

CPT Account Test : Issue of Shares , Redemption of Preference & Issue of Debentures

Test ID :016

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Qn.1) 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.2) IJK Ltd issued 20,000 shares of Rs. 10 each at a premium of 20% on May 01, 2004 payable as follows: [1]

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

Qn.3) Z & Co forfeited 100 shares of Rs.10 each for non payment of final call of Rs.2 each. These shares were reissued at Rs.9 per share. What is the amount to be transferred to capital reserve A/c? [1]
A. Rs.700 B. Rs.800 C. Rs.900 D. Rs.1000

Qn.4) The document inviting offers from public to subscribe for the debentures or shares or deposits of a body corporate is a _____ [1]
A. Share certificate B. Stock invest C. Fixed deposit receipt D. Prospectus

Qn.5) A preference share which carry the right of participating in the surplus left after paying equity dividend is called: [1]
A. Convertible preference share B. Cumulative preference shares C. participating preference shares D. all of the above

Qn.6) 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.7) 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.8) Maximum amount that can be collected as premium as a percentage of face value ? [1]
A. 20% B. 30% C. 40% D. Unlimited

Qn.9) If shares are forfeited, Share Capital a/c is debited with _____. [1]
A. Called up face value B. Face value C. Paid up face value D. none of these

Qn.10) 3,000 shares of Rs 10 each if Krishna were forfeited by crediting Rs 5,000 to share forfeiture account. Out of these, 1,800 shares were re-issued to Radhe for Rs 9 per share. The amount to be transferred to capital reserve account will be [1]
A. Rs 3,200 B. Rs 2,000 C. Rs 1,800 D. Rs 1,200

Qn.11) A company forfeited 50 shares of Rs. 100 each issued at 10% premium (to be paid at the time of allotment) on which shares first call of Rs. 30 was not received, the final call of Rs. 20 per share is not yet called; 20 of these shares were subsequently reissued at Rs. 70 per share as Rs. 80 paid up. Calculate capital reserve on forfeiture [1]
A. Rs. 400 B. Rs. 1000 C. Rs. 800 D. Rs. 1800

- Qn.12) Share Premium A/c appears in the Balance Sheet under the heading.** [1]
A. Current liabilities B. Reserves & Surplus C. Miscellaneous expenditure D. None of the above
- Qn.13) Mr. Rajiv was the holder of 200 shares of Rs 10 each in RPG Ltd. Upon which Rs 5 per share had been called up but he had paid only Rs 2.5 per share thereon. The company forfeited his shares and afterwards sold them to Satbir, credited as Rs 5 per share paid for Rs 900. The amount to be transferred to capital reserves:** [1]
A. Rs 300 B. Rs 500 C. Rs 400 D. None of the above
- Qn.14) Bittu Ltd. Issued 10,000 shares of Rs 10 each to public. Applications were received for 12,000 shares by paying Rs 2 per share. 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 share and her 1,000 shares were forfeited after due notice. No further calls were made to her. Her call in arrears was** [1]
A. Rs 3,000 B. Rs 2,800 C. Rs 2,600 D. Rs 2,400
- Qn.15) Claims against the company not acknowledge as debts will be shown under the heading** [1]
A. secured loan B. contingent liability C. unsecured loan D.
- Qn.16) Share allotment account is a:** [1]
A. real account B. nominal account C. personal account D. company account
- Qn.17) 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.18) Which of the following statements is false?** [1]
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 guide lines 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
- Qn.19) For redemption of debentures, sinking fund is created out of** [1]
A. capital reserve B. share premium account C. current year's profit D.
- Qn.20) 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
- Qn.21) S 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 A/c =?** [1]
A. Rs. 40,000 B. Rs. 200,000 C. Rs. 220,000 D. Rs. 50,000
- Qn.22) X Ltd decides to redeem 650, 15% Red. Pref. shares of Rs 100 each at a premium of 10%. It has a General Reserve of Rs. 70,000 and a Securities premium of Rs. 4,000. If it is decided to issue 3125 Equity shares of Rs. 10 each at 20% discount for the purpose of redemption of pref. shares, the amount required to be transferred to capital redemption reserve account is** [1]
A. Rs. 65,000 B. Rs. 45,000 C. Rs. 40,000 D. Rs. 71,500
- Qn.23) Calculate the amount to be transferred to capital redemption reserve account if Redeemable Pref. shares Rs. 50000 redeemable at 5% premium New Issue of shares Rs. 30000 at par** [1]
A. 25000 B. 20000 C. 22500 D. None of these
- Qn.24) X Ltd. Decides to redeem 13000, 15% pref. shares of Rs. 100 each at 10% premium. It has a general reserve of Rs. 910000 and securities premium of Rs. 20000. The minimum number of equality shares are to be issued at 25% premium. If the new equity shares ar** [1]
A. 50000 B. 62500 C. 35000 D. 39000
- Qn.25) A company's balance sheet shows the following information: Outstanding Redeemable Preference Shares Rs. 2,00,000 Premium on redemption 10% Divisible profit available Rs. 1,00,000 Security Premium A/c Rs. 15,000 Fresh issue to be made at a discount of 10% The face value of fresh issue of shares will be** [1]
A. Rs. 100,000 B. Rs. 116,670 C. Rs. 90,000 D. Rs. 115,500

