

Question Bank (MCQs)

Class: XII

Accountancy (Part-2, Issue of shares)

Question: The Minimum number of members in a Public Company

- a) 2
- b) 50
- c) 3
- d) 7

Answer: d

Question. The profit on reissue of forfeited shares is transferred to :

- (a) Share Forfeited Account
- (b) Capital Reserve
- (c) Revenue Reserve
- (d) Share Capital Account

Answer: (b) Capital Reserve

Question. Arrange the following in proper sequence as types of "Share Capital"

- i) Paid up capital
- (ii.) Issued capital
- (iii) Subscribed capital
- (iv.) Called up capital

Answer: Issued, Subscribed, Called –up, Paid-up.

Question: Issue of share at a discount

- a) Section 79
- b) Section 78
- c) Section 76
- d) None of the options

Answer

A

Question: Formed by special act of the legislature or parliament Called

- a) Public companies
- b) Government company
- c) Statutory Company
- d) Private Company

Answer: C

Question. When forfeited shares are re-issued the amount of discount allowed on these shares cannot exceed :

- (a) 10% of called-up capital per share
- (b) 6% of paid-up capital per share
- (c) The amount received per share on forfeited shares
- (d) The unpaid amount per share on forfeited shares.

Answer

(c) The amount received per share on forfeited shares.

Ques.5 Maximum limit of premium on shares is :
(A.)32%
(B.)20%
(C.)No limit
(D.) 100%

Answer

C

Question: Minimum number of directors in Pvt. Ltd company

- a)3
- b)2
- c)4
- d) No limit

Answer: b

Question. The part of authorized capital which can be called up only on the Company being wound up is called :

- (a)Revenue Reserve
- (b)Capital Reserve
- (c)Reserve Capital
- (d) All of the above

Answer

(c) Reserve Capital.

**Question: Amount of money not received out of called up capital is :
(A.)Added to Authorised share capital**

- (B.) Subtracted from subscribed share capital
 (C.) Shown as Non Current liabilities
 (D.) Shown as current asset

Answer

B

Question: The portion of the authorised capital which can be called-up only on the liquidation of the company is called

- a) Reserve capital
 b) Authorised capital
 c) Issued capital
 d) Called up capital

Answer

A

Question. Gama Chemicals Ltd. is a newly formed company. How much discount per share can it allow for issuing its shares to the public ?

- (a) 12%
 (b) 5%
 (c) 6% pa
 (d) None of the above

Answer

(d) None of the above.

Question Following amounts were payable on issue of shares by ABC Ltd. : Rs.3 on application , Rs.3 on allotment , Rs.2 on first call and Rs.2 on final call . A holding 500 shares paid only application and allotment money whereas B holding 400 shares did not pay final call . Amount of calls in arrear will be:

- (A.) 3,800
 (B.) 2,800
 (C.) 1,800
 (D.) 6,200

Answer

B

Question: Issue of share at a discount must be authorised by a resolution passed by the company in general meeting and duly sanctioned by the

- a)None of the options
b)State government.
c)Local government
d) Central government.

Answer

D

Question CBZ Limited issued 40,000 shares at a price lower than the face/nominal value of the share. The shares issued are called:

- A)Fresh equity shares
B)First issue of equity shares
C) reissue of forfeited Equity shares
D) None of the above

Answer: C

Question. Shares can be forfeited :

- (a)For the non – payment of the call money
(b)For the Non- payment of application and allotment money
(c)Any time when the company is willing to forfeit
(d) For issuing fresh capital

Answer

(a) For non – payment of call money.

Question: Capital of a Company is divided in units, these small units are called :

- a)Shares
b)Debentures
c)Zero coupon Bonds
d) Bond

Answer: a

Question: Reliance Limited forfeited 2,000 shares of 20 each for the non-payment of the final call of Rs.4 per share. These shares were reissued @ Rs.16 per share fully paid up. Find out the amount of capital reserve.

- a) 24000

- b) 16000
- c) 32000
- d) 8000

Answer: a

Question: ***Share Capital Account should be debited (at the time of forfeiture) with:***

- a) Face/Nominal value of the share
- b) with the amount of calls in arrears
- c) Amount not paid by the share holders
- d) Called up amount

Answer: d

Question: ***Securities premium reserve cannot be used***

- a) writing off the differed revenue expenditures
- b) Buy back of shares
- c) Writing off preliminary expenses
- d) Working capital

Answer: d

Question: ***Which Shares are issued by a company to its employees or directors for their hard work and dedication towards the company.***

- a) Preference shares
- b) Bonus Shares
- c) Sweat Equity shares
- d) B and C both

Answer: c

Question: ***What is the limit of Securities Premium on the issue of shares?***

- a) 90% of the face value of the share
- b) 10% of the face value of the share
- c) 6% of the face value of the share
- d) Not specified

Answer: d

Question: ***Which capital is to be stated in the Memorandum of Association of a company?***

- a) Subscribed share Capital
- b) Called up share capital
- c) Registered /Authorized capital
- d) Issued share capital

Answer: c

Question: ***Under which head the Share capital is shown in the balance sheet of a company?***

- a) Non Current liabilities
- b) None Current internal liabilities
- c) Current liabilities
- d) Shareholders ' Funds

Answer: d

Question: ***which one of the following has the voting rights in all circumstances?***

- a) Equity Share Holders
- b) Preference Share holders
- c) Bonus Share
- d) a and both

Answer: a

Question: ***What type of shares can be issued at discount?***

- a) Preference Shares
- b) Equity Shares
- c) Sweat Equity Shares
- d) All of the above

Answer: C

Question: ***Bajaj Limited invited applications for subscription of 20,000 Equity shares @ Rs.10 each. Applications were received for 400,000 shares. This situation is called***

- a) under subscription of shares
- b) over subscription of shares
- c) Full Allotment of shares
- d) Pro Rata Allotment of share

Answer: b

Question: **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

Answer: A

Question: **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

Answer: B

Question: 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

Answer: C

Question: 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

Answer: C

Question: Mohan Ltd. forfeited 2,000 shares of Rs. 20 each fully called, on which Rs.12, 000 has been paid. Out of these 1600 shares were reissued upon payment of Rs.28,800. What is the amount to be transferred to Capital Reserve?

- a) Rs.4,800
- b) Rs.6,000

- c) Rs.4,600
- d) Rs.6,400

Answer: D

Question: Mohan Ltd. 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. 1000
- b) Rs.200
- c) Rs.3,500
- d) Rs.800

Answer: d

Question: 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

Answer: B

Question: 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) r 8
- c) Rs.10
- d) Rs.13

Answer: C

Question: 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

Answer: C

Question: As per SEBI Guidelines, Application money should not be less than of the issue price of each share.

- a) 6%
- b) 25%
- c) 15%
- d) 90%

Answer: b

Question: 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

Answer: B