount carried forward for adjustment against allotment money due from F = ?

(a)60 Shares ; Rs. 120 (b)340 shares ; Rs. 160(c)320 shares ; Rs. 200 (d) 300 shares ; Rs. 240

43.The directors of B Ltd. made the final call of Rs. 30 per share on January 15, 2004 including the last date of payment of call money to be January 31,2004. Mr. C, holding 7,500 shares paid the call money on March 15, 2004.

If the company adopts Table F, of the Companies Act the amount of interest on calls-in-arrear to be paid by Mr. C = ?

(a) Rs. 937,50 (b) Rs. 1,406.25(c) Rs. 1,125.00 (d) Rs. 1,687.50

44. B Ltd., a listed company, proposed to issue 1,00,000 equity shares of Rs. 10 each at par by way of private placement. The maximum amount of brokerage that can be paid by the company=?

(a) Rs. 5,000 (b) Rs. 10,000(c) Rs. 50,000(d) Rs. 25,000

45.Consider the following data pertaining to W Ltd. as on March 31, 2006
Share Capital
Issued, Subscribed Called-up (20,000 shares Rs. 100 each) Rs. 20,00,000
Calls in arrear Rs. 10,000
Profit and loss account (Cr.) as on April 01, 2005 Rs. 67,000
Profit for the year Rs. 1,90,610

The company want to create a Debenture Redemption Reserve and to transfer Rs. 50,000 every year out of profits to redeem the debentures.
The company declared 10% dividends.

I. The amount of dividend declared = ?

(a)Rs. 1, 00,700 (b)Rs. 2,25,761 (c) Rs. 1,99,000 (d) Rs. 2,00,000

II. The balance of Profit and Loss Appropriate account transferred to Balance Sheet after effecting the above transactions = ?

(a) Rs. 6,000 (b) Rs. 68,100 (c) Rs. 8,610(d) Rs. 6,810

III. If the forfeited shares are issued at a premium, the amount of the Premium shall be credited to

(a)Profit and loss account (b)Capital reserve account
(c) Share forfeiture account (d) Share premium account

IV. IJK Ltd. Issued 20,000 shares of Rs. 10 each at a premium of 20% on May 01, 2004, payable as follows:

On application Rs. 4.50 (inclusive of premium)
On allotment Rs. 2.50
On first and final call Rs. 5.00

Mrs. M, to whom 1,000 shares were allotted, has paid Rs. 5,000 on June 01, 2004. At the time of remitting the allotment money, she indicated that the excess money should be adjusted towards the call money. The directors of the company made the first and final call on October 31, 2004. The company has a policy of paying interest on calls-in-advance. The amount of interest paid to Mrs. M on calls-in-advance = ?

(a) Rs. 62.50 (b) Rs. 52.08
(c) Rs. 125.00 (d) Rs. 150.00

46. Z Ltd. Issued 10,000 shares of Rs. 10 each. The called up value per share was Rs. 8. The company forfeited 200 shares of Mr. A for non-payment of 1st call money of Rs. 2 per share. He paid Rs. 6 for application and allotment money. On forfeiture, the share capital account will be __

(a) Debited by Rs. 2,000 (b) Debited by Rs. 1,600
(c) Credited by Rs. 1,600 (d) Debited by Rs. 1,200

47. B Ltd. issued shares of Rs. 10 each at a discount of 10% Mr. C purchased 30 shares and paid Rs. 2 on application but did not pay the allotment money of Rs. 3. If the company forfeited his entire shares, the forfeiture account will be credited by __

(a) Rs. 90 (b) Rs. 81 (c) Rs. 60 (d) Rs. 54

48. The following information pertains to X Ltd.
i. Equity share capital called up Rs. 5, 00,000
ii. Calls in arrear Rs. 40,000
iii. Calls in advance Rs. 25,000
iv. Proposed dividend 15%

The amount of dividend payable =?

(a) Rs. 75,000 (b) Rs. 72,750(c) Rs. 71,250 (d) Rs. 69,000

49. T Ltd. proposed to issue 6,000 equity shares of Rs. 100 each at a premium of 40%. The minimum amount of application money to be collected per share =?

(a) Rs. 5.00(b) Rs. 6.00(c)Rs. 7.00 (d) Rs. 8.40

50. The director of E Ltd. made the final call of Rs. 30 per share on May 15, 2004 indicating the last date of payment of call money to be May 31, 2004. Mr. F, holding 5,000 shares paid the call money on July 15, 2004. If the company adopts Table F the amount of interest on calls-in-arrear to be paid by Mr. F = ?

(a) Rs. 625.00 (b) Rs. 937.50
(c) Rs. 750.00 (d) Rs. 1,125.00

51. If a shareholder does not pay his dues on allotment, for the amount due, there will be a —

(a) Credit balance in the share allotment account.
(b) Debited balance in the share forfeiture account
(c) Credit balance in the share forfeiture account
(d) Debit balance in the share allotment account

52. On issue of shares, the application money must not be less than

(a) 2.5% of the nominal value of shares (b) 2.5% of the issue price of shares
(c) 5.0% of the nominal value of shares(d) 5.0% of the issue price of shares

53. The Securities Premium amount may be utilized by a company for ______

(a) Writing off any loss on sale of fixed asset (b) Writing off any loss of revenue nature
(c) Payment of dividends (d) Writing off the expenses / discount on the issue of debentures.

54. At the time of forfeitures of shares which were originally issued at a discount, the accounting entry involves__
i. A debit to Share capital account with the called-up value of shares forfeited
ii. A credit to Share forfeiture account with the amount received on forfeited shares
iii. A credit to discount on issue of shares with the amount of discount allowed on forfeited shares.
iv. A credit to Calls-in-arrears with the amount due but not on forfeited shares

(a) Both (I) and (IV) above (b) Both (IV) and (III) above
(c) Both (I) and (II) above (d) (I), (II), (III) and (IV) above

55. The following statements apply to equity / preference shareholder. Which one of them applies only to Preference Shareholders?

