

## CA CPT Account Test True Fundamentals of Accounting Issue, Forfeiture and Reissue of Shares

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Instruction for Question 1 To 50 MCQ

Qn.1) B Ltd issued 80,000 equity shares of Rs. 10 each, payable as under: [1]

On application	Rs. 3
On allotment	Rs. 4
On first call	Rs. 2
On final call	Rs. 1

The applications received for 1,20,000 shares were dealt with as under: Applicants of 20,000 shares were allotted in full Applicants of 80,000 shares were allotted 60,000 shares pro-rata Applicants for 20,000 shares were rejected.

Amount received on application is \_\_\_\_\_ -

A. Rs. 240,000 B. Rs. 360,000 C. Rs. 560,000 D. Rs. 800,000

Qn.2) Share allotment account is a: [1]  
A. real account B. nominal account C. personal account D. company account

Qn.3) The shares allotted to a subscriber who has defaulted in paying any call due on his shares can be forfeited [1]  
A. by decision of the Board of Director B. by passing a resolution of the AGM C. within 6 months of such issue D.

Qn.4) The minimum subscription as prescribed by SEBI against the entire issue is: [1]  
A. 95% B. 90% C. 5% D. None

Qn.5) 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 was paid on 77,500 shares. The calls in arrear amounted to Rs. 62,500. The final call on share = ? [1]  
A. Rs. 25 B. Rs. 7.80 C. Rs. 20 D. Rs. 62.50

Qn.6) Asha Ltd. issued shares of Rs. 100 each at a premium of 25% Mamta who has Rs. 2,000 shares of Asha Ltd., failed to pay first and final call totaling Rs. 5. Premium was taken at the time of allotment by the company. On forfeiture of Mamta's shares, the amount to be debited to share Premium account will be: [1]  
A. Rs. 5,000 B. Rs. 10,000 C. Rs. 15,000 D. Nil

Qn.7) Shareholder of a company is [1]  
A. owner of the company B. debtor of the company C. employee of the company D.

Qn.8) 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: [1]  
A. Rs. 2,000 B. Rs. 2,500 C. Rs. 3,000 D. Rs. 7,000

Qn.9) Share which have preference at the time of payment of dividend and repayment of capital are [1]  
A. equity shares B. preference shares C. None of the above D.

Qn.10) 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 forfeited. Calculate the amount to be credited to Share Forfeiture Account. [1]  
A. Rs. 1,000 B. Rs. 1,400 C. 400 D. None of these

Qn.11) X was issued 100 shares of Rs. 10 each at a premium of Rs. 1, he paid application money and [1]

