

Accountancy

Accounting For Share Capital

- Q1.** When a company takes over another one and clearly becomes a new owner, the action is called_____. **1 Mark**
- A** Merger **B** Acquisition **C** Strategic Alliance **D** None of the above
- Q2.** The interest on calls-in-advance is paid for the period from the _____. **1 Mark**
- 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 Dale of receipt of advance to the date of appropriation
D Date of appropriation to the date of dividend payment
- Q3.** Minimum amount to be called up at the time of share application is _____. **1 Mark**
- A** 5% **B** 10% **C** 15% **D** 25%
- Q4.** The part of share capital, which can be called up only on the winding up of a company, is called _____. **1 Mark**
- A** Authorised Capital **B** Called up Capital **C** Sacrificing ratio gaining ratio
D Reserve Capital
- Q5.** If the loss on reissue of shares is less than the amount forfeited, the surplus is transferred to: **1 Mark**
- A** Capital Reserve. **B** An asset. **C** Revenue Reserve. **D** None of these.
- Q6.** Liability of a shareholder is limited to _____ of the shares allotted to him: **1 Mark**
- A** Paid up Value. **B** Called up value. **C** Face value. **D** Reserve Price.
- Q7.** The capital of a company is divided into equal smaller units called _____. **1 Mark**
- A** Units **B** Shares **C** Both (a) and (b) **D** None of the above
- Q8.** Which of the following is correct? **1 Mark**
- A** Capital Suspense Account can be used in place of Annuity Suspense Account.
B
There is very much difference between accounting in case of death of a partner and retirement of a partner.
C
At the time of retirement of a partner, the goodwill of the firm is evaluated on the basis of market price of assets of the firm.
D
A partner who devotes more time to a business than other partners is entitled to get a salary.
- Q9.** General insurance is a contract of _____. **1 Mark**
- A** Contribution **B** Indemnity **C** Guarantee **D** None of these
- Q10.** For amalgamation in the nature of merger, the shareholders holding at least _____or more of the facevalue of equity shares of the transferor company becomes the equity shareholders of the transferee company. **1 Mark**
- A** 90% **B** 80% **C** 100% **D** None of these

- Q11.** The profit on the re-issue of forfeited shares is transferred to _____.
- A** Capital Account **B** Capital Reserve Account **C** Profit and Loss Account
D General Reserve Account
- Q12.** There are 20,000 Preference Shares of Rs 10, on which only Rs 8 has been called up. Company wants to redeem these shares. Company has received different advices. Which of the following advices is correct?
- A** Company cannot redeem preference shares **B** Can redeem preference shares
C Company should make the final call @ Rs 2 and make shares fully paid up, and then preference shares may be redeemed.
D None of these
- Q13.** Dividends are usually paid on _____.
- A** Authorised capital **B** Issued capital **C** Called-up capital **D** Paid-up capital
- Q14.** The maximum number of members of a public company cannot exceed _____.
- A** 5000 **B** 1000 **C** 500 **D** No limit
- Q15.** _____ is the account created in connection with internal reconstruction.
- A** Realization a/c **B** Capital reduction a/c **C** Adjustment a/c
D CRR a/c
- Q16.** Which of the following is not an alteration of capital?
- A** Consolidation of shares **B** Sub-division of shares **C** Conversion of shares into stock
D Paid off paid up capital in excess of needs of the company
- Q17.** Shares of a Pvt. Ltd. company are listed _____.
- A** In regional stock exchange **B** Not listed at all **C** In NSE
D In BSE
- Q18.** When a company receives application for subscriptions to the shares of the company much more than the issued capital, the issue is called _____.
- A** Oversubscribed **B** Under subscribed **C** Overwhelmed issue **D** Flopped show
- Q19.** Reducing the capital of a company is called _____.
- A** Internal reconstruction **B** External reconstruction **C** Consolidation
D None of these
- Q20.** When shares are issued at discount, the amount of discount is debited to _____, which is in the nature of capital loss for the company.
- A** Discount on issue of shares account **B** Securities discount account
C Share forfeiture account **D** Securities premium account
- Q21.** A Company formed and registered for future projects or to hold an asset or intellectual property rights can apply for registration as _____.
- A** Dummy company **B** Sham company **C** Dormant company **D** Inactive company
- Q22.** Sec 494 of the Companies Act 1956 facilitates _____.
- A** Amalgamation **B** Absorption **C** External reconstruction
D All of these
- Q23.** While preparing the transferee company's financial statement under amalgamation in the nature of merger, the assets and liabilities taken over from the transferor company should be incorporated at _____.
- A** Cost **B** Book value **C** Revised value **D** None of these

