

QB365 Question Bank Software Study Materials

Company Accounts 50 Important 1 Marks Questions With Answers (Book Back and Creative)

12th Standard

Accountancy

Total Marks : 50

Multiple Choice Question

50 x 1 = 50

- 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) Authorised 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)	(2)	(3)	(4)
(i)	(ii)	(iv)	(iv)

 (b)

(1)	(2)	(3)	(4)
(iv)	(iii)	(ii)	(i)

**(c)

(1)	(2)	(3)	(4)
(iii)	(ii)	(iv)	(i)

(1)	(2)	(3)	(4)
(iii)	(iv)	(i)	(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
- 11) The capital of companies is divided into small units called _____
(a) shares (b) debentures (c) dividend (d) none of these

- 12) The liability of the shareholders of the company is limited to the extent of face value of the shares held by the _____
(a) shareholders (b) cardholders (c) debenture holders (d) none of these
- 13) Equity shares are also known as
 (a) authorised capital (b) issued capital (c) subscribed capital **(d) ordinary shares**
- 14) Equity shares may be issued for cash at _____
(a) premium (b) discount (c) dividend (d) none of these
- 15) When the number of shares subscribed is less than the number of shares offered, it is known as
 (a) over subscription **(b) under subscription** (c) allotment share (d) application money
- 16) The excess amount paid over the called up value of a share is known as
(a) call in advance (b) calls in arrear (c) both 'a' and 'b' (d) none of these
- 17) In the balance sheet, calls in advance should be shown as other
(a) current liability (b) current asset (c) fixed assets (d) none of these

18) Match List I with List II and Select the Correct Answer using the Codes given below.

List I	List II
(i) Voluntary association	1.Face value
(ii) Common seal	2.Private company
(iii) Limited liability	3.Affixed on the documents
(iv) Transferability of shares	4.No law

(a)

(i)	(ii)	(iii)	(iv)
4	3	1	2

 (b)

(i)	(ii)	(iii)	(iv)
1	2	3	4

 (c)

(i)	(ii)	(iii)	(iv)
4	3	1	2

 (d)

(i)	(ii)	(iii)	(iv)
3	4	1	2

- 19) The ____ of the shareholders is limited to the face value of shares.
(a) liability (b) asset (c) both (d) none of these
- 20) ____ is a voluntary association of persons.
(a) A company (b) A business (c) An organisation (d) None of these
- 21) ____ is an artificial person.
 (a) Business (b) Industry (c) Organisation **(d) Company**
- 22) A company may have a ____ which can be affixed on the documents.
(a) common seal (b) limited liability (c) transferability of shares (d) legal entity
- 23) ____ towards the repayment of capital on winding up of the company.
 (a) Equity share **(b) Preference** (c) Debenture (d) Dividend
- 24) ____ are those shares which are not preference shares.
(a) Equity shares (b) Preference shares (c) Both 'a' and 'b' (d) None of these
- 25) ____ refers to that part of issued capital which has been applied for an also allotted by the company.
 (a) Issued capital (b) Authorised capital **(c) Subscribed capital** (d) Paid up capital
- 26) ____ includes initial public offer and further public offer.
 (a) Rights issue (b) Private placement **(c) Public issue** (d) None of these

- 27) The amount of one call should not be more than ____ of the face value of the share.
(a) 25% (b) 50% (c) 75% (d) 100%
- 28) Companies have been defined in section ____ of the companies Act ____
 (a) sec 2 (1) (i), 1981 **(b) sec 3 (1) (i), 1956** (c) sec 2 (1) (j), 1981 (d) sec 3 (1) (j), 1956
- 29) When excess application money is adjusted towards allotment it is called as ____ issued capital.
 (a) 30% (b) 60% **(c) 90%** (d) 100%
- 30) ____ shares have to be reissued at a price lesser than the face value.
 (a) Issue (b) Equity (c) Subscribed **(d) Forfeited**
- 31) According to companies (Amendment) Act 2000, a company limited by shares can issue ____ kinds of shares.
 (a) 1 **(b) 2** (c) 3 (d) 4
- 32) According to Table - A, interest charged on calls in advance is ____ %
 (a) 4% (b) 5% **(c) 6%** (d) 3%
- 33) When the company issue shares at a price more than the face value it is called as an issue at ____
 (a) Par **(b) Premium** (c) Discount (d) all of these
- 34) The balance of forfeited share account is ____ in the Balance sheet.
(a) added to paid up capital (b) added to authorised capital (c) deducted from paid up capital
 (d) deducted from subscribed capacity
- 35) 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**
- 36) Share application and allotment account is a _____
(a) Personal A/c (b) Real A/c (c) Nominal A/c (d) None of these
- 37) 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
- 38) Penalty for delay in refunding application money _____
 (a) 6% (b) 5% **(c) 15%** (d) 20%
- 39) 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 finale call was of Re.1. The amount of final call will be _____
 (a) Rs.3 **(b) Rs.2** (c) Rs.1 (d) Rs.4
- 40) 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
- 41) The minimum share Application money is _____
(a) 5% of the face value of shares (b) 10% of the issue price of shares (c) Rs.1 per share
 (d) 15% of the face value of shares
- 42) After getting minimum subscription of shares, the company has to allot shares within _____ days
 (a) 90 (b) 100 (c) 110 **(d) 120**
- 43) 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
- 44) 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
- 45) Shareholder are the _____
(a) Owner of the company (b) Lenders of the company (c) Customers of the company (d) All of these
- 46) Interest on calls in advance is _____
(a) 4% p.a. (b) 5% p.a. **(c) 6% p.a.** (d) 7% p.a.
- 47) 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
- 48) What rate a company is required to pay interest on calls in advance?
(a) 6% p.a **(b) 12% p.a** (c) 10% p.a (d) 5% p.a
- 49) According to Companies Act 2000 a company limited by shares can issue_____.kinds of shares.
(a) 1 **(b) 2** (c) 3 (d) 5
- 50) The Maximum calls that a company can make_____
(a) one (b) two **(c) three** (d) four