

2019 -2020
+2 ACCOUNTANCY - UNIT – VII
COMPANY ACCOUNTS

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CHOOSE THE CORRECT ANSWER

- 1) **A Preference share is one**
 - i) Which carries preferential right with respect to payment of dividend at fixed rate
 - ii) Which carries preferential right with respect to repayment of capital on winding up
 - a) Only (i) is correct
 - b) Only (ii) is correct
 - c) Both (i) and (ii) are correct
 - d) Both (i) and (ii) are incorrect
- 2) **That part of share capital which can be called up only on the winding up of a company is called**
 - a) Authorized Capital
 - b) Called up Capital
 - c) Capital Reserve
 - d) Reserve Capital
- 3) **At the time of forfeiture, share capital account is debited with :...**
 - a) Face Value
 - b) Nominal Value
 - c) Paid up amount
 - d) Called up amount
- 4) **After the forfeited shares are reissued, the balance in the forfeited shares account should be transferred to**
 - a) General Reserve Account
 - b) Capital Reserve Account
 - c) Securities Premium Account
 - d) Surplus Account
- 5) **The amount received over and above the par value is credited to**
 - a) Securities premium account
 - b) Calls in advance account
 - c) Share capital account
 - d) Forfeited shares account
- 6) **Which of the following statement is false?**
 - a) Issued capital can never be more than the authorised capital
 - b) In case of under subscription, issued capital will be less than the subscribed capital
 - c) Reserve capital can be called at the time of winding up
 - d) Paid up capital is part of called up capital
- 7) **When shares are issued for purchase of assets, the amount should be credited to**
 - a) Vendor's A/c
 - b) Sundry Assets A/c
 - c) Share Capital A/c
 - d) Bank A/c
- 8) **Match the pair and identify the correct option:**

(1) Under subscription	-	(i) Amount prepaid for calls
(2) Over subscription	-	(ii) Subscription above the offered shares
(3) Calls in arrear	-	(iii) Subscription below the offered shares
(4) Calls in advance	-	(iv) Amount unpaid on calls

 - a) 1-i; 2-ii; 3-iii; 4-iv
 - b) 1-iv; 2-iii; 3-ii; 4-i
 - c) 1-iii; 2-ii; 3-iv; 4-i
 - d) 1-iii; 2-iv; 3-i; 4-ii
- 9) **If a share of Rs.10 on which Rs.8 has been paid up is forfeited. Minimum reissue price is**
 - a) Rs.10 per share
 - b) Rs.8 per share
 - c) Rs.5 per share
 - d) Rs.2 per share
- 10) **Supreme Ltd. forfeited 100 shares of Rs.10 each for non-payment of final call of Rs.2 per share. All these shares were re-issued at Rs.9 per share. What amount will be transferred to capital reserve account?**
 - a) Rs.700
 - b) Rs.800
 - c) Rs.900
 - d) Rs.1,000

ADDITIONAL QUESTIONS

- 11) **Which of the following capital is not shown in company's balance sheet:**
 - a) Authorized capital
 - b) Issued and Subscribed capital
 - c) Called and paid up capital
 - d) Reserve Capital
- 12) **Share application and allotment account is a**
 - a) Personal A/c
 - b) Real A/c
 - c) Nominal A/c
 - d) None of these
- 13) **Securities premium account is shown on the liabilities side of the balance sheet under the head:**
 - a) Share capital
 - b) Reserves and Surplus
 - c) Current liabilities
 - d) None of them
- 14) **As per section 78 of the companies act, amount collected as premium on securities cannot be utilized for:**
 - a) Issuing fully paid bonus shares to the members
 - b) Purchase of fixed assets
 - c) Writing off preliminary expenses
 - d) None of these
- 15) **The portion of the authorized capital which can be called-up only on the liquidation of the company is called**
 - a) Authorized capital
 - b) Reserve capital
 - c) Issued capital
 - d) Called up capital