- Q24.** Which of these types of shares cannot be issued at discount? **1 Mark**
A New class of shares **B** Preference shares **C** Shares with differential dividend
D All of the above
- Q25.** In case of a company limited by shares, a shareholder has paid full on his shares, his liability will be. **1 Mark**
A As decided by directors **B** An equal amount to already paid up value of share
C Nil **D** None of these
- Q26.** If a share of 10 on which ₹ 8 has been called and ₹ 6 is paid is forfeited, the Share Capital Account should be debited with. **1 Mark**
A ₹ 10. **B** ₹ 8. **C** ₹ 6. **D** ₹ 2.
- Q27.** Joy Ltd. issued 1,00,000 equity shares of ₹ 10 each. The amount was payable as follows: **1 Mark**
On application – ₹ 3 per share.
On allotment – ₹ 4 per share.
On 1st and final call – balance.
Applications for 95,000 shares were received and shares were allotted to all the applicants. Sonam to whom 500 shares were allotted failed to pay allotment money and Gautam paid his entire amount due including the amount due on first and final call on the 750 shares allotted to him along with allotment. The amount received on allotment was
A ₹ 3,80,000. **B** ₹ 3,78,000. **C** ₹ 3,80,250. **D** ₹ 4,00,250.
- Q28.** Anmol Ltd. forfeited 20 shares of Rs. 10 each and of which Rs. 4 per share were paid. What minimum price company must charge if the forfeited shares are re-issued as Rs. 8 per share paid up? **1 Mark**
A Rs. 2 per share **B** Rs. 4 per share **C** Rs. 8 per share **D** Rs. 10 per share
- Q29.** Under net payment method, purchase consideration includes all payments made to the shareholders in the form of _____. **1 Mark**
A Equity share **B** Preference share **C** Cash **D** All of these
- Q30.** When an existing company takes over the business of one or more existing companies, it is called _____. **1 Mark**
A Amalgamation **B** Absorption **C** Internal reconstruction
D None of these
- Q31.** Shares are movable property and transferable in the manner _____. **1 Mark**
A Provided in the sales of goods act **B** Provided in the article of associations
C Provided for transfer is immovable property **D** Felt convenient by the transferor
- Q32.** The name of a private company ends with _____. **1 Mark**
A Limited **B** Public Ltd. **C** Private limited **D** Pvt.
- Q33.** Which of the following feature(s) of preference shares are similar to those of equity shares? **1 Mark**
A Redeemability **B** No obligation to pay dividend **C** Voting rights
D Change over assets **E** Both (B) and (C) above
- Q34.** Balance of shares forfeiture account (before re-issue) is a: **1 Mark**
A Capital reserves **B** Revenue reserves **C** Share Capital **D** None of the above
- Q35.** The maximum rate of premium at which shares can be issued is _____. **1 Mark**
A 5% **B** 10% **C** 15% **D** There is no limit
- Q36.** **1 Mark**

The part of the capital which will be called up only in the event of winding up of the company is called ____ capital.

- A** Issued **B** Paid-up **C** Reserve **D** Uncalled

Q37. Statutory corporations are created under _____. **1 Mark**

- A** Companies act. 1956 **B** Statutory corporation act **C** An act enacted by the parliament
D All the above

Q38. Forfeiture of shares results in compulsory termination of _____ due to non-payment of allotment/call money. **1 Mark**

- A** Allotment **B** Membership **C** Subscription **D** Issue

Q39. Equity shares cannot be issued for the purpose of: **1 Mark**

- A** Cash Receipts. **B** Purchase of assets. **C** Redemption of debentures.
D Distribution of dividend.

Q40. The term contributory includes _____. **1 Mark**

- A** The holder of fully paid shares **B** The holder of partly paid shares
C A past member who has ceased to be a member **D** The holder of unpaid capital

Q41. Preference shareholders are _____ of the company. **1 Mark**

- A** Creditors **B** Owners **C** Customers **D** Borrowers

Q42. The balance in the deceased partner's capital account is transferred to the _____ capital account. **1 Mark**

- A** Solvent Partners **B** Insolvent Partners **C** Representative of Deceased Partner
D New Partners

Q43. When shares are forfeited, share capital account is debited by _____. **1 Mark**

- A** Paid up amount of shares **B** Called up amount of shares **C** Face value of shares
D Uncalled capital

Q44. Nirman Ltd. issued 50,000 equity shares of ₹ 10 each. The amount was payable as follows: **1 Mark**

On application - ₹ 3 per share

On allotment - ₹ 2 per share

On first and final call - The balance

Applications for 45,000 shares were received and shares were allotted to all the applicants. Pooja, to whom 500 shares were allotted, paid her entire share money at the time of allotment, whereas Kundan did not pay the first and final call on his 300 shares.