(a) Shareholders bear risk of the loss of investment
(b) Shareholders bear the risk of no dividends in the event of losses
(c) Shareholders usually have the right to vote
(d) Dividends are usually a fixed amount in every financial year

56. When shares are issued to promoters for the services offered by them, the

Account that will be debited with the nominal value of shares is ____
(a) Preliminary expenses (b) Goodwill
(c) Asset account (d) Share capital

57. As per Schedule III of the Companies Act, 2013, Forfeited Shares Account will be ___
(a) Added to paid up capital (b) Deducted from paid-up capital
(c) Shown as a capital reserve (d) Shown as a revenue reserve

58. If forfeited shares (which were original issued at a discount) are reissued at a premium, the amount of such premium will be credited to ____
(a) Share Forfeiture Account (b) Securities Premium Account
(c) Capital Reserve Account (d) Discount on issue of shares account

59. The maximum amount beyond which company is not allowed to raise funds, by issue of shares is known as ___
(a) Issues capital (b)Reserve capital (c) Nominal capital (d) Subscribed capital

60. Which of the following statement is false?
(a) Interest on calls-in-advance is paid from the date of receipts of advance to the date of relevant call
(b) Interest on calls-in-advance is paid from the date of receipt of advance to the date of appropriation to the relevant call
(c) Interest on calls-in-advance is paid at the rate of 6% p.a.
(d) Payment of interest on calls-in-advance is at the discretion of the company

61. Which of the following statements is true?
(a) Rights shares are those shares which are offered to the promoters
(b) Rights share are offered in lieu of dividends
(c) Rights shares are offered to the existing shareholders in proportion to the equity shares held by them
(d) Rights shares are first offered to employees

62. Which of the following is not correct?
(a) Nominal capital is the maximum amount that a company is authorized to issue to the public without altering the memorandum of association
(b) Subscribed capital is that part of nominal capital that is offered to he public for subscription
(c) Subscribed capital will be equal to the issued capital, when all the shares offered to the public are taken up by the public
(d) Called up capital is that part of the subscribed capital, that has been called up.

63. Which of the following statements is false?
(a) Shares can be issued for cash or any other consideration.
(b) In the event of over subscription excess amount has to be refunded or a pro rata allotment is to be made.
(c) SEBI guidelines are applicable not only for the first issue of shares but also to subsequent issue of shares
(d) The share application money is automatically converted to share capital

64. Which of the following does not appear under the head 'share capital' of a balance sheet?
(a) Preference share capital (b) Calls in arrears
(c) Equity share capital (d) Capital Reserve account

65. Which of the following is not a condition for issue of shares at a discount
(a) The Memorandum of Association must authorize the company for issue of shares at a discount
(b)The issue must be authorized by passing on ordinary resolution in General Meeting and must be confirmed by the Central Government (c) The shares must be of a class of shares already issued
(d)At least one year must have elapsed since the company was entitled to commence business.

66.As per Schedule III of the Companies Act, 2013, under which of the following heads is 'Premium on issue Shares' shown in the balance sheet of a company?
(a)Miscellaneous expenditure (b) Debentures (c)Reserves and surplus (d)Current liabilities and provisions

67. C Ltd. forfeited 50 shares of RS. 100 each issued at 10% premium on which allotment money of Rs. 30 per share (including premium) and first call of Rs. 30 per share were not received, the second & final call of Rs. 20 per share was not yet called. If 20 of these shares were reissued as Rs. 80 paid-up for Rs. 70 per share, the profit on reissue is —

(a) Rs. 1, 5000 (b) Rs. 1,300 (c) Rs. 900 (d) Rs. 600
(e) Rs. 400 (f) None of these

68. Y Ltd. forfeited 50 shares of Rs. 100 each issued at 10% premium on which allotment money of Rs. 30 per share (including premium) and first call of Rs. 30 per share were not received and the second and final call of Rs. 20 per share was not yet called. 20 of these share as Rs. 80 paid up for Rs. 70 per share.

On re-issue, the Forfeited Shares Account will be —

(a) Debited with Rs. 500 (b) Credited with Rs. 400 (c)Debited with Rs. 200(d) Credited with Rs. 500

69.A Ltd. forfeited 50 shares of Rs. 100 each issued at 10% premium on which allotment money of Rs. 30 per share (including premium) and first call of Rs. 30 per share were not received, the second & final call of Rs. 20 per share was not yet called. If 20 of these shares were re-issued as Rs. 80 paid-up for Rs. 90 per share, the Profit on re-issue is —

(a) Rs. 1,500 (b) Rs. 1,300 (c) Rs. 900 (d) Rs. 600 (e) Rs. 400(f) None of these

70.Y Ltd. forfeited 50 shares of Rs. 100 each issued at 10% premium on which allotment money of Rs. 30 per share (including premium) and first call of Rs. 30 per share were not received and the second and final call of Rs. 20 per share was not yet called. 20 of these shares were re-issued as Rs. 80 paid up for Rs. 70 per share.

On forfeiture, the Share Capital Account will be —

(a)Debited with Rs. 1,600 (b)Credited with Rs. 1,600 (c) Debited with Rs. 4,000 (d)Credited with Rs. 1400

71.AH Ltd. forfeited 500 shares of RS. 10 each on which first call of Rs. 3 per share was not received, the second and final call of Rs. 2 per share has not yet been called. Out of these 125 shares were re-issued to I as Rs. 8 paid-up for Rs. 7 per share. The Profit on re-issue is —

(a) Rs. 2,500 (b) Rs. 2,375 (c) Rs. 500(d) None of these

72.The directions of N Ltd. resolved that 1,000 equity shares of Rs. 10 each, Rs. 7.50 called up be forfeited for nonpayment of first call of Rs. 2.50. 90% of these shares re-issued as fully paid for Rs. 6 per share. The Profit on re-issued is —

(a) Rs. 7,500 (b) Rs. 3,900 (c)Rs. 900 (d) None of these

73. 50 Shares of Rs. 10 each issued at a premium of Rs. 5 each payable with allotment were forfeited for the nonpayment of allotment money of Rs. 9 per share including premium. The first and final call on these shares at Rs. 3 per share were not made .the forfeited shares were re-issued @ Rs. 12 per share fully paid up. The profit on re-issue is —