Qn.26) Which does not form part of divisible profits? [1]
 A. Workman compensation fund B. Workman Accident fund C. Capital reserve arising from revaluation of assets D. None of these

Qn.27) Incase of issue of shares, amount received above par value is credited to which account? [1]
 A. Security Premium A/c B. Discount A/c C. Share forfeiture A/c D. None of these

Qn.28) From the following details calculate the number of equity share of Rs. 10 each to be issued in order to redeem the preference shares Redeemable preference shares are to be redeemed @ 10% premium [1]

12% (20,000) Redeemable preference shares of Rs. 10 each	Rs. 200,000
Security premium A/c	Rs. 20,000
General Reserve A/c	Rs. 15,000
Profit and loss A/c	Rs. 30,000

A. 19,000 B. 15,500 C. 18,000 D. 11,000

Qn.29) Which company can issue redeemable preference shares? [1]
 A. A company limited by shares B. A company limited by Guarantee not have share capital C. A company limited Guarantee having share capital D. An unlimited company

Qn.30) ABC Ltd., decides to redeem 13000 preference shares of Rs. 10 each at 10% premium. It has a balance in the profit and loss account of Rs. 90000, and a balance in the security (Share premium account of Rs. 3000. Calculate the minimum number of equity shares of Rs. 10 each to be issued by the company for the purpose of redemption If the new issue is to be at premium of 30% [1]
 A. 4000 shares of Rs. 10 each at Rs. 13 each B. 4500 shares of Rs. 10 each at Rs. 13 each C. 4000 shares of Rs. 10 each D. None of these

Qn.31) X ltd. Decides to redeem 13000, 15% pref. shares of Rs. 100 each at 10% premium. It has a general reserve of Rs. 910000 and securities premium of Rs. 20000. The minimum number of equality shares are to be issued at 25% premium.If the new equity share are to be issued at 25% premium; [1]
 A. 60000 B. 45000 C. 40000 D. None of these

Qn.32) A company cannot issue [1]
 A. Share at discount B. Irredeemable preference share C. Debentures redeemable at premium D. Right shares

Qn.33) According to section 78 of the Companies Act, the amount in the Securities Premium A/c cannot be used for the purpose of [1]
 A. Issue of fully paid bonus shares B. Writing off losses of the company C. Writing off preliminary expenses D. Writing off commission or discount on issue of shares

Qn.34) X ltd. Decides to redeem 13000, 15% pref. shares of Rs. 100 each at 10% premium. It has a general reserve of Rs. 910000 and securities premium of Rs. 20000. The minimum number of equality shares are to be issued at 25% premium. If the new equity shares are to be issued at 30% premium [1]
 A. 50000 B. 62500 C. 35000 D. 39000

Qn.35) Supreme Industries purchased a old plant from Superior Industries for Rs. 10,00,000. The company paid Rs. 3,00,000 in cash and agreed to allot 12%redeemable preference shares of Rs. 100 each at a premium of 25% for the balance amount. The vendor will be allotted12% preference shares of Rs. 100 each. [1]
 A. 7,000 B. 5,600 C. 9,800 D. 7,500

Qn.36) Redeemable preference shares must be redeemed with in ___ years [1]
 A. 24 B. 30 C. 35 D. 20

Qn.37) X co. ltd. had to redeem 1000 preference shares of Rs. 100 each at 10 per cent premium. It issues 5000 equity shares of Rs. 10 each at 10 per cent. General reserve amount transferred to capital redemption reserve will be. [1]
 A. Rs. 100000 B. Rs. 50000 C. Rs. 55000 D. Rs. 110000