The amount received at the time of making first and final call was:

- A** ? 2,25,000 **B** ? 2,20,000 **C** ? 2,21,000 **D** ? 2,19,500

Q45. Which Amendment Act permits a company to issue equity share capital with differential rights as to dividend, voting or otherwise? **1 Mark**

- A** Companies (Amendment) act, 2003 **B** Companies (Amendment) act, 2000
C Companies (Amendment) act, 1988 **D** Companies (Amendment) act, 2002

Q46. A company cannot issue shares at a discount more than _____ % of its face value. **1 Mark**

- A** 5 **B** 10 **C** 15 **D** 20

Q47. The amount of surrendered shares is credited to _____. **1 Mark**

- A** CRR **B** Sinking fund **C** Capital reduction account
D Reserve

Q48. Which of the following statements does not relate to 'Reserve Capital': **1 Mark**

- 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.
- Q49.** A and B enter into a Joint Venture sharing profits and losses in the ratio 3 : 2. A purchased good costing 2,00,000. Other expenses of A 10,000. B sold the goods for 1,80,000. Remaining goods were taken over by B at 20,000. The amount of final remittance to be paid by B to A will be: **1 Mark**
- A** 2,15,000 **B** 2,05,000 **C** 2,10,000 **D** None of these
- Q50.** Which of the following is not a case of combination? **1 Mark**
- A** External reconstruction **B** Internal reconstruction **C** Amalgamation
D Absorption
- Q51.** Share Application Account is in the nature of: **1 Mark**
- A** Real Account. **B** Personal Account. **C** Nominal Account. **D** None of the above.
- Q52.** A Private Company must be registered with a minimum share capital of _____. **1 Mark**
- A** Rs.5 lakhs **B** Rs.1 lakhs **C** Rs.10 lakhs **D** Rs.50,000
- Q53.** Share or Security Premium can be used for writing off _____. **1 Mark**
- A** Loss on sale of assets **B** Preliminary expenses **C** Bad debts
D Both B and C
- Q54.** Which section(s) of the company act specify the provisions relating to amalgamation? **1 Mark**
- A** 360 and 362 **B** 340 **C** 320 and 326 **D** 390 and 396(a)
- Q55.** Advantages of a corporate form of business organization includes _____. **1 Mark**
- A** Limited liability **B** Perpetual existence **C** No restriction on number of shareholders
D All of the above
- Q56.** Which of the following result in reduction of capital? **1 Mark**
- A** Reducing share capital **B** Reducing the amount payable to creditors
C Appreciation in the value of assets **D** All of these
- Q57.** A company can not issue following kinds of shares _____. **1 Mark**
- A** Redeemable equity shares **B** Irredeemable preference shares
C Equity shares with differential voting rights **D** Redeemable preference shares
- Q58.** A share certificate is required to be signed by _____. **1 Mark**
- A** Two directors and company secretary **B** Chairman of the company
C Attorney of the company **D** Chartered accountant
- Q59.** In a share of Rs. 50, on which Rs.30 has been paid, is forfeited, it can be re-issued at the minimum price of _____. **1 Mark**
- A** Rs.30 per share **B** Rs.20 per share **C** Rs.50 per share **D** Rs.40 per share
- Q60.** Premium Received on Issue of Shares is shown on: **1 Mark**
- A** Equity and Liabilities part of the Balance Sheet. **B** Assets part of the Balance Sheet.
C Credit side of the Statement of Profit and Loss.
D Debit side of the Statement of Profit and Loss.
- Q61.** Amount sacrificed by the shareholders is called _____. **1 Mark**
- A** Capital reserve **B** General reserve **C** Capital reduction **D** None of these
- Q62.** When shares are forfeited the share capital account is debited with the: **1 Mark**
- A** Nominal value of shares **B** Paid up value of shares **C** Called up value of share
D None of the above

- Q63.** In the absence of partnership agreement, interest on drawings of a partners is charged: **1 Mark**
A At 6% per annum **B** At 9% per annum **C** At 12% per annum
D No interest is charged
- Q64.** Shares in Sharma Ltd. was acquired by Mr. B at a cost of Rs. 50,000. During the current p.y. he got right to acquire fresh shares. On the date of receiving the right entitlement intimation fair market value of existing shares held by Mr. B was Rs. 60,000. Mr. B sold the right paper for Rs. 75,000. His capital gains liability would be: **1 Mark**
A Rs. 10,000 **B** Rs. 15,000 **C** Rs. 25,000 **D** Rs. 75,000
- Q65.** The committee to recommend formation of POC(One Person Company) in India is _____? **1 Mark**
A Alagh **B** J.J.Irani **C** H.C.Baba **D** None of these
- Q66.** On a share of Rs. 10 on which Rs 8 has been called up but Rs. 5 has been paid forfeited. The share capital account should be debited by: **1 Mark**
A Rs. 5 **B** Rs. 8 **C** Rs. 10 **D** None of the above
- Q67.** Madhur Ltd. forfeited 10 shares of Rs. 10 each, (Rs. 8 called up) issued at a discount of 10% to Anita on which she had paid Rs. 2 per share. Out of these, 8 shares were re-issued to Sumita as Rs. 8 called up for Rs. 6 per share. What amount is left in share forfeiture account after re-issue of 8 shares? **1 Mark**
A Nil **B** Rs. 2 **C** Rs. 4 **D** Rs. 8
- Q68.** There will be 'Revenue profits' if the shares are acquired by the holding company. **1 Mark**
A On the date of the given Balance Sheets **B** During the current year
C At the beginning of the current year **D** After the presentation of Balance Sheets
- Q69.** When company issues shares at a premium, the amount of premium may be received by the company: **1 Mark**
A Long with application money **B** Along with allotment only **C** Along with calls
D Along with any of the (A), (B) or (C)
- Q70.** Reinsurance is common in _____. **1 Mark**
A Life insurance **B** General insurance **C** Marine insurance **D** None of these
- Q71.** Which of these is one of the condition for issue of sweat equity shares by a company? **1 Mark**
A Authorized by a special resolution passed by the company in general meeting.
B Provision in the Article of Association of the company.
C Court orders authorizing such issue. **D** Cannot be issued at discount.
- Q72.** The term capital structure denotes _____. **1 Mark**
A Total of Liability side of Balance Sheet
B Equity Funds, Preference Capital and Long-term Debt **C** Total Shareholders Equity
D Types of Capital issued by a Company
- Q73.** Valuation is related to _____. **1 Mark**
A Past **B** Future **C** Present **D** Both (A) and (B)
- Q74.** Return of shares voluntarily by a shareholder to the company for cancellation is called _____. **1 Mark**
A Forfeiture of shares **B** Transfer of shares **C** Redemption of shares
D Surrender of shares
- Q75.** A public company can issue share at a premium not more than _____. **1 Mark**
A 10% **B** 30% **C** No such limit prescribed
D 50%