(a) Rs. 150 (b) Rs. 100 (c) Rs. 50 (d) None of these

74.the directors of M Ltd, resolved that 2,000 equity shares of Rs. 10 each Rs. 7.50 paid be forfeited for non-payment of final call of Rs. 2.50. 1,800 of these shares were re-issued as fully paid for Rs. 6 per share. The profit on re-issue is ——

(a) Rs. 15,000 (b) Rs. 7,800 (c) Rs. 6,300 (d) None of these

75. Y Ltd. forfeited 40 shares of Rs. 10 each issued at a premium of 40% to Mr. Ramesh who had applied for 48 shares. After having paid Rs. 6 (including Rs. 2 premium), he did not pay allotment money of Rs. 2 (including Re 1 premium) and on his subsequent failure to pay the first call of Rs. 3 (including Re 1 premium) his shares were forfeited. The amount to be credited to Forfeited Shares Account is —

(a) Rs. 288(b) Rs. 200 (c) Rs. 192(d) Rs. 160

76. Y Ltd, forfeited 100 shares of Rs. 100 each issued at 20% premium (to be paid at the time of allotment) for non-payment of a first call of Rs. 30 per share and a second & final call of Rs. 20 per share. Out of these 40 shares were re-issued as fully paid up for Rs. 90 per share. The profit on re-issue is -

(a) Rs. 7,000 (b) Rs. 5,000 (c) Rs. 1,600 (d) None of these

77.UG Ltd. forfeited 40 shares of Rs. 10 each, issued at a discount of 10% for non-payment of a final call of Rs. 2 per share. Out of these 10 shares were re-issued as fully paid for Rs. 8.50 per share. The profit on re-issue is -

(a) Rs. 280(b) Rs. 265 (c) Rs. 65 (d) None of these

78.ABC Ltd. forfeited 3,200 shares of Rs. 100 each issued at 10% premium for nonpayment of allotment money of Rs. 40 per share (including premium) and first call of Rs. 30 per share. The second and final call of Rs. 20 has not yet been called. Out of these 1,280 shares were re-issued as Rs. 80 paid-up for Rs. 70 per share. The Profit on re-issue is —

(a) Rs. 3,200 (b) Rs. 19,200 (c) Rs. 12,800 (d) None of these

79. MIG Ltd, forfeited 10 shares of Rs. 10 each (Rs. 6 called up) issued at a discount of 10% to Mr. Y on which he had paid an application money of Rs. 2 per share. Out of these, 8 shares were re-issued to Z as Rs. 8 called up for Rs. 9 per share. The Profit on re-issue is —

(a) Rs. 20 (b) Rs. 18 (c) Rs. 16 (d) None of these

80.X Ltd. offered 6, 00,000 equity of Rs. 10 each Rs. 8 called up. The public applied of 5,00,000 shares, all money was duly received except from Mr. X who holds 4,000 shares has not paid anything after application money of Rs. 2 per share and from Mr. Y who holds 1000 shares has paid only Rs. 6 per share. X's shares were forfeited. The amount of subscribed capital to be disclosed in the Balance Sheet is —

(a) Rs. 39,96,000 (b)Rs. 39,74,000 (c) Rs. 49,96,000 (d) Rs. 49,74,000

81.The authorized capital of M Ltd. consists of both cumulative preference shares and equity shares. Each 5% cumulative preference share has a per value Rs. 100. Each equity share has a par value Rs. 10. During the year April 01, 2005 to March 31, 2006, the cumulative preference share capital balance was Rs. 2,00,000 and the equity share capital balance was Rs. 5,00,000.

If dividend declarations totaled Rs. 8,000 and Rs. 15,000 in the year 2004-05 and 2005-06 respectively, the dividends allocated to the equity share holders in the year 2005-06 = ?

(a) Rs. 3,000 (b) Rs. 5,000(c) Rs. 10,000(d) Rs. 12,000

82. A company invited applications for 25,000 equity shares of Rs. 10 each and received 30,000 applications along with the application money of Rs. 4 per share. Which of the following alternative can be followed?

i. Refund the excess application

ii. Make pro rata allotment to all the applications, and refund the excess application money.

iii. Not to allot any shares to some applicants, full allotment to some of the applicants and pro rata allotment to the rest of the applications.

iv. Not to allot any shares to some applicants and make pro rata allotment to other applicants.

v. Make pro rata allotment to all the applicants and adjust the excess money received towards call money.

(a) Only (ii) above (b) Both (i) and (iv)

(c) All (i), (ii), (iii), (iv) and (v) above (d)Only (iii) above

83.F Ltd. issued 10,000 equity shares of Rs. 10 each at a premium of 20% payable Rs. 4 on application (including premium), Rs. 5 on allotment and the balance on first and final call. The company received applications for 15,000 shares and allotment was made pro-rata .G, to whom 3,000 shares were allotted, failed to pay the amount due on allotment. All his shares were forfeited after the call was made. The forfeited shares were reissued to H at par. Assuming that no other bank transaction took place, the bank balance of the company after effecting the above transactions = ?

(a)Rs. 1,14,000(b) Rs. 1,32,000(c)Rs. 1, 20,000 (d) Rs. 1,00,000

84. Consider the following information pertaining to the issue of share of a company. The company issued shares of Rs. 10 each at a premium of Rs. 2 payable as:

On application - Rs. 3
ON allotment -Rs. 4 (including premium)
On first call -Rs. 3
On second and final call - Rs. 2

Mr. E who holds 100 shares failed to pay the first call money. The company has forfeited the 100 shares after the first call. On forfeited, the amount debited to share capital account =?

(a) Rs. 1,200(b) Rs. 1,000(c) Rs. 800(d) Rs. 700

85. The discount allowed on re-issue of forfeited shares is debited to ____

(a)General reserve account (b) Capital reserve account (c)Revaluation reserve account (d) None of these

86. The subscribed share capital of S Ltd. is Rs. 80, 00,000 of Rs. 100 each. There were no calls in arrear till the final call was made. The final call made paid on 77,500 shares. The calls in arrear amounted to Rs. 62,500. The final call on share =?