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

- Qn.12) When shares are issued at a premium and the amount is already received by company. Later on, when such shares are forfeited: [1]  
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.
- Qn.13) If assets of Rs.60,000 are purchased and shares of Rs.10 each are issued at a premium of 20%, the no. of shares to be issued is [1]  
A. 60,000 B. 50,000 C. 6,000 D. 5,000
- Qn.14) A preference shareholder does not have right to [1]  
A. Preferential payment of dividend B. Preferential payment of share capital C. voting D. all three
- Qn.15) J Ltd. reissued 2,000 shares of Rs 10 each which were forfeited by crediting share forfeiture account by Rs. 3,000. These shares were reissued at Rs. 9 Per share. The amount transferred to Capital Reserve will be: [1]  
A. Rs. 3,000 B. Rs. 2,000 C. 1,000 D. NIL
- Qn.16) X Ltd. Issued 2000 equity shares of Rs. 10 each at a premium of Rs. 4 per share payable as under : [1]  
on application Rs. 3 per share (including Rs. 1 premium), on allotment Rs. 4 per share (including Rs. 1 premium), on first call Rs. 4 per share (including Re. 1 premium), on second call Rs. 3 per share (including Rs. 1 premium). Mr. X was allotted 40 shares. Indicate the amount debited to security premium A/c and the amount credited to forfeited shares A/c - if Mr. X failed to pay the first call and on his subsequent failure to pay the final call, his shares were forfeited.  
A. Rs. 40 and Rs. 320 B. Rs. 40 and Rs. 80 C. Nil and Rs. 400 D. Rs. 80 and Rs. 200
- Qn.17) Securities premium will be shown in Balance Sheet under the head of [1]  
A. Reserves & Surplus B. Miscellaneous exp. C. Loans & advances D. None
- Qn.18) When shares are forfeited, the share capital A/c is debited with \_\_\_\_\_ and the share forfeiture account is credited with [1]  
A. Paid-up capital of shares forfeited; Called up capital of shares forfeited B. Called up capital of shares forfeited; Calls in arrear of shares forfeited C. Called up capital of shares forfeited; Amount received on shares forfeited D. Calls in arrears of shares forfeited; Amount received on shares forfeited
- Qn.19) A company invited application for subscription of 5,000 shares. The applications were received for 6,000 shares. The shares were allotted on pro-rata bases. If shyam applied for 180 shares, how many shares would be allotted to him? [1]  
A. 180 B. 200 C. 150 D. 175
- Qn.20) 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 =? [1]  
A. Rs. 10,000 B. Rs. 8,000 C. Rs. 2,000 D. Rs. 18,000
- Qn.21) In order to arrive paid up capital, which one of the following is to be deducted? [1]  
A. Calls in advance B. Calls in arrears C. Discount on issue of shares D. Subscribed capital
- Qn.22) When shares are forfeited, the share capital A/c is debited with \_\_\_\_\_ and the Share forfeiture A/c is credited with [1]  
A. Paid up capital of shares forfeited; Called up capital of shares forfeited B. Called up capital of shares forfeited; Calls in arrear of shares forfeited C. Called up capital of shares forfeited; Amount received on shares forfeited D. Calls in arrears of shares forfeited; Amount received on shares forfeited
- Qn.23) The directors of a company forfeited 100 shares of Rs. 10 each fully called up for non payment of first call of Rs. 2 per share and final call of Rs. 3 per share. Sixty of these shares were subsequently reissued at Rs. 6 per share fully paid up. Calculate capital reserve on forfeiture [1]  
A. Rs. 60 B. Rs. 300 C. Rs. 360 D. Rs. 640
- Qn.24) Maximum amount that can be collected as premium as a percentage of face value ? [1]  
A. 20% B. 30% C. 40% D. Unlimited