- Q76.** Which of the following can be treated as type of shares? **1 Mark**
A Equity shares **B** Preference share **C** Both (A) & (B) **D** None of the above
- Q77.** Which of the following statements is false? **1 Mark**
A The forfeited shares should not be issued at a premium.
B
On forfeiture of shares, share or security premium account is not debited with the amount of premium received.
C Shares cannot be issued at a discount unless certain conditions are satisfied.
D Share premium cannot be transferred to Capital Reserve.
- Q78.** Capital reduction account is used to _____. **1 Mark**
A Write of losses **B** Transfer of capital **C** Issue bonus shares **D** None of these
- Q79.** The name of a public company should end with _____. **1 Mark**
A Limited **B** Pvt. Ltd. **C** Registered Ltd. **D** Ltd.
- Q80.** A Public Company must be registered with a minimum share capital of _____. **1 Mark**
A Rs.10 lakhs **B** Rs.5 lakhs **C** Rs.50 lakhs **D** no limit
- Q81.** Public limited companies cannot issue _____. **1 Mark**
A Equity shares **B** Deferred shares **C** Preference shares **D** Right Share
- Q82.** Joy Ltd. issued 1,00,000 equity shares of ₹ 10 each. The amount was payable as follows: **1 Mark**
On application – ₹ 3 per share.
On allotment – ₹ 4 per share.
On 1st and final call – balance.
Applications for 95,000 shares were received and shares were allotted to all the applicants. Sonam to whom 500 shares were allotted failed to pay allotment money and Gautam paid his entire amount due including the amount due on first and final call on the 750 shares allotted to him along with allotment. The amount received on allotment was
A ? 3,80,000. **B** ? 3,78,000. **C** ? 3,80,250. **D** ? 4,00,250.
- Q83.** A private company is required compulsorily to limit through its articles, the number of members to _____. **1 Mark**
A 20 **B** 50 **C** 200 **D** 500
- Q84.** If minimum subscription is not received, then the company is required to refund the amount so received from the applicants within _____ days of issue of prospectus. **1 Mark**
A 90 **B** 120 **C** 60 **D** 15
- Q85.** Equity shareholders are _____. **1 Mark**
A Entitled to dividend at a fixed rate **B** Not entitled to dividend at a fixed rate
C Entitled to dividend prior to payment of dividend to preference shareholder
D All of the above
- Q86.** The company which is amalgamated into another company is called as _____. **1 Mark**
A Transferor of company **B** Transferee company **C** Holding company
D None of the Above
- Q87.** _____ is deducted from the called-up capital in order to calculate paid-up capital. **1 Mark**
A Calls in arrear **B** Calls in advance **C** Uncalled capital **D** Reserve capital
- Q88.** Balance in Forfeited Shares Account is shown in the Balance Sheet under the head of: **1 Mark**

- A** Other Current Liabilities. **B** Reserves and Surplus. **C** Share Capital.
D Long-term Borrowings.