(a) Rs. 25 (b) Rs. 7.80 (c) Rs. 20 (d) Rs. 62.50

87. Which of the following is not true?

(a)Loss on reissue of shares cannot be more than the gain on forfeited of those shares

(b)Where all the forfeited shares are not reissued the share forfeited account will show a credit balance equal to gain on forfeited of shares not yet issued.

(c)When the shares are forfeited, share premium is debited along with share capital where premium has not been received.

(d)Where forfeited shares are issued at premium, the amount of such premium is credited to capital reserve account.

88. X Ltd. forfeited 400 shares of Rs.20 each Rs.15 called up on which application and allotment money of Rs. 11 per share has been received. Of these, 100 shares were re-issued as fully paid-up for Rs.24 per share. What is the amount to be transferred to Capital Reserve?

(A) Rs. 1,500 (B) Rs.4,400 (C) Rs.1,100 (D) Rs.3,500

89. Z Ltd. forfeited 300 shares of Rs. 10 each issued at 20% premium (Rs.9 called up) on which Rs.4 of allotment (including premium) and first call of Rs.2 has not been received. Out of these, 100 shares were re-issued as fully paid up for Rs.9 per share. What is to amount to be transferred to capital Reserve?
(A) Rs.400 (B) Rs.300 (C) Rs.500 (D) Rs.600
90. Using information given in Q. 117, what is the net balance left in Share Forfeiture Account:
(A) Rs. 1,400 (B) Rs. 1,500 (C) Rs.900 (D) Rs. 1,000
91. P Ltd. forfeited 150 shares of Rs.10 each, issued at a premium of Rs.2, for non-payment of the final call of Rs.3. Out of these, 100 shares were re-issued at Rs. 11 per share. How much amount would be transferred to capital reserve?
(A) Rs.700 (B) Rs.500 (C) Rs. 1,200 (D) Rs.300

92. XY Limited issued 2, 50,000 equity shares of Rs.10 each at a premium of Rs.1 each payable as Rs.2.5 on application, Rs.4 on allotment and balance on the first and final call. Applications were received for 5, 00,000 equity shares but the company allotted to them only 2, 50,000 shares. Excess money was applied towards amount due on allotment. Last call on 500 shares was not received and shares were forfeited after due notice. This is a case of:
(A) Over subscription (B) Pro-rata allotment (C) Forfeiture of Shares (D) All of the above
93. Metacaf Ltd. issued 50,000 shares of Rs. 100 each payable Rs.20 on application (on 1st May 2012); Rs.30 on allotment (on 1st January 2013); Rs.20 on first call (on 1st July 2013) and the balance on final call (on 1st February 2014). Shankar, a shareholder holding 5,000 shares did not pay the first call on the due date. The second call was made and Shankar paid the first call amount along with the second call. All sums due were received. Total amount received on 1 st February was:
(A) Rs. 15, 00,000 (B) Rs. 16, 00,000 (C) Rs. 10, 00,000 (D) Rs. 11, 00,000
94. Harish Ltd. forfeited 500 shares of Rs. 100 each issued at 40% premium (Rs.70 called up) on which application & allotment of Rs.80 each (including premium) has been received. Out of these, 200 shares were reissued for Rs.65 per share (Rs.70 paid up). What is the amount to be transferred to Capital Reserve?
(A) Rs. 15,000 (B) Rs.4,500 (C) Rs. 2,000 (D) Rs.7,000
95. A Company forfeited 1,000 shares of Rs.10 each fully paid on which Rs. 7,000 has been paid. Out of these 800 shares were reissued upon payment of Rs.7,600. Amount transferred to Capital Reserve will be :
(A) Rs.6,600 (B) Rs.9,000 (C) Rs.5,200 (D) Rs.7,600
96. 1,000 shares of Rs.10 each issued at 30% premium (to be paid on allotment) were forfeited for non-payment of Rs.2 per share on first call and Rs.2 per share on final call. Share Forfeiture Account will be credited with :
(A) Rs.3,000 (B) Rs.6,000 (C) Rs.4,000 (D) Rs.9,000
97. Raja Ltd. forfeited 300 shares of Rs. 100 each, Rs.75 called up, for non-payment of first call of Rs.20 per share. All these shares were reissued for?.......per share as Rs.75 paid up. If amount transferred to Capital Reserve is Rs.40 per share then what is the reissue price?
(A) Rs.55 per share (B) Rs.45 per share (C) Rs.60 per share (D) Rs.40 per share
98. Pragya Ltd. forfeited 8,000 equity shares of Rs. 100 each issued at a premium of 10% for non-payment of first and final call of Rs.30 per share. The maximum amount of discount at which these shares can be reissued will be:
(A) Rs.80,000 (B) Rs.3,20,000(C) Rs.5,60,000 (D) Rs.2,40,000
99 .The directors of Axim Ltd. forfeited 20,000 equity shares of Rs. 10 each, Rs.8 per share called up for non-payment of first call of Rs.2 per share. Final call of Rs.2
per share has not been yet called. Half of the forfeited shares were reissued as fully paid up for Rs.15 per share. The amount transferred to Capital Reserve will be:
(A) Rs.2, 00,000 (B) Rs. 1, 20,000(C) Rs.60, 000 (D) Rs.40,000
100 .On forfeiture of 100 shares of Rs.50 each, Rs.2, 500 were credited to share forfeited account. These shares were re-issued at Rs.25 per share fully paid up.
The amount credited to 'Capital Reserve Account' will be:
(A) Rs.2, 500 (B) Rs.5, 000(C) No amount (D) Rs.3, 000

ANSWERS

(d)	(a)	(d)	(c)	(e)	(c)	(c)
(d)	(d)	(d)	(a)	(c)	(c)	(d)
(d)	(d)	(d)	(d)	(b)	(b)	(d)
(b)	(c)	(d)	(b)	(c)	(b)	(d)
(d)	(d)	(a)	(b)	(a)	(d)	(c)
(c)	(b)	(c)	(b)	(a)	(d)	(d)
(b)	(a)	(i-c) (ii-c) (iii-d) (iv-a)	B	(c)	(d)	(a)
(b)	(d)	(c)	(d)	(d)	(d)	(b)
(a)	(b)	(c)	(d)	(d)	(b)	(d)
(d)	(a)	(c)	(c)	(c)	(d)	(b)
(c)	(c)	(a)	(c)	(b)	(c)	(c)
(c)	(c)	(b)	(a)	(c)	(b)	(c)
(d)	(a)	(d)	(c)	(a)	(d)	(a)
(d)	(b)	(d)	(c)	(b)	(c)	(c)
(c)	100(c)					

OBJECTIVE QUESTION SET 5

Q.1.The following list of accounts with their balances was taken from the general ledger of A Ltd. as on March 31,2012

Particulars Rs.