- Qn.38)** Calculate the amount to be transferred to capital redemption reserve account if Redeemable Pref. shares Rs. 50000 redeemable at par New Issue of shares Rs. 30000 at par [1]
A. 50000 B. 30000 C. 20000 D. None of these
- Qn.39)** A Ltd. had 3,000, 12% Redeemable preference shares of Rs. 100 each, fully paid up. The company issued 25,000 equity shares of Rs. 10 each at par and 1,000 14% Debentures of Rs. 100 each. All amounts were received in full. The payment was made in full. The amount to be transferred to capital Redemption Reserve Account Rs : [1]
A. NIL B. Rs. 200,000 C. Rs. 300,000 D. Rs. 50,000
- Qn.40)** X Ltd. Decides to redeem 13000, 15% pref. shares of Rs. 100 each at 10% premium. It has a general reserve of Rs. 910000 and securities premium of Rs. 20000. The minimum number of equality shares are to be issued at 25% premium. If the equity shares are to be issued at par; [1]
A. 50000 B. 60000 C. 40000 D. None of these
- Qn.41)** L Ltd. Issued Rs. 100000, 12% debentures of Rs. 100 each at a discount of 5% on 1st Jan 01 repayable by four equal annual drawings at a premium of 5% The loss on issue of debentures to be written off for 4 calendar years – [1]
A. Rs. 2500 every year B. Rs. 4000, Rs. 3000, Rs. 2000, Rs. 1000 in 1st, 2nd, 3rd, 4th year respectively
C. Rs. 10000 in the first year D. Rs. 10000 in the fourth year
- Qn.42)** A company issued 1000 12% debentures of 100 at par redeemable at 10% premium. 12% stands for [1]
A. Rate of dividend B. Rate of tax C. Rate of interest D. Rate of TDS
- Qn.43)** Debentures are shown under ____ [1]
A. Secured Loans B. Unsecured Loans C. Current Liabilities D. Current Assets
- Qn.44)** Which of these items is/are included in Miscellaneous expenditure to be shown in Balance Sheet [1]
A. Loss on issue of debenture B. Discount on issue of debenture C. Expenses on issue of debenture
D. All the three
- Qn.45)** Gama Ltd. Issued 10,000 10% debentures of Rs 100 each at a discount of 10%. The entire amount is payable on application. Applications were received for 9,000 debentures. The allotment of debentures was made on 10th October, 2012. The amount which should be credited to the debentures account on 10th October, 2012 will be [1]
A. Rs 12,00,000 B. Rs 10,80,000 C. Rs 9,00,000 D. Rs 10,00,000
- Qn.46)** On 1st Jan. 01 I Ltd. Issued Rs. 440000, 12% debentures at 5% discount repayable as follows : on 31st Dec. 01 Rs. 80000, on 31st Dec. 02 Rs. 160000, on 31st Dec. 03 Rs. 200000. The amount of discount to be written off in each of the three calendar years. [1]
A. Rs. 22000 in the last year. B. Rs. 9680, Rs. 7920, Rs. 4400 in 1st, 2nd, 3rd year respectively. C. Rs. 22000 in the last year. D. Rs. 4000, Rs. 8000, Rs. 10000 in 1st, 2nd, 3rd year respectively.
- Qn.47)** Debenture premium cannot be used to _____ [1]
A. Write off the discount on issue of shares or debentures B. Write off the premium on redemption of shares or debentures C. Pay dividends D. Write off capital lossAns.
- Qn.48)** G Ltd issued 12% debentures of the face value of Rs. 120000 at a discount of 6% on 1st Jan, 2001 repayable by annual drawings of Rs. 40000 commencing from the end of 3rd year. Discount on issue of debentures written off every year for 5 years assuming that the account are closed on 31st Dec. – [1]
A. Rs. 1440 every year. B. Rs. 1800, Rs. 1800, Rs. 1800, Rs. 1200, Rs. 600 in 1st, 2nd, 3rd, 4th and 5th year respectively. C. Rs. 7200 in the last year D. Rs. 2400 each in first 3 years, nil in each in next 2 years.
- Qn.49)** A company issued debentures of the face value of Rs 1,00,000 at a discount of 6% on Jan. 1, 2011. These debentures are redeemable by annual drawings of Rs 20,000 made on 31st Dec. each year. The directors decided to write off discount based on the debentures outstanding each year. Amount of discount to be written off in the 5th year will be [1]
A. Rs 400 B. Rs 600 C. Rs 800 D. None of the three
- Qn.50)** M Ltd. Issued Rs. 100000, 12% debentures of Rs. 100 each @ 94% on 1st April 01 redeemable by five equal annual drawing of Rs. 20000 each. The company closes its accounts on 31st March each year. Calculate the amount of discount to be written off each year If the redemption commences from 31st March 02 [1]
A. Rs. 2000, Rs. 1600, Rs. 1200, Rs. 800, Rs. 400 B. Rs. 1500, Rs. 1500, Rs. 1200, Rs. 900, Rs. 600, Rs. 300 C. Rs. 1200, Rs. 1200, Rs. 960, Rs. 720, Rs. 480, Rs. 240 D. Rs. 1600, Rs. 1520, Rs. 1200,

