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Class 12 commerce Sub. ACT Date 21.08.2021

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Accounting for Share

46. Share Application Account is in the nature of:

- (A) Real Account
- (B) Personal Account
- (C) Nominal Account
- (D) None of the above

Answer

Answer: B

47. As per SEBI Guidelines, Application money should not be less than of the issue price of each share.

- (A) 10%
- (B) 15%
- (C) 25%
- (D) 50%

Answer

Answer: C

48. 4,000 Equity Shares of ₹10 each were issued at 8% premium to the promoters of a company for their services. Which account will be debited?

- (A) Share Capital Account
- (B) Goodwill Account/Incorporation Cost Account
- (C) Securities Premium Reserve Account
- (D) Cash Account

Answer

Answer: B

49. If vendors are issued fully paid shares of ₹1,25,000 in consideration of net assets of ₹1,50,000, the balance of ₹25,000 will be credited to :

- (A) Statement of Profit & Loss
- (B) Goodwill Account
- (C) Security Premium Reserve Account
- (D) Capital Reserve Account

Answer

Answer: C

50. Issue of shares at a price higher than its face value is called :

- (A) Issue at a Profit
- (B) Issue at a Premium
- (C) Issue at a Discount
- (D) Issue at a Loss

Answer

Answer: B

51. On issue of shares Premium is :

- (A) Profit
- (B) Income
- (C) Revenue Receipt
- (D) Capital Profit

Answer

Answer: D

52. Which of the following is not a capital profit?

- (A) Profit prior to incorporation of the company
- (B) Profit from the sale of fixed assets
- (C) Premium on issue of shares
- (D) Compensation received on the termination of a contract

Answer

Answer: D

53. Maximum limit of Premium on shares is:

- (A) 5%
- (B) 10%
- (C) No Limit
- (D) 100%

Answer

Answer: C

54. When a company issues shares at a premium, the amount of premium should be received by the company :

- (A) Along with application money
- (B) Along with allotment money
- (C) Along with calls
- (D) Along with any of the above

Answer

Answer: D

55. Amount of securities premium can be utilised for :

- (A) Writing off the preliminary expenses of the company
- (B) Issuing bonus shares to the shareholders of the company
- (C) Buy-back of its own shares
- (D) All of the above .

Answer

Answer: D

56. For what purpose securities premium reserve account cannot be utilized? (CPT; Dec. 2010)

- (A) Amortization of preliminary expenses
- (B) Distribution of dividend
- (C) Issue of fully paid bonus shares
- (D) Buy Back of own shares

Answer

Answer: B

57. Premium on the issue of shares should be shown :

- (A) On the Assets side of balance sheet
- (B) On the Equity & Liabilities side of balance sheet
- (C) In profit & loss Statement
- (D) None of the Above

Answer

Answer: B

58. A Company issued 50,000 shares of ₹20 each at 5% premium. ₹10 were payable on application and balance on allotment. What will be the allotment amount?

- (A) ₹5,00,000
- (B) ₹4,75,000
- (C) ₹5,50,000
- (D) ₹5,25,000

Answer

Answer: C

59. Interest on calls in arrears is charged according to Table F at:

- (A) 6% p.a.
- (B) 10% p.a.
- (C) 5% p.a.
- (D) 12% p.a.

Answer

Answer: B

60. Amount of Calls in Arrears is shown in the Balance Sheet

- (A) as deduction from issued capital
- (B) as deduction from subscribed capital
- (C) as addition to subscribed capital
- (D) on the assets side

Answer

Answer: B