- Q89.** Which of the following statements is true? **1 Mark**
- A**
Par value must be separately reported in the balance sheet because it represents the market value of the shares when it was first issued
- B**
Selling common shares for more than par value results in gain that is reported in the income statement
- C** Common shareholders assume a higher investment risk than long-term creditors
- D** Non-convertible debentures cannot be issued by companies
- Q90.** If a share of 10 issued at a premium of ₹ 2 on which the full amount has been called and 78 (including premium) paid is forfeited, the Share Capital Account should be debited with. **1 Mark**
- A** ? 12. **B** ? 10. **C** ? 8. **D** ? 6.
- Q91.** When a fixed asset is acquired in exchange for shares and other securities in the enterprise, it is usually recorded at: **1 Mark**
- A** Cost of share/ securities issued. **B** Fair market value of Shares/ Securities issued.
C Fair market value of asset acquired. **D** Enter (B) or (C).
- Q92.** For which of the following purposes securities premium can be used: **1 Mark**
- A** In writing off the discount on debentures of the company.
B In writing off the preliminary expenses of the company. **C** Issuing bonus shares
D In providing for the premium payable on the redemption of preference shares.
E All of the above
- Q93.** A company has issued shares of Rs.10 each at a premium of Rs.2 each. The whole amount has been called up but shares were forfeited for non-payment of Rs.4. On forfeiture share capital account will be debited by _____. **1 Mark**
- A** Rs.12 **B** Rs.10 **C** Rs.8 **D** Rs.4
- Q94.** Nirman Ltd. issued 50,000 equity shares of ₹ 10 each. The amount was payable as follows: **1 Mark**
- On application - ₹ 3 per share
On allotment - ₹ 2 per share
On first and final call - The balance
Applications for 45,000 shares were received and shares were allotted to all the applicants. Pooja, to whom 500 shares were allotted, paid her entire share money at the time of allotment, whereas Kundan did not pay the first and final call on his 300 shares. The amount received at the time of making first and final call was:
- A** ? 2,25,000 **B** ? 2,20,000 **C** ? 2,21,000 **D** ? 2,19,500
- Q95.** Maximum limit of Premium on shares is: **1 Mark**
- A** 5% **B** 10% **C** No Limit. **D** 100%
- Q96.** Which of the following is not shown under the-heading 'Share Capital' in a Balance Sheet: **1 Mark**
- A** Subscribed Capital. **B** Issued Capital. **C** Reserve Capital. **D** Authorised Capital.
- Q97.** On forfeiture of shares, which of the following account is credited with the amount of money already received on such shares? **1 Mark**
- A** Shares forfeited a/c **B** Share capital a/c **C** Unpaid calls a/c
D Share premium a/c
- Q98.** Which of these is an example of a Statutory Company? **1 Mark**

- A** RBI **B** LIC **C** SBI **D** All the three
- Q99.** Section 12 requires that One Person company shall mention along with its name(in brackets) _____ **1 Mark**
- A** One Person Company **B** OPC **C** One Person Company Pvt Ltd or Ltd
D None of the above
- Q100.** The profit on re-issue of shares is transferred to _____. **1 Mark**
- A** General reserve **B** Capital reserve **C** P/L Account
D P/L appropriation account
- Q101.** The _____ can either cancel or re-issue the forfeited shares. **1 Mark**
- A** Managers **B** Directors **C** Employees **D** Shareholders
- Q102.** Joy Ltd. issued 1,00,000 equity shares of ₹ 10 each. The amount was payable as follows: **1 Mark**
- On application – ₹ 3 per share.
On allotment – ₹ 4 per share.
On 1st and final call – balance.
Applications for 95,000 shares were received and shares were allotted to all the applicants. Sonam to whom 500 shares were allotted failed to pay allotment money and Gautam paid his entire amount due including the amount due on first and final call on the 750 shares allotted to him along with allotment. The amount received on allotment was
- A** ? 3,80,000. **B** ? 3,78,000. **C** ? 3,80,250. **D** ? 4,00,250.
- Q103.** Owners of a company are _____. **1 Mark**
- A** Shareholders **B** Board of directors **C** President of the company
D Debenture holders
- Q104.** The term equity share is defined in section _____ of the Company Act, 2013. **1 Mark**
- A** 2(18) **B** 85(1) **C** 43(i) **D** 89(1)
- Q105.** Premium on issue of shares can be used for. **1 Mark**
- A** Issue of fully paid bonus shares. **B** Distribution of profit.
C Transferring to General Reserve. **D** None of these.
- Q106.** A shareholder who can vote conditionally he is _____. **1 Mark**
- A** Equity shareholder **B** Preference shareholder **C** Member
D None of the above.
- Q107.** ___ represents that part of discount received during the year by a bank which relates to the next accounting year. **1 Mark**
- A** Trade discount **B** Normal discount **C** Unexpired discount **D** Cash discount
- Q108.** The discount allowed on reissue of forfeited shares is debited to _____. **1 Mark**
- A** General reserve account **B** Capital reserve account **C** Revaluation reserve account
D None of these
- Q109.** Share Application Account is in the nature of _____. **1 Mark**
- A** Nominal account **B** Personal account **C** Real account **D** None of these
- Q110.** Existing private/ closely held company with a three years track record of consistent profitability can issue shares at _____. **1 Mark**
- A** 10% premium **B** At book building process **C** Par only
D Free pricing either par or premium
- Q111.** **1 Mark**

The excess amount received over the called amount of shares is credited to

_____.

- A** Calls-in-advance account **B** Share capital account **C** Capital Reserve account
D Share of security premium account

Q112. Which of the following fictitious assets is not taken over by the transferee company? **1 Mark**

- A** Preliminary expenses **B** Underwriting commission **C** Discount on issue of shares
D All of these

Q113. Which of the following statements does not relate to 'Reserve Capital': **1 Mark**

- 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.