Rs. 880, Rs. 560, Rs. 240

- Qn.51)** On 1.4.20X1, X Ltd, issued Rs. 1,00,000 15% debentures of Rs. 100 each at 94% redeemable at par [1]
as follows:

Year beginning	Nominal value of total debentures to be redeemed
2	10%
3	20%
4	30%
5	40%

The amount of discount to be written off each year assuming that the company closes its accounts on financial year basis is-

- A. Rs. 1500 each year B. Rs. 1,200 each year C. Rs. 2,000, Rs. 1,800, Rs. 1,400, Rs. 800 D. None of these
- Qn.52)** T Ltd. purchased land & building from U Ltd. for a 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 will be credited with: [1]
A. Rs. 200,000 B. Rs. 250,000 C. Rs. 240,000 D. Rs. 160,000
- Qn.53)** AB Co. Ltd. Issues 500, 12% debentures of Rs. 100 each at Rs.98 on April 1, 2002. Under the terms of issue, (a) debentures interest is annually payable on 31st March every year, and (b) one fifth of the debenture are annually redeemable by drawing, the first redemption occurring on 31st March, 2004. The interest on debentures for the first year ending 31.3.03 will be – [1]
A. Rs. 6000 B. Rs. 5880 C. Rs. 4800 D. Rs. 4704
- Qn.54)** A company issued 9% debentures of the face value of Rs. 200000 at a discount of 6%. The debentures were repayable by annual drawings of Rs. 40000. The amount of discount to be written off at the end of the fourth year is [1]
A. Rs. 1600 B. Rs. 2400 C. Rs. 4000 D. Rs. 2000
- Qn.55)** A Ltd issued as 100000 debentures at a discount of 6% on 1st Jan. 01 repayable at the end of 5th year. Discount written off is – [1]
A. Rs. 6000 in first year B. Rs. 6000 in 5th year C. Rs. 1200 every year D. Rs. 3000 each in 1st and 5th year
- Qn.56)** T Ltd has issued 14% Debentures of Rs. 20,00,000 at a discount of 10% on April 01, 2004 and the company pays interest half-yearly on June 30, and December 31 every year. On March 31, 2006, the amount shown as “ interest accrued but not due” in the Balance Sheet will be [1]
A. Rs. 70,000 shown along with Debentures B. Rs. 2,10,000 under current liabilities C. Rs. 1,40,000 shown along with Debentures D. Rs. 2,80,000 under current liabilities
- Qn.57)** Z Ltd. Purchased plant and machinery for Rs 2,00,000 payable as Rs 65,000 in cash and the balance by an issue of 6% debentures of Rs 1,000 each at a discount of 10%. Discount on issue and redemption of debentures will be [1]
A. Rs 15,000 B. Rs 14,000 C. Rs 10,000 D. None of the three
- Qn.58)** Interest payable on debentures is ____ [1]
A. An appropriation of profit B. A Charge against profit C. Transferred to sinking fund. D. Treated as miscellaneous expenses to be shown in the balance sheet.
- Qn.59)** A company issued 9% debentures of the face value of Rs. 200000 at a discount of 6%. The debentures were repayable by annual drawings of Rs. 40000. The amount of discount to be written off at the end of the first year is [1]
A. Rs. 12000 B. Rs. 2400 C. Rs. 4000 D. Rs. 2000
- Qn.60)** J. Ltd. Purchased a building for Rs. 900000 and the consideration was paid by issuing 12% debentures of Rs 100 each at 10% discount. N o. of debentures issued were – [1]
A. 9000 B. 90000 C. 10000 D. 1000