



**INDIAN SCHOOL AL WADI AL KABIR
DEPARTMENT OF COMMERCE
ACCOUNTING FOR SHARE CAPITAL**

1. Reserve share capital means :
 - (a) Part of authorised capital to be called at the beginning
 - (b) Portion of uncalled capital to be called only at liquidation
 - (c) Oversubscribed capital
 - (d) Under subscribed capital

2. Which statement is issued by the company inviting investors to subscribe for shares?
 - (a) Prospectus
 - (b) Articles of Association
 - (c) Memorandum of Association
 - (d) All of these

3. Company can utilise securities premium for :
 - (a) Writing off loss incurred on revaluation of asset
 - (b) Issuing fully paid bonus shares
 - (c) Paying dividend
 - (d) Writing off trading loss

4. A joint stock company is :
 - (a) An artificial legal person
 - (b) Natural person
 - (c) A general person
 - (d) None of these

5. When shares are forfeited, the Share Capital Account is debited with:
 - (a) Nominal value of Shares
 - (b) Market value of Shares
 - (c) Called-up value of Shares
 - (d) Paid-up value of Shares

6. Discount allowed on reissue of forfeited shares is debited to:
 - (a) Share Capital A/c
 - (b) Share Forfeiture A/c
 - (c) Profit & Loss A/c
 - (d) General Reserve A/c

7. According to Table F of the Companies Act, 2013 interest on calls in arrears charged should not exceed :
 - (a) 5% p.a.

- (b) 6% p.a.
 - (c) 8%p.a.
 - (d) 10%p.a.
8. The profit on reissue of forfeited shares is transferred to :
- (a) General Reserve
 - (b) Capital Redemption Reserve
 - (c) Capital Reserve
 - (d) Revenue Reserve
9. 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.
10. The option granted by the company to its employees and employee directors to subscribe the shares at a price lower than the market price is called as _____.
- (a) Preferential allotment
 - (b) Employees Stock option Plan
 - (c) Issue by prospectus
 - (d) Private Placement of shares
11. Z & Co. forfeited 100 shares of 10 Rs. each for non-payment of final call of 2 Rs. per share. What amount will be the amount credited to Calls in arrear A/c ?
- (a) Rs.200.
 - (b) Rs.800
 - (c) Rs.900
 - (d) Rs.1,000
12. Following amounts were payable on issue of shares by a company : Rs.3 on application , Rs.3 on allotment , Rs.2 on first call and Rs.2 on final call . X holding 500 shares paid only application and allotment money whereas Y holding 400 shares did not pay final call . Amount of calls in arrear will be:
- (A.) Rs 3,800
 - (B.) Rs 2,800
 - (C.) Rs 1,800
 - (D.) Rs 6,200
13. E Ltd. had allotted 10,000 shares to the applicants of 14,000 shares on pro-rata basis, application money on another 6000 shares was refunded .The amount payable on the application was Rs.2. Sitaraman applied for 420 shares . The number of shares allotted to him will be:
- (A.) 60 shares
 - (B.) 340 shares

- (C.) 320 shares
- (D.) 300 shares

14. A Company invited applications for 1,00,000 shares and it received applications for 1,50,000 shares. Applications for 30,000 shares were rejected and the remaining were allotted shares on prorata basis. How many shares an applicant for 3,000 shares will be allotted :
- A) 2,500 Shares
 - B) 3,600 Shares
 - C) 4,500 Shares
 - D) 2,000 Shares

16. Y Ltd. forfeited 400 shares of Rs.10 each, Called up Rs. 8 per share held by Amit on which he paid the application and allotment money each of Rs. 3 per share. What is the amount of calls in arrear from Amit?

- (A) Rs 3,200
- (B) Rs 2,000
- (C) Rs 800
- (D) Rs 4,000

17. T Ltd had allotted 20,000 shares to the applicants of 24,000 shares on pro rata basis. The amount payable on application is Rs.2. Manoranjan applied for 450 shares. The number of shares allotted and the amount carried forward for adjustment against allotment money due from him is:
- A) 150 shares, Rs.375
 - B) 375 shares, Rs.150
 - C) 400 shares, Rs.100
 - D) 300 shares, Rs.300

18. A company issued 5,000 equity shares of ₹100 each at par payable as to : ₹40 on application; ₹50 on allotment and ₹10 on call. Applications were received for 8,000 shares. Allotment was made on pro-rata. Madhav, a shareholder who applied for 400 shares failed to pay the allotment money and Krishna another shareholder allotted 300 shares paid the call money along with allotment. How much amount will be received by the company at the time of allotment?
- (A) ₹1,30,000
 - (B) ₹1,26,500
 - (C) ₹1,33,000
 - (D) ₹1,23,500

Answer question 19 and 21 based on the following details:

Drift Ltd. forfeited 800 shares of ₹10 each issued at 20% premium were forfeited for non-payment of allotment money of ₹5 (including premium) and first & final of ₹3 per share.