Q114. Which of the following statement is true? **1 Mark**

- A** Subscribed capital cannot exceed issued capital.
B Subscribed capital can exceed paid up capital.
C Issued capital can be less than called up capital.
D Paid up capital is always equal to authorized capital.

Q115. The shares of a company are_____. **1 Mark**

- A** Transferable **B** Non-transferable **C** Fixed **D** None of the above

Q116. For which of the following purposes share premium of the company can not be used in case the company issues share at premium? **1 Mark**

- A** For writing off loss as sale and assets.
B For the issue of fully paid bonus shares to the members of the company.
C For writing off preliminary expenses of the company.
D

For providing premium payable on the redemption of any redeemable preferences shares or debentures of the company.

Q117. When two or more existing companies combine, together to form a new company, it is _____ **1 Mark**

_____.

- A** Absorption **B** Amalgamation **C** Reconstruction **D** Merger

Q118. X, who holds 100 shares of Rs.10 each, fails to pay final call of Rs.2 per share. The directors forfeited all the shares and subsequently reissued 50 shares of Rs.10 each as fully paid on payment of Rs.4 per share. The amount to be transferred to Capital Reserve would be _____. **1 Mark**

- A** Rs.200 **B** Rs.100 **C** Rs.400 **D** Rs.500

Q119. D Ltd. forfeited 200 shares of Rs.10 each, Rs.7 called up on which Ram had paid only application money Rs.3 per share. Of these, 125 shares was reissued to Shyam for Rs.9 per share fully paid. What will be balance in the Share Forfeited A/c after reissue of 125 shares? **1 Mark**

- A** Rs.225 **B** Rs.600 **C** Rs.525 **D** Rs.450

Q120. The company into which transfer of company is amalgamated is called as _____. **1 Mark**

- A** Transferee company **B** Transferor company **C** Holding company
D None of the above

Q121. A company has issued ₹ 10,000 Equity Shares of 10 each and it has called the total nominal value. It has received the total amount, except the final call of ₹ 3 on 500 Equity Shares. These 500 Equity Shares will be shown as. **1 Mark**

- A** Subscribed and fully paid-up. **B** Subscribed but not fully paid-up.
C Issued share capital. **D** None of these.

- Q122.** Which of the following does not involve liquidation of any company? **1 Mark**
- A** Internal reconstruction **B** Amalgamation **C** Absorption
D External reconstruction
- Q123.** If on shares of nominal value of ₹ 10, ₹ 8 have been called-up and received by the company, it will be shown as. **1 Mark**
- A** Subscribed and fully paid-up. **B** Subscribed but not fully paid-up.
C Issued share capital. **D** None of these.
- Q124.** Which of the following restriction is not applicable to a Private Ltd. Company? **1 Mark**
- A** To open overseas branch/ office **B** Restrict number of members to 200
C Invite application for public subscription **D** Invite application for public deposits
- Q125.** Any balance in the share forfeiture account after all the forfeited share are re-issued should be: **1 Mark**
- A** Added to the paid-up capital **B** Transferred to Goodwill account
C Transferred to Capital Reserve account
D Should be shown in the balance sheet under the heading of 'Share forfeiture account'
- Q126.** Under which of the following circumstances can a company resort to internal reconstruction? **1 Mark**
- A** Accumulated huge losses **B** Shortage of capital **C** Over valued assets
D All of these
- Q127.** Which of the following generally not result in increase in total dividend liability? **1 Mark**
- A** Share-split **B** Right Issue **C** Bonus Issue **D** All of the above
- Q128.** While making an adjusting entry in respect of interest on capital, we credit _____ **1 Mark**
- A** Interest on capital account **B** Capital account **C** Profit and loss account
D Drawing account
- Q129.** Shares Allotment Account is a: **1 Mark**
- A** Expense Account. **B** Liability Account. **C** Asset Account. **D** Income Account.
- Q130.** An unregistered company can't have more than _____ members. **1 Mark**
- A** 20 **B** 25 **C** 50 **D** 100
- Q131.** Nirman Ltd. issued 50,000 equity shares of ₹ 10 each. The amount was payable as follows: **1 Mark**
- On application - ₹ 3 per share
On allotment - ₹ 2 per share
On first and final call - The balance
Applications for 45,000 shares were received and shares were allotted to all the applicants. Pooja, to whom 500 shares were allotted, paid her entire share money at the time of allotment, whereas Kundan did not pay the first and final call on his 300 shares. The amount received at the time of making first and final call was:
- A** ₹ 2,25,000 **B** ₹ 2,20,000 **C** ₹ 2,21,000 **D** ₹ 2,19,500
- Q132.** Intrinsic value of a share is given by_____. **1 Mark**
- A** Total net assets/No of shares **B** Total assets/No of shares **C** Share capital/No of shares
D Market capitalization/No of shares
- Q133.** If on shares of nominal value of ₹ 10, ₹ 10 have been called-up and also received, it will be shown as: **1 Mark**
- A** Subscribed and fully paid-up. **B** Subscribed but not fully paid-up.
C Issued share capital. **D** None of these.