Discount on issue of debentures 8,500

Cash 73,500

Equity Share Capital Rs. 100 each 6,80,000

General Reserve 2,31,500

Securities Premium 3,95,000

Dividend payable 22,000

Profit and Loss Appropriation Account 80,000

10% Debentures Rs. 100 each 1,00,000

The Shareholders equity as on March 31, 2012 is:

a. Rs. 13,78,000
b. Rs. 13,86,500
c. Rs. 14,00,000
d. Rs. 14,86,200

Q.2. the item 'Interest Accrued on Investments' appears in the Balance Sheet of a company under the category of ......
(a)Current liabilities (b)Current assets, loans and advances (c) Fixed Assets (d) Unsecured loans.

Q.3. which of the following statements is false?
(a) Share premium cannot be utilized to redeem preference shares.
(b)At the time of forfeiture of shares, share premium should not be debited with the amount of premium already received.
(c) Shares can be issued at a discount only after one year from the commencement of business
(d) The forfeited shares should not be issued at a premium.

Q.4. When shares are issued to promoters for the services offered by them, the account that will be debited with the nominal value of shares is......
(a) Share Capital (b) Goodwill (c) Reserves (d) Preliminary Expenses.

Note:-

Use the following information for questions 5 to 18.

AB Ltd. issued 2,00,000 shares of Rs. 100 each at a premium of Rs. 20 per share payable as follows.

On application Rs. 20

On allotment Rs. 50 (Including premium)

On First Call Rs. 30

On second and final call Rs. 20

Applications were received for 3,00,000 shares and pro rata allotment was made to applicant of 2,40,000 shares. Money received in excess on application was employed on account of sum due on allotment as part of share capital. A, to whom 4,000 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited and B, the holder of 6,000 shares failed to pay the two calls and his shares were forfeited after the second call. Of the forfeited shares, 8,000 share were reissued to C at a discount of 10% the whole of A's forfeited shares being reissued.

Q.5. Amount received on application ………..
(a) Rs. 2,40,00,000 (b) Rs. 60,00,000 (c) Rs. 80,00,000 (d) Rs. 20,00,000

Q.6. Application money adjusted against allotment = …………….
(a) Rs. 16,00,000 (b) Rs. 8,00,000 (c) Rs. 14,00,000 (d) Rs. 10,00,000

Q.7. Amount refunded to shareholders =…………..
(a) Rs. 10,00,000 (b) Rs. 16,00,000 (c) Rs. 12,00,000 (d) Rs. 22,00,000

Q.8. Total amount paid by A=………
(a) Rs. 1,20,000 (b) Rs. 1,00,000 (c) Rs. 92,00,000 (d) Rs. 96,000.

Q.9. Total amount paid by B = …….
(a) Rs. 2,44,000 (b)Rs. 5,00,000 (c) Rs. 4,20,000 (d) Rs. 8,00,000

Q.10 .Total amount paid by B towards capital = ……..
(a) Rs. 3,00,000 (b) Rs. 8,50,000 (c) Rs. 8,24,000 (d)Rs. 8,62,000

Q.11.Amount transferred to share forfeiture account at the time of forfeiting A's shares =…..
(a) Rs. 2,50,000 (b) Rs. 2,00,000 (c) Rs. 1,80,000 (d)Rs. 96,000.

Q.12.Amount transferred to share forfeiture account at the time of forfeiting B's Shares = …..
(a) Rs. 4,20,000 (b) Rs. 3,00,000 (c) Rs. 1,20,000 (d)Rs. 2,00,000

Q.13.Net balance in Share Capital Account = ………
(a) Rs. 2,06,00,000 (b) Rs. 2,08,00,000 (c) Rs. 2,10,00,000 (d) Rs. 1,98,00,000

Q.14.Net balance in Securities Premium Account = ……..
(a) Rs. 39,20,000 (b) Rs. 38,50,600 (c) Rs. 39,32,500 (d) Rs. 38,32,500

Q.15.Net balance in Share Forfeiture Account = ……….
(a) Rs. 1,00,000 (b) Rs. 96,000 (c) Rs. 2,00,000 (d) Rs. 2,96,000

Q.16.Net balance in Capital Reserve Account = ……
(a) Rs. 1,96,000 (b) Rs. 1,80,000 (c) Rs. 2,96,000 (d) Rs. 2,16,000

Q.17.Net balance in Bank Account = ………
(a) Rs. 1,60,25,000 (b) Rs. 2,25,18,000 (c) Rs. 2,40,00,000 (d) Rs. 2,40,36,000

Q.18.Balance Sheet Total = ……….
(a) Rs. 2,40,12,000 (b) Rs. 2,50,12,000 (c) Rs. 2,50,24,000 (d) Rs. 2,40,26,000

Q.19.Which of the following statements is correct ?
(a) Right shares are offered to the existing shareholders in proportion to the equity shares held by them
(b) Rights shares are offered in lieu of dividends payable
(c) Rights shares are those shares which are offered to the promoters of a company
(d) Right shares are first offered to employees.

Q.20.Which type of the following shares have the right to receive dividends unpaid in prior years, whenever earnings become adequate?
(a) Equity shares (b) Participating preference shares
(c) Convertible preference shares (d) Cumulative preference shares

Q.21.Which of the following statements incorrect?
(a)Interest on calls-in advance is paid at the rate of 6% p.a.
(b)Interest on calls-in-advance is paid from the date of receipt of advance to the date of appropriation to the relevant call
(c)Interest on calls – in advance is paid from the date of receipt of advance to the date of appropriation to the relevant call.
(d)Payment of interest on calls-in advance is at the discretions of the company.