19. Share Forfeiture Account will be credited with :

- (A) ₹1,600
- (B) ₹2,400
- (C) ₹3,200
- (D) ₹4,800

20. Calls in arrear account will be credited with:

- (A) ₹8,000
- (B) ₹6,400
- (C) ₹1,600
- (D) ₹4,000

21. Securities premium account will be _____ with _____

- (A) Credited Rs.1,600
- (B) Debited Rs.1,600
- (C) Debited Rs.3,200
- (D) Credited Rs.3,200

22. A Company purchased a building for ₹3,60,000 and issued as payment equity shares of Rs.100 each at 20% premium. Journal Entry for issue of shares will be:

(A) Vendor's A/c.....Dr	3,60,000	
To Equity Share Capital A/c		3,00,000
To Securities Premium A/c		60,000

(B) Building A/c.....Dr	3,60,000	
To Equity Share Capital A/c		3,00,000
To Securities Premium A/c		60,000

(C) Equity Share Capital A/c	3,00,000	
Securities Premium A/c	60,000	
To Vendor's A/c		3,60,000

(D) Vendor's A/c.....Dr	3,00,000	
Forfeited Share A/c....Dr	60,000	
To Equity Share Capital A/c		3,60,000

23. A Ltd. purchased a machinery for 1,80,000 Rs. for which it is paying by issue of shares of 100 Rs. each at 10% discount. How many shares will be issued as consideration.?

- (A) 2,500
- (B) 2,000
- (C) 1,500
- (D) 3,000

24. Gopal Ltd. purchased a running business from Aman Ltd for a sum of Rs 15,00,000. The payment was made by issue of fully paid equity shares of Rs 10 each and balance by a bank draft. The assets and liabilities consisted of the following plant Rs 3,50,000; stock Rs 4,50,000; land and building Rs 6,00,000;

sundry creditors Rs 1,00,000. While acquiring the business, Gopal Ltd will record:

- (A) Rs.2,00,000 Goodwill
- (B) Rs.1,00,000 Goodwill
- (C) Rs.2,00,000 Capital reserve
- (D) Rs.1,00,000 Capital reserve

25. King Ltd took over Assets of Rs.25,00,000 and liabilities of Rs.6,00,000 of Queen Ltd. King Ltd paid the purchase consideration by issuing 10,000 equity shares of Rs.100 each at a premium of 10% and Rs.11,00,000 by Bank Draft. Calculate Purchase consideration.

- (A) Rs.14,00,000
- (B) Rs.24,00,000
- (C) Rs.22,00,000
- (D) Rs.31,00,000

26. Q Ltd, issued a prospectus inviting applications for 2,000 shares. Applications were received for 3,000 shares and pro- rata allotment was made to the applicants of 2,400 shares. If Dhruv has been allotted 40 shares, how many shares did he apply for?

- (a) 40
- (b) 44
- (c) 48
- (d) 52

27. If applicants for 80,000 shares were allotted 60,000 shares on prorata basis, the shareholder who was applied for 1,600 shares must have allotted :

- (A) 900 Shares
- (B) 800 Shares
- (C) 1,200 Shares
- (D) 1,000 Shares

28. Glow Ltd. had allotted 10,000 shares to the applicants of 14,000 shares on pro-rata basis. The amount payable on application was Rs.2. Firoz applied for 420 shares. The number of shares allotted and the amount carried forward for adjustment against allotment money due from Firoz will be

- (A) 60 shares; Rs.120
- (B) 340 shares; Rs.160
- (C) 320 shares, Rs.200
- (D) 300 shares; Rs.240

29. A company issued 20,000 shares of Rs 10 each to the public payable Rs. 2 on application, Rs. 4 on allotment and Rs. 4 on final call. Applications were received for 25,000 shares. Applications for 3,000 shares were rejected and application money refunded and remaining allotted on prorate. Any excess amount on application was adjusted against allotment. All money were duly received. What is the amount carried forward for adjustment against allotment?

