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Class 12 commerce Sub. ACT Date 25.08.2021

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Accounting for Share

81. Forfeiture of shares results in the reduction of:

- (A) Subscribed Capital
- (B) Authorised Capital
- (C) Reserve Capital
- (D) Fixed Assets

Answer

Answer: A

82. Which one of the following items is not a part of subscribed capital?

- (A) Equity Shares
- (B) Preference Shares
- (C) Forfeited Shares
- (D) Bonus Shares

Answer

Answer: C

83. At the time of forfeiture of shares the share capital account is debited with (CPT, June 2011)

- (A) Face value
- (B) Called up value
- (C) Paid up value
- (D) Issued value

Answer

Answer: B

84. Voluntary return of shares for cancellation by the shareholders is called

- (A) Cancellation of shares
- (B) Forfeiture

- (C) Surrender of shares
- (D) None of these

Answer

Answer: C

85. If the Premium on the forfeited shares has already been received, then Securities Premium A/c should be : (CPT, June 2011)

- (A) Credited
- (B) Debited
- (C) No treatment
- (D) None of these

Answer

Answer: C

86. Balance of share forfeiture account is shown in the balance sheet under the head (CPT, Dec. 2010)

- (A) Share Capital Account
- (B) Reserve and Surplus
- (C) Current Liabilities and Provisions
- (D) Unsecured Loans

Answer

Answer: A

87. On an equity share of ₹10 the company has called up ₹8 but ₹6 have been received by the company is forfeited, the capital account should be debited by:

- (A) ₹10
- (B) ₹8
- (C) ₹6
- (D) ₹2

Answer

Answer: B

88. If a share of ₹10 issued at a premium of ₹3 on which the full amount has been called and ₹8 (including premium) paid is forfeited the capital account should be debited with:

- (A) ₹5
- (B) ₹8

(C) ₹10

(D) ₹13

Answer

Answer: C

89. If a share of ₹10 issued at a premium of n on which ₹9 (including premium) have been called and ₹7 including premium is paid is forfeited, the capital account should be debited by :

(A) ₹10

(B) ₹7

(C) ₹8

(D) ₹9

Answer

Answer: C

90. 600 shares of ₹10 each were forfeited for non-payment of ₹2 per share on first call and ₹5 per share on final call. Share Forfeiture Account will be credited with:

(A) ₹1,200

(B) ₹1,800

(C) ₹3,000

(D) ₹4,200

Answer

Answer: B

91. 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 73 per share. Share Forfeiture Account will be credited with :

(A) ₹1,600

(B) ₹2,400

(C) ₹3,200

(D) ₹4,800

Answer

Answer: C

92. 800 shares of ₹10 each issued at 30% premium (to be paid on allotment) were forfeited for non-payment of ₹2 per share on first call and 72 per share on final call. Share Forfeiture Account will be credited with :

(A) ₹2,400

- (B) ₹4,800
- (C) ₹3,200
- (D) ₹7,200

Answer

Answer: B

93. A Company forfeited 300 shares of ₹10 each, ₹8 per share called up, on which A had paid application and allotment money of ₹6 per share. Share Forfeiture Account will be credited with :

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

Answer

Answer: B

94. On 300 equity shares of ₹10 the company has called up ₹8 but ₹6 have been received by the company are forfeited, the forfeiture account should be credited by :

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

Answer

Answer: C

95. If 400 shares of ₹10 issued at a premium of ₹3 on which the full amount has been called and ₹8 (including premium) have been received are forfeited, the forfeiture account should be credited with :

- (A) ₹3,200
- (B) ₹2,000
- (C) ₹1,200
- (D) ₹2,800

Answer

Answer: B

96. If 500 shares of ₹10 issued at a premium of ₹1 on which ₹9 (including premium) have been called and ₹7 including premium have been paid are forfeited, the forfeiture account should be credited by :

- (A) ₹3,000
 (B) ₹3,500
 (C) ₹4,000
 (D) ₹4,500

Answer

Answer: A

97. A Company forfeited the following shares :

200 shares of ₹10 each; called up ₹9 per share, paid-up ₹7 per share. Journal Entry for forfeiture will be) :

(A) Share Capital A/c	Dr.	2,000	
To Share Forfeiture A/c			200
To Calls in Arrears A/c			1,800
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(B) Share Capital A/c	Dr.	2,000	
To Share Forfeiture A/c			1,800
To Calls in Arrears A/c			200
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(C) Share Capital A/c	Dr.	1,800	
To Share Forfeiture A/c			1,400
To Calls in Arrears A/c			400
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(D) Share Capital A/c	Dr.	1,800	
To Share Forfeiture A/c			400
To Calls in Arrears A/c			1,400
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Answer

Answer: C

98. X Ltd. forfeited 500 shares of ₹10 each, ₹7 called up, issued at a premium of ₹2 per share to be paid at the time of allotment for non-payment of first call of X2 per share.

Entry on forfeiture will be :

(A) Share Capital A/c	Dr.	3,500	
Securities Premium Reserve A/c	Dr.	1,000	
To Share First Call A/c			1,000
To Share Forfeiture A/c			3,500
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(B) Share Capital A/c	Dr.	4,500	
Securities Premium Reserve A/c	Dr.	1,000	
To Share First Call A/c			1,000
To Share Forfeiture A/c			4,500
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(C) Share Capital A/c	Dr.	4,500	
To Share First Call A/c			1,000
To Share Forfeiture A/c			3,500
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(D) Share Capital A/c	Dr.	3,500	
To Share First Call A/c			1,000
To Share Forfeiture A/c			2,500
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Answer

Answer: D

99. The amount of discount on reissue of forfeited shares cannot exceed : (CPTDec., 2012)

- (A) 5% of the face value
- (B) 10% of the face value
- (C) The amount received on forfeited shares
- (D) The amount not received on forfeited shares

Answer

Answer: C

100. Discount allowed on re-issue of forfeited shares is debited to :

- (A) Share Capital A/c
- (B) Share forfeiture A/c
- (C) Statement of Profit & Loss
- (D) General Reserve A/c

Answer

Answer: B