Q.22 .Dividends is usually paid as a percentage of…………
(a) Called-up capital (b) Sales (c) Paid up capital (d) Authorized share capital.

Q.23 .Capital Reserves are created out of…………
(a) Balance in Profit and loss account. (b) Capital Profit (c) Revenue Profits (d) General Reserve

Q.No.24.Which Amendment Act permits a company to issue equity share capital with differential rights as to dividend voting or otherwise.

a. Companies (Amendment) Act 2003.
b. Companies (Amendment) Act 2000.
c. Companies (Amendment)Act.1988.
d. Companies (Amendment) Act.2002.

Q.No.25. According to SEBI guideline a company must receive a minimum of -- % subscription before making any allotment of shares to the public.

a. 75
b. 90
c. 50
d. 25

Q.No.26. There must be a gap of --- month between two calls,

(a)3 (b)6 (c) 1 (d) 2

Q.No.27. which of these types of companies cannot issue shares at discount.

a. Loss making companies.
b. Companies having outstanding income - tax liabilities.
c. New company.
d. Company in Telecom sector.

Q.No.28. which of these types of shares cannot be issued at discount.

a. New class of shares
b. Preference shares
c. Shares with differential dividend.
d. All the three.

Q.No. 29. Voluntary surrender of shares by a shareholder for cancellation is called.

a. Redemption of shares.
b. Surrender of shares.
c. Cancellation of shares.
d. Refusal of shares.

Q. No. 30. Share Premium A/c is shown under.

a. Reserves and surplus.
b. Miscellaneous expenses.
c. Capital A/c
d. Secured loans and advances.

Q.No. 31. Premium of issue of preference share is shown under.

a. Reserves and surplus.
b. Miscellaneous expenses.
c. Capital A/c.
d. Secured loans and advances.

Q.No.32. Equity share capital carries -

a. Fixed interest.
b. Fixed bonus.
c. Fixed dividend.
d. No fixed dividend.

Q.No. 33. The maximum amount beyond which a company cannot raise share capital is called its

a. Authorized capital .
b. Declared capital.
c. Issued capital.
d. Subscribed capital.

Q.No.34. Provision for dividend is shown A/c.

a. Profit and loss appropriation A/c.
b. Profit and loss A/c.
c. Share capital A/c.
d. Profit and loss adjustment A/c.

Q.No 35. A company cannot issue shares at a discount more than -- % of its face value.
a. 5
b. 10
c. 15
d. 20

Q.36 As per the Companies Act, only preference shares, which are redeemable within………..
(a) 50 years.
(b) 25 years.
(c) 24 years.
(d) 20 years.

Q.37 Dividends are usually paid on………..
(a) Called-up capital (b) Issued Capital (c) Authorized capital (d) Paid-up Capital.

Q.38 Which of the following should be deducted from the share capital to find out paid-up Capital?
(a) Calls-in-advance (b) Calls-in-arrears (c) Share Premium (d) Discount on issue of shares.

Q.39 If a shareholder does not pay his dues on allotment, for the amount due, there will be a……….
(a) Credit balance in the share forfeiture account. (b)Debit balance in the share forfeiture account.
(c) Credit balance in the share allotment account (d)Debit balance in the share allotment account.

Q.40 Maximum amount that can be collected as premium as a percentage of face value = ?
(a) 30% (b) 20% (c) 10% (d) unlimited.

Q.41 The securities premium amount may be utilized by a company for ……………
(a) Payments of salaries (b)Writing off any loss of revenue nature
(c)Witting of any loss on sale of fixed assets (d)Writing of the expenses/ discount on the issue of debentures.

Q.42 AVC Ltd. issued 2,000, 10% Preference shares of Rs. 100 each at par, which are redeemable at a premium of 10%. For the purpose of redemption, the company issued 1,500 Equity Shares of Rs. 100 each at a premium of 20% per share. At the time of redemption of preference Shares, the amount to be transferred by the company to the capital Redemption Reserve Account is
(a) Rs. 50,000 (b) Rs. 3,00,000 (c) Rs. 20,000 (d) Rs. 2,00,000.

Q.43 According to Section 78 of the Companies Act, amount in the Securities Premium A/c cannot be used for the purpose of .
(a) Writing off commission or discount on issue of shares (b)Writing off losses of the company
(c) Writing off preliminary expenses (d) All of the above.

Q.44 which of the following can be utilized for redemption of preference shares?
(a) Sale proceeds of investments (b) Proceeds of issue of debentures (c) Both (a) and (b)
(d) Securities Premium.

Q.45 which of the following can be utilized for redemption of preference shares?
(a) The proceeds of fresh issue of equity shares. (b) Securities Premium
(c) The proceeds of issue of debentures (d)All of these.

Q.46 Which of the following statements is incorrect?
(a) Capital redemption reserve cannot be used for writing off miscellaneous expenses and losses.
(b) Reserves created by revaluation of fixed assets cannot be capitalized
(c) Capital profit realized in cash can be used for payment of dividend.
(d) Dividend is payable on the calls paid in advance by shareholders.

Q.47 Consider the following information pertaining to ABC Ltd.

On June 4, 2012, the company issued 12,000 7% Debentures having a face value of Rs. 100 each at a discount of 2.5% On June 12, the company issued 25,000, 8% Preference shares of Rs. 100 each. On June 29, the company redeemed 30,000, 6%, preference shares of RS. 100 each at a premium of 5% together with one month dividend thereon. Bank balance as on May 31,2012 was Rs. 29,25,000.

After effecting the above transactions, the Bank balance as on June 30,2012 will be
a. Rs. 33,45,000
b. Rs. 33,30,000
c. Rs. 33,60,000
d. Rs. 34,30,000

Q.48 Which of the following accounts can be transferred to capital redemption reserve account?
(a) General reserve account (b) Share premium account (c) Profit prior to incorporation
(d) All of these.

Q.49 Share premium cannot be used to…………
(a) Write-off discount on issue of shares (b) Redeem preference shares
(c) Write-off preliminary expenses (d) None of these.