- (A) Rs.4,000
- (B) Rs.6,000

- (C) Rs.5,000
- (D)Rs.2,000

29. Assertion(A): The rate of called-up on shares cannot exceed the face value of shares. Reason(R) :Called-up is a part of face value of shares.
- A)Both Assertion(A) and Reason(R) are true and Reason (R) is the correct explanation of Assertion (A).
 - B)Both Assertion(A)and Reason (R)are true and Reason (R)is NOT the correct explanation of Assertion(A).
 - C) Assertion (A) is true but Reason(R) is false.
 - D)Assertion(A) is false but Reason(R)is true
30. A Company forfeited 500 shares of 10 each for non-payment of first call of Rs.3 per share and final call of Rs.1 per share. Out of these, 300 shares were issued in such a way that Rs.1,350 transferred to capital Reserve. What is the amount debited to bank at the time of reissue?
- A)Rs.2550
 - B) Rs. 1800
 - C) Rs.450
 - D) Rs.3,000
31. If share of Rs.100 each is fully called up and is forfeited and on which Rs 60 is only paid. What is the minimum price at which it can be reissued?
- A)Rs.100 B)Rs.60 C)Rs.40 D)Rs.30.
32. The subscribed share capital of MURALI Ltd is Rs.1,00,00,000 of Rs.100 each. There were no calls in arrear till the final call was made. The final call made was paid on 97,500 shares. The calls in arrear amounted to Rs.87,500. The final call on share :
- A)Rs.20
 - B)Rs.35
 - C)Rs.25
 - D)Rs.45
33. ZOOM Ltd purchased the sundry assets of M/s Surya Industries for Rs.28,60,000 payable in fully paid shares of Rs.100 each. State the number of shares issued to vendor when issued at premium of 10%.
- A)28,000
 - B)31,778
 - C)28,600
 - D)26,000
34. A company forfeited 100 Equity Shares of Rs.10 each, issued at a premium of 20%, for the non-payment of final call of Rs.5 including premium. State the amount with which Securities Premium Reserve Account will be debited?
- (A) Rs.200
 - (B) Rs.500
 - (C) Rs.1000
 - (D) Rs.1500

35. The directors of a company forfeited 200 equity shares of Rs. 10 each on which Rs. 800 had been paid. The Shares were re-issued upon payment of Rs. 1,500. What is the amount of Discount on re-issue of shares.
- (A) Rs.200
 - (B) Rs.500
 - (C) Rs.1000
 - (D) Rs.1500
36. Z limited issued shares of Rs.100 each at a premium of 10%. Mr. Q purchased 500 shares and paid Rs.20 on application but did not pay the allotment money of Rs.30. If the company forfeited his 30% shares, the forfeiture account will be credited by
- A) Rs. 4500
 - B) Rs. 3500
 - C) Rs. 1650
 - D) Rs. 3000

Answer Q. no 37 to 40 based on the following case:

Himalaya Company Limited issued for public subscription of 1,20,000 equity shares of Rs.10 each at a premium of Rs.2 per share payable as under :

On application Rs3

On allotment Rs 5 including premium

On first call Rs2

On final call Rs2

Applications were received for 1,60,000 shares. Allotment was made on pro rata basis. Excess money on application was adjusted against the amount due on allotment. Rohan, whom 4,800 shares were allotted, failed to pay for the two calls. These shares were subsequently forfeited after the second call was made. All the shares forfeited were reissued to Teena as fully paid at Rs 7 per share.

37. What is the amount of discount on re-issue of shares?
- A) Rs.1200
 - B) Rs.800
 - C) Rs.600
 - D) 14,400
38. What is the amount is left in Share forfeiture Account, which will be shown in the Balance Sheet?
- a) Rs.1200
 - B) Rs.800
 - C) Rs.600
 - D) NIL
39. How much will be transferred to Capital Reserve Account out of Shares Forfeited Account?
- A) Rs.1200
 - B) Rs.800
 - C) Rs.600

D) Rs.14,400

40. The total Calls in Arrears are _____

A) Rs.19200

B) Rs.14400

C) Rs.1920

D) Rs15400