- 16) **Penalty for delay in refunding application money**
 a) 6 % b) 5 % c) 15 % d) 20 %
- 17) **B Ltd. Issued shares of Rs.10 each at a discount of 10%. Mr.C purchased 30 shares and paid Rs.2 on application but did not pay the allotment money of Rs.3. If the company forfeited his entire shares, the forfeiture account will be credited by**
 a) Rs.90 b) Rs.81 c) Rs.60 d) Rs.54
- 18) **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 will be**
 a) Rs.10,000 b) Rs.8,000 c) Rs.2,000 d) Rs.18,000
- 19) **Brave Ltd. Issued 60,000 shares of Rs.10 each at a discount of Re.1 per share. The application money was Rs.2, allotment money was Rs.4 and final call was of Re.1. The amount of final call will be**
 a) Rs.3 b) Rs.2 c) Re.1 d) Rs.4
- 20) **As per companies act, a company cannot proceed to allot shares unless is received**
 a) Minimum Subscription b) Allotment money c) Application money d) Call money
- 21) **Proposed dividend is shown in the balance sheet of a company under the head**
 a) Provisions b) Reserves & Surplus c) Current Liabilities d) Other liabilities
- 22) **Premium received on issue of shares are shown under the head of in balance sheet.**
 a) Reserves & Surplus b) Current liabilities c) Share capital d) Capital Reserves
- 23) **The profit remaining after issue of forfeited shares, in share forfeiture account will be transferred to**
 a) Profit & Loss A/c b) Share Capital A/c c) General Reserves d) None of the above
- 24) **Holders of preference shares will have a right to vote if the dividend remains in arrears for a period not less than**
 a) 2 years b) 3 years c) 6 years d) None of the above
- 25) **The minimum share Application money is**
 a) 5 % of the face value b) 10% of the issue price of shares c) Re.1 per share d) 15% of the face value of shares of shares
- 26) **When shares issued at premium which of the following account is credited?**
 a) Share premium A/c b) Share first call A/c c) Share allotment A/c d) Share forfeited A/c
- 27) **Minimum number of members in case of public company is**
 a) 4 b) 5 c) 6 d) 7
- 28) **After getting minimum subscription of shares, the company has to allot shares within in days**
 a) 90 b) 100 c) 110 d) 120
- 29) **If the company-A purchases the majority shares of company-B, what combination would this be referred to?**
 a) Amalgamation b) Takeover c) Absorption d) None of these
- 30) **When two or more companies carrying on similar business decide to combine, a new company is formed, it is known as**
 a) Amalgamation b) Absorption c) Internal reconstruction d) External reconstruction
- 31) **Other name for registered capital is**
 a) Issued Capital b) Nominal Capital c) Reserve capital d) None of the above
- 32) **When share issued are 10,000 but applied shares are 8,000 then it is a case of :**
 a) Over Subscription b) Under Subscription c) Pro-rata d) None of these
- 33) **Which of the following statement is true:**
 a) Authorized capital = Issued capital b) Authorized capital > Issued capital c) Paid up capital > Issued capital d) None of these
- 34) **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) Invite the public through advertisement d) None of these
- 35) **Securities Premium Reserve collected by the company can be used for:**
 a) Issue of bonus shares b) Payment of dividend c) Any business purpose d) None of these
- 36) **Shareholder are the**
 a) Owner of the company b) Lenders of the company c) Customers of the company d) All of these
- 37) **Interest on calls in advance is**
 a) 4 % p.a. b) 5 % p.a. c) 6 % p.a. d) 7 % p.a.

- 38) A company is allowed by law to sell 2,00,000 shares at Rs.2 each. Three-quarters(3/4) of these shares were bought by the public. What is the issued share capital?
 a) Rs.1,00,000 b) Rs.3,00,000 c) Rs.4,00,000 d) Rs.5,00,000
- 39) The excess amount paid over the called up value of a share is known as
 a) Calls in arrear b) Calls in advance c) Capital Reserve d) None of these
- 40) When a shareholder fails to pay the amount due on allotment or on calls, the amount remaining unpaid is known
 a) Calls in arrear b) Calls in advance c) Capital Reserve d) None of these

***** All the Best *****

ANSWERS

1	C	Only (i) is correct	21	C	Current Liabilities
2	D	Reserve Capital	22	A	Reserves & Surplus
3	D	Called up amount	23	D	Capital Reserve
4	B	Capital reserve account	24	A	2 years
5	A	Securities premium account	25	A	5 % of the face value of shares
6	B	In case of under subscription, issued capital will be less than the subscription capital	26	A	Share premium A/c
7	C	Share Capital A/c	27	D	7
8	C	1-iii; 2-ii; 3-iv; 4-i	28	D	120
9	D	Rs.2 per share	29	B	Takeover
10	A	Rs.700	30	A	Amalgamation
11	D	Reserve Capital	31	B	Nominal Capital
12	A	Personal A/c	32	B	Under Subscription
13	B	Reserves and Surplus	33	B	Authorized capital > Issued capital
14	B	Purchase of fixed assets	34	B	Does not invite the public
15	B	Reserve Capital	35	B	Payment of dividend
16	C	15 %	36	A	Owner of the company
17	C	Rs.60	37	C	6% p.a.
18	D	Rs.18,000	38	B	Rs.3,00,000
19	B	Rs.2	39	B	Calls in advance
20	A	Minimum Subscription	40	A	Calls in arrear