- Q134.** Shares of a private company can be sold through _____. **1 Mark**
A Private circulation **B** Stock exchange **C** Private circulation and exchange
D None of these
- Q135.** Share to be issued at discount must be issued within _____ from the date of central government approval. **1 Mark**
A 2 months **B** 6 months **C** One year **D** Three months
- Q136.** When shares are issued to promoters for their services, the account that will be debited is _____. **1 Mark**
A Preliminary Expenses A/c **B** Goodwill A/c **C** Promoters A/c
D Share Capital A/c
- Q137.** The balance of share forfeited account after the reissue of forfeited shares is transferred to _____. **1 Mark**
A General Reserve Account **B** Capital Redemption Reserve Account **C** Capital Reserve
D Revenue Reserve Account
- Q138.** Restrictions on transferability of shares is relevant in case of _____. **1 Mark**
A Only private company having share capital
B Private company incorporated as a pure guarantee company
C Private company having either Share capital or Guarantee company
D None of these
- Q139.** Life insurance is a contract of _____. **1 Mark**
A Indemnity **B** Guarantee **C** Contribution **D** None of these
- Q140.** The part of authorised capital which can be called-up only on the company being wound up is called. **1 Mark**
A Issued Capital. **B** Unsubscribed Capital. **C** Reserve Capital.
D None of these.
- Q141.** Which of the following is incorrect as to a share? **1 Mark**
A It has a nominal value **B** It has a distinct number **C** It may be transferred in fractions
D All shares of a class are of equal denominations
- Q142.** Dividends are usually paid as a percentage of: **1 Mark**
A Authorised share capital **B** Net profit **C** Paid-up capital
D Called-up capital
- Q143.** The balance of the share forfeiture account after the reissue of forfeited shares is transferred to _____. **1 Mark**
A Capital redemption reserve account **B** Capital reserve account
C General reserve account **D** Profit and loss account
- Q144.** If on a share of Rs.100 where called up capital is Rs.90, while the company received Rs.80, the Capital Account should be credited with _____. **1 Mark**
A Rs.100 **B** Rs.90 **C** Rs.80 **D** Rs.70
- Q145.** With regard to government company, identify the statement representing correct feature of Government company. **1 Mark**
A Govt company can't sue the government in its own name as litigant.
B Employees of government company are not employees of central/state government.
C A government company can't wound like any other company.
D A government company must use either limited or Private Limited at the end of its name.
- Q146.** **1 Mark**

A sends goods to B of Delhi, the goods are to be sold at 125% of cost which is invoice price. Commission is 10% on sales at invoice price and 25% of any surplus realized above IP. 10% of the goods sent out on consignment, invoice value of which is Rs 12,500, were destroyed. 75% of the total consignment is sold by B at Rs 1,00,000. What will be the amount of commission payable to B?

- A** Rs 10,937-50 **B** Rs 16,250 **C** Rs 10,000 **D** Rs 9,700

Q147. Shares of a company can't be issued at _____ . **1 Mark**

- A** Premium **B** Discount **C** Par **D** Any of these

Q148. Subscribed capital is _____ . **1 Mark**

- A** Part of issued capital subscribed by promoters.
B Part of issued capital subscribed by public only.
C Part of issued capital issued for consideration other than cash.
D Part of issued capital subscribed by public plus issued for consideration other than cash.

Q149. 30 shares of a company on which application money of Rs. 3 per share has been duly paid are forfeited for non payment of allotment money of Rs. 3 each and first and final call of Rs. 4 each. These shares are then re-issued at Rs.8 per share fully paid. How much money should be transferred to capital reserve? **1 Mark**

- A** Rs. 30 **B** Rs. 60 **C** Rs. 90 **D** Rs. 120

Q150. On the above question, if Shyam had been allotted 350 shares, how many shares he would have applied for? **1 Mark**

- A** 300 shares **B** 400 shares **C** 420 shares **D** 425 shares

Q151. Share holders are entitled to _____ . **1 Mark**

- A** Dividend **B** Interest **C** Remueration **D** Commission

Q152. When shares are forfeited, Share Capital Account is debited with **1 Mark**

- A** Nominal value of shares. **B** Called-up value of shares. **C** Paid-up value of shares.
D Market value of shares.