Q.50 A company cannot issue redeemable preference shares for a period exceeding …………
(a) 8 years. (b) 10 years. (c) 5 years. (d) 20 years.

Q.51 Which of the following cannot be used for the purpose of creation of capital redemption reserve account?
(a) General reserve account (b) Profit and loss account
(c) Dividend equalization reserve account (d) Unclaimed dividends account.

Q.52 Premium on redemption of debentures account is a…………..
(a) Personal account (b) Nominal account-income (c) Real account (d) Nominal account- expenditure.

Q.53 Which of the following statement is incorrect?
(a) Interest on debentures is charged against profits
(b) Debentures can be forfeited for non payment of call money
(c) In company's balance Sheet, debentures are shown under secured loans. (d) None of these.

Q.54 Debenture premium cannot be used to…………
(a) Write off capital loss (b)Write off the premium on redemption of shares or debentures
(c) Pay dividends (d) None of these.

Q.55 Loss on issue of debentures is treated as…………
(a) Current liability (b) Current asset (c) Contingent liability (d) Miscellaneous expenditure.

Q.56 Which of the following is/are true with respect to debentures?
(a) They cannot be issued as collateral security (b) They can be issued for consideration other than cash
(c) They can be issued for cash only (d) Both (a) and (b) above.

Q.57 When debentures are issued as collateral security, the final entry for recording the transaction in the books is………
(a) Debit debenture suspense A/c. and Credit cash A/c (b) Credit debentures A/c and debit cash A/c
(c) Debit debenture suspense A/c and credit debentures A/c (d) None of these.

Q.58 Which of the following is false?
(a) A company can buy its own debentures. (b) A company can issued debentures with voting rights
(c) Debit debenture suspense A/c and credit debentures A/c (d) None of these.

Q.59 Debentures can be………..
(I) Mortgage Debentures or Simple Debentures
(II) Registered Debentures or Bearer Debentures
(III) Redeemable Debentures or Irredeemable Debentures
(IV)Convertible Debentures or Non-convertible Debentures

a. Both (I) and (II) above
b. Both (II) and (III) above
c. Both (I) and (III) above
d. All of (I), (II), (III) and (IV) above.

Q.60 Which of the following statements is not true?
(a) Debenture interest is a charge against profits
(b) It is customary to prefix debentures with the agreed rate of interest
(c) Debenture is a form of public borrowing (d)Issue price and redemption value of debentures cannot differ.

Q.61 As per the Companies Act, "Interest accrued and due on debentures" should be shown.
(a) Under Debentures (b) As a reduction of bank balance
(c) As Provisions (d) None of these.

Q.62 T Ltd. purchased land and building from U Ltd. for a book value of Rs. 2,00,000. The consideration was paid by issue of 12% Debentures of Rs. 100 each at a discount of 20%. The debentures account is credited with ………..
(a) Rs. 2,45,000 (b) Rs. 2,50,000 (c) Rs. 2,40,000 (d) Rs. 2,55,000

Q.63 Which of the following is true with regard to 10% Debentures issued at a discount of 20%

(a) At a time of redemption, debenture holder will be paid the issue price
(b) Issue price and the carrying amount of debentures are equal
(c) Carrying amount of debentures gets reduced each year at a rate of 20%
(d) Face value and the carrying amount of debentures are equal.

Q.64 Discount on issue of debentures is a ………….
(a) Capital loss to be shown as goodwill (b) Capital loss to be written off from capital reserve
(c) Capital loss to be written of over the tenure of the debentures (d) None of these.

Q.65 Which of the following is false with respect to debentures?
(a) They can be issued as collateral security (b) They can be issued for consideration other than cash
(c) They can be issued for cash (d)They can be issued in lieu of dividends.

Q.66 Which of the following is not a characteristic of Bearer Debentures?
(a) The interest on it is paid to the holder irrespective of identity
(b) Their transfer requires a deed of transfer
(c) They are transferable by more delivery (d) None of these.

Q 67. To received calls in advance it should be.
a. Authorized by articles of association.
b. Authorized by special resolution.
c. Sanctioned by central Govt.
d. All the three

Q.68. which of the following statement is true?
a. Profit prior to incorporation is a capital profit.
b. Shares of private company are freely transferable.
c. Shares cannot be issued at a premium more than 20%.
d. Balance is share Forfeited A/c is transferred to Goodwill A/c.

Q.69. Select the false statement.
a. Premium on issue of shares is available for distribution as dividend.
b. Shares of any type can be issued to vendors of some assets.
c. Shares cannot be issued at a discount more than 10%.
d. Notice of for feiture is must before forfeiting the shares.

Q.70. Discount on issue of shares is a .
a. Capital loss.
b. Revenue loss.
c. Trading loss.
d. Financial loss.

Q.71. Discount on issue of shares is.
a. Amortized
b. Written in the first year.
c. Netted of from share premium A/c.
d. All the three.

Q.72. Calls in arrears is shown in .
a. Assets side.
b. Reduced from subscribed capital.
c. Profit and loss A/c.
d. Suspense A/c.

Q .73. On re-issue of forfeited shares issued at discount.
a. Discount A/c can be re-debited (equal to initial discount at the time of allotment.)
b. Discount A/c to be credited (equal to initial discount at the time of allotment.
c. Share forfeited A/c to be debited (equal to initial discount at the time of allotment.)
d. Share forfeited A/c. to be debited (equal to total discount.)

Q.74. The main objectives of the company are stated in .
a. Articles of association.
b. Memorandum of association.
c. Certificate of Incorporation.

d. Companies Act.

Q.75. Dividends are usually paid on…………..

a. Authorized capital.
b. Issued capital.
c. Called –up capital.
d. Paid –up capital.

Q. 76. The maximum amount beyond which a company is not allowed to raise funds by issue of sahres is known…………..

a. Issued capital.
b. Reserve capital.
c. Nominal capital.
d. Subscribed capital.

Q.77. Subscribed capital is .

a. Part of issued capital subscribed by promoters.
b. Part of issued capital subscribed by public only.
c. Part of issued capital issued of r consideration other than cash.
d. Part of issued capital subscribed by public plus issued for consideration other than cash.

