

# MCQ 1

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1. 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

# MCQ 2

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2. 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

# MCQ 3

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3. 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

# MCQ 4

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4. 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-arrear to be paid by Mr.F = ?

(a) Rs. 625.00

(b) Rs. 937.50

(c) Rs. 750.00

(d) Rs. 1,125.00



# MCQ 5

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5. How much is B Ltd.'s authorized share capital ?

- (a) Rs. 1,00,00,000
- (b) Rs. 90,00,000
- (c) Rs. 85,00,000
- (d) Rs. 68,00,000

# MCQ 6

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6. How much is B Ltd.'s Issued Capital ?

(a) Rs. 1,00,00,000

(b) Rs. 90,00,000

(c) Rs. 85,00,000

(d) Rs. 68,00,000

# MCQ 7

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7. How much is B Ltd.'s Subscribed Capital?

(a) Rs. 1,00,00,000

(b) Rs. 90,00,000

(c) Rs. 85,00,000

(d) Rs. 68,00,000

# MCQ 8

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8. How much is B Ltd.'s Called Up Capital ?

(a) Rs. 1,00,00,000

(b) Rs. 90,00,000

(c) Rs. 85,00,000

(d) Rs. 68,00,000



# MCQ 9

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9. How much is B Ltd.'s Paid Up Capital ?

- (a) Rs. 1,00,000
- (b) Rs. 90,00,000
- (c) Rs. 85,00,000
- (d) Rs. 67,50,000

# MCQ 10

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10. 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

# MCQ 11

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11. 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

# MCQ 12

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12. 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

# MCQ 13

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13. Dividends are usually paid as a percentage of \_\_\_\_\_.

- (a) Authorized share capital
- (b) Net profit
- (c) Paid-up capital
- (d) Called-up capital



# MCQ 14

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14. 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

# MCQ 15

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15. If forfeited shares (which were originally issued at a discount) are reissued at a premium, the amount of such premium will be credited to \_\_\_\_\_.
- (a) Share forfeiture account
  - (b) Share premium account
  - (c) Capital reserve account
  - (d) Discount on issue of shares account

# MCQ 16

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16. 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

# MCQ 17

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17. On issue of shares, the application money should 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

# MCQ 18

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18. Declared dividend should be classified in the Balance Sheet as a\_\_\_\_\_.

- (a) Provision
- (b) Current liability
- (c) Reserve
- (d) Current asset



# MCQ 19

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19. 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.

# MCQ 20

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20. As per Schedule VI of the Companies Act, 1956, 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) Debentures
  - (c) Reserves and surplus
  - (d) Current liabilities and provisions

# MCQ 21

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21. 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

# MCQ 22

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22. 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) Securities premium account

## MCQ 23

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23. 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) 10

(b) 20

(c) 15

(d) 5



# MCQ 24

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24. This Share Premium Account should be shown under

- (a) Share Capital
- (b) Current Liabilities
- (c) Current Assets
- (d) Reserves and Surplus

# MCQ 25-35

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**Use the following information for questions 25 to 35**

D 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 applicants of 2,40,000 shares. Money excess received on application was employed on account of sum due on allotment as part of share capital. E, 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 F, 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 shares were reissued to G at a discount of 10%, the whole of E's forfeited shares being reissues.

# MCQ 25

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25. Amount received on application = \_\_\_\_\_

- (a) Rs. 40,00,000
- (b) Rs. 60,00,000
- (c) Rs. 48,00,000
- (d) Rs. 2,40,00,000



# MCQ 26

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26. Application money adjusted against allotment = \_\_\_\_\_.

- (a) Rs. 20,00,000
- (b) Rs. 16,00,000
- (c) Rs. 12,00,000
- (d) Rs. 8,00,000

# MCQ 27

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27. Amount refunded to shareholders = \_\_\_\_\_.

(a) Rs. 20,00,000

(b) Rs. 16,00,000

(c) Rs. 12,00,000

(d) Rs. 8,00,000

# MCQ 28

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28. Total amount paid by E = \_\_\_\_\_.

- (a) Rs. 80,000
- (b) Rs. 3,00,000
- (c) Rs. 4,20,000
- (d) Rs. 1,44,000

# MCQ 29

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29. Total amount paid by F = \_\_\_\_\_.

- (a) Rs. 80,000
- (b) Rs. 3,00,000
- (c) Rs. 4,20,000
- (d) Rs. 1,44,000

# MCQ 30

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30. Total amount paid by G = \_\_\_\_\_.

(a) Rs. 7,20,000

(b) Rs. 8,00,000

(c) Rs. 8,80,000

(d) Rs. 8,64,000



# MCQ 31

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31. Amount transferred to Share forfeiture account at the time of forfeiting E's shares = \_\_\_\_\_.

- (a) Rs. 80,000
- (b) Rs. 1,00,000
- (c) Rs. 3,00,000
- (d) Rs. 96,000

# MCQ 32

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32. Amount transferred to Share forfeiture account at the time of forfeiting F's shares = \_\_\_\_\_.

- (a) Rs. 80,000
- (b) Rs. 3,00,000
- (c) Rs. 4,20,000
- (d) Rs. 1,44,000

# MCQ 33

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33. Net balance in Share Capital Account =

\_\_\_\_\_.

- (a) Rs. 2,00,00,000
- (b) Rs. 2,08,00,000
- (c) Rs. 2,04,00,000
- (d) Rs. 1,98,00,000

# MCQ 34

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34. Net balance in Securities Premium Account  
= \_\_\_\_\_.

- (a) Rs. 39,20,000
- (b) Rs. 39,28,000
- (c) Rs. 39,36,000
- (d) Rs. 39,44,000

# MCQ 35

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35. Net balance in Share Forfeiture Account = \_\_\_\_\_.

- (a) Rs. 1,00,000
- (b) Rs. 3,00,000
- (c) Rs. 96,000
- (d) Rs. 3,96,000



**THE END**

*Issue; Forfeiture And  
Reissue Of Shares*