Q153. The capitals of X, Y and Z are Rs. 1,00,000; Rs. 75,000 and Rs. 50,000; profits are shared in the ratio of 3 : 2 : 1. Y retires on the basis of firm purchased by other partners. The new ratio between X and Z is 3 :1. Find the capital of X and Z. **1 Mark**

- A** Rs. 1,50,000 and Rs. 1,00,000 **B** Rs. 1,46,250 and Rs. 42,000
C Rs. 1,56,250 and Rs.68,750 **D** Rs. 86,250 and Rs. 46,250

Q154. Liquidator's Fees must be paid to the _____ . **1 Mark**

- A** Central Government **B** State Government **C** Court
D Promoter

Q155. Which of the following is false? **1 Mark**

- A** Loss on reissue of shares cannot be more than the gain on forfeiture 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 forfeiture 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.

Q156. Share valuation is in intricate exercise involving _____ . **1 Mark**

- A** Accounting as well as non-accounting data **B** Objective and subjective consideration

C Both (A) and (B)

D None of the above

- Q157.** The minimum amount that should be called by a company with application for its shares is the following per cent of face value of shares. **1 Mark**
- A 2%** **B 5%** **C 10%** **D 15%**
- Q158.** The balance in capital reduction a/c after writing off all accumulated loss, fictitious assets and overvalued assets are transferred to _____. **1 Mark**
- A Capital reserve** **B General reserve** **C Reserve capital** **D Goodwill**
- Q159.** Which of the following statements is false? **1 Mark**
- A Shares can be issued for cash or for any other consideration.**
B
In the event of over-subscription, excess amount of application has to be either refunded or a pro-rata allotment is made.
C SEBI guideline are applicable for issue of shares.
D The share application money is automatically converted to share capital.
- Q160.** Public company is a company which _____. **1 Mark**
- A Is not a private limited company.**
B
Has a minimum paid up capital of Rs.5,00,000 or such higher amount as may be prescribed.
C Is a private company, being a subsidiary of a company which is not a private company.
D All the above.
- Q161.** According to SEBI guideline a company must receive a minimum of _____% subscription before making any allotment of shares to the public. **1 Mark**
- A 75** **B 90** **C 50** **D 25**
- Q162.** As per Companies Act 2013, Public company has minimum capital of _____. **1 Mark**
- A Rs.15 Lakh** **B Rs.25 Lakh** **C Rs.5 Lakh** **D Rs.10 Lakh**
- Q163.** Types of dividend declared and paid by subsidiary company to shareholders after acquiring shares by the holding company, are _____. **1 Mark**
- A Proposed dividend** **B Capital dividend** **C Revenue dividend and composite dividend**
D All the above
- Q164.** Securities Premium Account is shown on the liabilities side of the company's balance sheet under the heading _____. **1 Mark**
- A Share Capital** **B Current Liabilities and Provisions** **C Unsecured Loans**
D Reserves and Surpluses
- Q165.** Discount on issue of shares is _____. **1 Mark**
- A Amortized** **B Written in the first year** **C Netted of from share premium A/c**
D All of the above
- Q166.** Shares which carry preferential rights are called _____. **1 Mark**
- A Equity shares** **B Preference shares** **C Sweaty equity** **D Greenshoe**
- Q167.** A and B enter into a joint venture to underwrite shares of K Ltd. K Ltd. make an equity issue of 100,000 equity shares. 80% of the shares underwritten by the venturer. 80,000 shares are subscribed by the public. How many shares are to be subscribed by the venture? **1 Mark**
- A Nil** **B 16,000** **C 18,000** **D None**
- Q168.** Long term capital loss can be set off from which of the following? **1 Mark**
- A Short term capital gain only** **B Long term capital gain only**
C Income from business and profession **D Capital gain head of income**

- Q169.** The term equity share means a share _____. **1 Mark**
A Which is of equal denomination **B** Which is not a preference share
C Which is so issued equally to all **D** Which do not discriminate between the subscribers
- Q170.** ____ of net surplus of a life insurance company is given to policyholders as bonus. **1 Mark**
A 90% **B** 80% **C** 95% **D** None of these
- Q171.** When company issues shares to vendors of assets for a consideration other than cash such shares are issued: **1 Mark**
A At par **B** At a discount **C** At a premium **D** Any of the above
- Q172.** The maximum amount beyond which a company is not allowed to raise funds, by issue of shares, is its _____. **1 Mark**
A Issued Capital **B** Reserve Capital **C** Authorised Capital **D** Subscribed Capital
- Q173.** The price payable by the purchasing company to selling company for taking over its business is called _____. **1 Mark**
A Accounting treatment **B** Recording **C** Purchase consideration
D None of the Above
- Q174.** Which one of the following statements regarding forfeiture of shares is not correct? **1 Mark**
A Forfeited shares may be reissued at a discount or at a premium.
B
The title of the new purchaser is not affected by any irregularity in the forfeiture or sale of the shares.
C
Return of allotment of reissued of forfeited shared is filed with the Registrar of Companies.
D
Board may consider the request from the defaulting ex-shareholder for the cancellation of forfeiture before the disposal of forfeited shares.
- Q175.** Alteration of shares of smaller amounts into shares of larger amount is called _____ of share capital. **1 Mark**
A Surrender **B** Subdivision **C** Consolidation **D** None of these