Q.78. As per SEBI an existing company is free to price its share capital if.

a. It is promoted by an established group.
b. It has a track record of three years consistent profitability.
c. It has accumulated reserves to the tune of Rs. 50 crores.
d. It is promoted by MNC.

Q. 79. The rules for payment of interest on calls in advance or on calls in arrears are provided in ……of the companies Act.

a. Table F.
b. Table A.
c. Schedule VI.
d. Schedule X.

Q.80. A company cannot re issue forfeited shares at a discount more than.

a. 10%.
b. Amount forfeited.
c. Nominal value of the share.
d. Prevailing discount rate.
e. Q.81. Chose the odd one.

Q 81.Paid up

a. Subscribed.
b. Written off.
c. Authorized.

Q.82. Chose the odd one.

a. Calls in advance.
b. Calls in arrears.
c. Prospectus.
d. Mortgage.

Q.83. Chose the odd one.

a. Maximum member 50.
b. Restriction to offer shares for public subscription.
c. Freely transferable.
d. Minimum capital of Rs. 1 lakhs.

Q. 84. Choose the odd one.

a. Minimum paid up capital of R s. 5 lakhs.
b. Issue of prospectus.
c. Restriction to accept public deposits.
d. Free transferable.

Q.85. A company has all the following features except .

a. Voluntary association of persons.
b. Separate legal entity.
c. Common seal.
d. Unlimited liability.

Q.86. when we say that a company has perpetual existence we mean.
a. Its continuity is not affected by the change in its membership.
b. Its life is coterminus with the life of its chairman.
c. Its life is defined in the Memorandum of Association.
d. Its life is limited to the life of plant and Machinery.

Q.87. Statutory corporations are not required to…….
a. Frame its Memorandum of Association.
b. Frame its Articles of Association.
c. Use the word limited as part of its name.
d. All the three.

Q.88. Which of these is an example of a statutory company.
a. RBI.
b. LIC.
c. SBI.
d. All the three.

Q.89. The provision that a Public Limited Co. must have a paid up capital or Rs. 5 lacs or such higher figure as may be prescribed was inserted by the companies Amendment Act.
a. 1999.
b. 2013.
c. 2002.
d. 1998.

Q.90. The provision of issue of sweat equity shares was inserted by the companies Amendment Act.-
a. 1999.
b. 2000.
c. 2002.
d. 1998.

Q.91. Bonus shares can be issued if the—
a. Articles of association permit it.
b. Proposal is approved by the shareholders in the genral meeting.
c. Issue is made out of free reserves.
d. All the three.

Q.92. As per section 77 A of the companies act a company can buy back its shaes or securities out of-
a. Its free reserves .
b. Securities premium A/c.
c. Proceeds of any shares or other specified securities.
d. Any of the above three.

Q.93. Every buy back of shares should be completed within….months of passing the special resolution.
a. 12
b. 6
c. 8
d. 18

Q.94. Rates of depreciation to be charged on fixed assets are provided in---
a. Schedule II of the Companies Act.
b. Schedule XIV of the Companies Act.
c. Schedule XII of the Companies Act.
d. Schedule XV of the Companies Act.

Q.95. Which of these are included in building for the purpose of rates of depreciation.
a. Roads.
b. Bridges, culverts.
c. Wells and tube wells.

d. All the three.

Q.96. Overall managerial remuneration is provided in section… of the companies Act.

a. 199.
b. 210.
c. 198.
d. 377.

Q.97. If in any financial year a company has no profits or its profits are inadequate the company can pay to its managing or whole time director or manager remuneration according to.

a. Schedule XVI of the Companies Act.
b. Schedule XIII,Part II, Section I of the Companies Act.
c. Schedule XIII, Part II, Section II of the Companies Act.
d. Schedule XII, Part I of the Companies Act.

Q.98. A company having sufficient profits can pay to its managing or whole time director or manager remuneration according to.

a. Schedule XVI of the Companies Act.
b. Schedule XIII,Part II, Section I of the Companies Act.
c. Schedule XIII, Part II,Section II of the Companies Act.
d. Schedule XII,Part I of the Companies Act.

Q.99. Tax on corporate dividends was introduced in Finance Act.

a. 1997.
b. 1999.
c. 2001.
d. 2003.

Q.100. The form of Balance Sheet is provided in…of the Companies Act.

a. Schedule III ,Part I .
b. Schedule III., Part II.
c. Schedule XVI, Part I .
d. Schedule XII, Part I.

1.	(a)	2.	(b)	3.	(d)	4.	(b)	5.	(b)	6.	(b)	7.(c)
8.	(d)	9.	(c)	10.	(a)	11.	(d)	12.	(b)	13.	(d)	14. (a)
15.	(a)	16.	(d)	17.	(d)	18.	(d)	19.	(a)	20.	(d)	21. (d)
22.	(c)	23.	(b)	24	(b)	25.	(b)	26.	(c)	27.	(c)	28. (a)
29.	(b)	30.	(a)	31.	(a)	32.	(d)	33.	(a)	34.	(a)	35. (b)
36.	(d)	37.	(d)	38.	(b)	39.	(d)	40.	(d)	41	(d)	42. (a)
43.	(b)	44.	(c)	45.	(a)	46.	(d)	47.	(d)	48.	(a)	49 (b)
50.	(d)	51.	(d)	52.	(d)	53.	(b)	54.	(c)	55.	(d)	56. (d)
57.	(c)	58.	(b)	59.	(d)	60.	(d)	61.	(a)	62.	(b)	63. (d)
64.	(c)	65.	(d)	66.	(b)	67	(a)	68	(a)	69	(a)	70 (a)
71	(a)	72	(b)	73	(a)	74	(b)	75	(d)	76	(c)	77 (d)
78	(b)	79	(b)	80	(b)	81	(c)	82	(d)	83	(c)	84 (c)
85	(d)	86	(a)	87	(d)	88	(d)	89	(b)	90	(a)	91 (d)
92	(d)	93	(a)	94	(b)	95	(d)	96	(c)	97	(c)	98 (b)
99	(a)	100	(a).									