- Qn.25) If the forfeited shares are issued at a premium, the amount of the premium shall be credited to** [1]  
A. Profit and loss A/c B. Capital reserve A/c C. Share forfeiture A/c D. Share premium A/c
- Qn.26) Which of the following statement is false?** [1]  
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
- Qn.27) The authorised capital of M Ltd consists of both cumulative preference shares and equity shares. Each 5% cumulative preference share has a par 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 totalled 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 = ?** [1]  
A. Rs. 3,000 B. Rs. 5,000 C. Rs. 10,000 D. Rs. 12,000
- Qn.28) X Ltd. Issued 2000 equity shares of Rs. 10 each at a premium of Rs. 4 per share payable as under :** [1]  
on application Rs. 3 per share (including Rs. 1 premium), on allotment Rs. 4 per share (including Rs. 1 premium), on first call Rs. 4 per share (including Re. 1 premium), on second call Rs. 3 per share (including Rs. 1 premium). Mr. X was allotted 40 shares. Indicate the amount debited to security premium A/c and the amount credited to forfeited shares A/c - if Mr. X failed to pay allotment money and on his subsequent failure to pay the first call, his shares were forfeited.  
A. Rs. 40 and Rs. 200 B. Rs. 80 and Rs. 80 C. Nil and Rs. 400 D. Rs. 40 and Rs. 320
- Qn.29) 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:** [1]  
A. Goodwill account B. Capital Reserve account C. Vendor's account D. Profit and Loss account
- Qn.30) A Company issues shares at Rs.10 per share and forfeited shares on which Rs.8 each had been paid up. Minimum price of re-issue is \_\_\_\_** [1]  
A. 10 B. 8 C. 5 D. 2
- Qn.31) Balance in share forfeiture account is shown under the head of\_\_** [1]  
A. share capital B. reserves & surplus C. secured loans D. current liabilities
- Qn.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\_\_\_\_\_** [1]  
A. Preliminary expenses B. Goodwill C. Asset A/c D. Share capital
- Qn.33) The Share Premium A/c should be shown under** [1]  
A. Share capital B. Current liabilities C. Current assets D. Reserves and surplus
- Qn.34) The rules for payment of interest on calls in advance or on calls in arrears are provided in .....of the Companies Act** [1]  
A. Table B B. Table A C. Schedule VI D. Schedule X
- Qn.35) 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 = ?** [1]  
A. Rs. 5,000 B. Rs. 10,000 C. Rs. 50,000 D. Rs. 25,000
- Qn.36) The maximum amount beyond which a company is not allowed to raise funds by issue of shares is known as \_\_\_\_\_** [1]  
A. Issued capital B. Reserve capital C. Nominal capital D. Subscribed capital
- Qn.37) 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 and the second and 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-** [1]  
A. Rs. 1,500 B. Rs. 1,300 C. RS.900 D. Rs. 600
- Qn.38) Following are the information related to G Ltd:** [1]  
(i) Equity share capital paid up Rs. 2,85,000  
(ii) Calls in advance Rs. 10,000  
(iii) Calls in arrear Rs. 15,000  
(iv) Proposed dividend 20%  
The amount of dividend payable

A. Rs. 57,000 B. Rs. 54,000 C. Rs. 56,000 D. Rs. 60,000

- Qn.39) Issue of Bonus Share implies.** [1]  
A. Dividend payment B. Raising of fixed capital C. Capitalisation of Reserve and surplus D. Working capital being raised
- Qn.40) Share in a company is a/an** [1]  
A. Movable assets B. Immovable goods C. paper currency D. negotiable instrument
- Qn.41) At the time of forfeiture, Share Capital Account is debited with:** [1]  
A. Face value B. Nominal Value C. Paid-up-Value D. Called-up-Value
- Qn.42) The directors of a company forfeited 200 equity shares of Rs. 10 each on which RS. 8 has been paid. The shares were reissued upon payment of Rs. 1500. Calculate capital reserve on forfeiture** [1]  
A. Rs. 2000 B. Rs. 1600 C. Rs. 1500 D. Rs. 1100
- Qn.43) Preference shares carry a fixed rate of dividend which is to be paid before** [1]  
A. payment of debentures interest B. payment of income tax C. distribution of equity dividends D.
- Qn.44) Prorata basis allotted 5000 shares out of 7500 shares were applied, then 600 share were applied by a person, how many share allotted and how much amount adjusted to allotment account. If application money is Rs.2 per share \_\_\_\_\_,\_\_\_\_\_** [1]  
A. 400 shares 400/- B. 200 shares 300/- C. 200 shares 600/- D. 300 shares 500/-
- Qn.45) When bonus shares are issued** [1]  
A. Working capital is issued B. Fixed capital is issued C. Dividend is paid D. Reserves and surplus are capitalized
- Qn.46) Which of the following is not true?** [1]  
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
- Qn.47) Balance in share forfeiture account is transferred to** [1]  
A. general reserve account B. profit and loss account C. capital reserve account D.
- Qn.48) 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:** [1]  
A. Rs. 20,000 B. Rs. 24,000 C. Rs. 4,000 D. Rs. 1,600
- Qn.49) Interest on calls-in-advance is paid at a rate of:** [1]  
A. 8% p.a. B. 6% p.a. C. 5% p.a. D. None of these.
- Qn.50) If the issue size is upto Rs. 500 crores, the issued shares should be made fully paid up within \_\_\_\_\_ of the date of allotment:** [1]  
A. 6 months B. 10 months C. 12 months D. 18 months