COMPANY ACCOUNTS

Company is a voluntary association of persons formed for some common purpose. The associated members elect Board of Directors and act as a separate legal entity through the Board.

Therefore, Company is an artificial person existing only in the eyes of law. The Company is distinct from its members.

It can be defined as an artificial person created by law with a perpetual succession and a common seal.

Special features of Company:

1. It is an association of persons
2. It is not a citizen, but has a separate legal entity
3. Here members may come and go, but Company will be there
4. It cannot sign, so identified by a common seal.
5. Liability of the members are limited
6. Ownership and management is different

Different types of Company:

1. **Private Company:** Section 3(1)(iii) A company which restricts
   a) The Right of Transfer of shares
   b) Maximum membership to 50
   c) Invitation to the public to subscribe its shares
   d) Acceptance of deposits from persons other than its members and
   e) Has a minimum paid-up capital of Rs.1,00,000/-; Minimum members – 2

It may be limited liability or unlimited liability Company.

2. **Public Company**: Section 3(1)(iv) A Company which is
   a) Not a Private Company
   b) Private Company but subsidiary of Public Company and
   c) Has a minimum paid-up Capital of Rs.5,00,000/-
   d) Minimum membership – 7.

A Public Company may be

1) A limited Liability Company
2) An Unlimited Liability Company
3) Listed Company or an Unlisted Company

3. **Unlimited Companies**:

   Here the liability of members are not limited, they have to contribute like partners to settle the debts of the Company in case of liquidation.

4. **Limited Company**:

It may be limited by Shares or Guarantee.

a) Limited by Shares: Liability of the members restricted to their Share Capital
b) Limited by Guarantee: Liable upto the amount guaranteed by members

5. **Listed Company**: It means the securities of the company are listed in a recognized stock exchange.

6. **Unlisted company:** The Securities of the company are not listed in recognized stock exchange.

7. **Registered company**: If the company registered with the register of Companies, then it is a registered company.

8. **Unregistered company:** If the company is not registered with the register of Companies, then it is a registered company.

9. **Statutory Company:** Company created by a special act passed in the state legislature or parliament – LIC, UTI, RBI

10. **Government Company**: Company in which not less than 51% of the paid up capital is held by central govt. or state govt. or central and state govt. or one or more state govt. together.

11. **Holding company** – Section 4(4) Company which holds more than 51% of the paid up capital of another company.

12. **Subsidiary company** – Section 4(1) 51% or more paid up capital of such company is held by another company.

13. **Company u/s.25**: Company created for promoting art, science and commerce. They are barred from declaring dividend and the profit should be utilised for which it is created.

Incorporation of Company:

A minimum of seven persons (2 in case of Private Company) must file with Registrar of Companies the following alongwith fees to get the Company incorporation. They are the following:

a) Memorandum of Association
b) Article of Association
c) Agreement regarding appointment of Managing Director
d) List of Directors
e) Concurrence from Directors and
f) Certificate from Lawyer of High Court/ Supreme Court or Competent Authority, Informing that all formalities were followed.

If satisfied, the Registrar of Companies will issue Certificate of Incorporation.

Commencement of Business:

In case of Private Company, they can commence business immediately after getting Certificate of Incorporation, whereas a Public Ltd. Company will have to obtain Certificate of Commencement of Business from Registrar, for which, they have to satisfy the following conditions:

1) A Prospectus or Statement in lieu of Prospectus to be filled with Registrar
2) Minimum subscription to be raised
3) Directors paid for their shares
4) Secretary should certify that the conditions have been satisfied.

Minimum Subscription – Minimum amount which should be raised by issuing Share Capital. The minimum subscription is to be decided by the Board. In case of Public Company, if minimum subscription is not reached, they cannot allot shares.

Capital:

Amount required/ Investment in a Business organization.
In case of Sole Proprietorship, it is brought by the Proprietor.
In case of Firm, it is brought by the partners

When the scale of business is at higher level, then the amount of Capital required is also high, which cannot be provided by Sole Proprietorship/ Proprietorship. In such case, the capital raised from the public by issue of shares.

Capital of company may be called as

1. Authorised Capital – Maximum capital of a Company as fixed in the Capital Clause of Memorandum of Association
2. Issued Capital – Out of Authorised capital, the amount of capital issued to public
3. Unissued Capital - Out of Authorised capital, the amount of capital which is not issued to public
4. Subscribed Capital - out of Issued capital, the amount of capital subscribed by public
5. Unsubscribed Capital- out of Issued capital, the amount of capital not subscribed by public
6. Called up Capital – Amount called/ demanded from public
7. Uncalled Capital – Amount not called/ demanded from public
8. Paid up Capital – Out of the Called up money, the amount paid by public
9. Unpaid/ Calls in arrears – The amount called but not paid by public.
10. Reserve Capital – As per Section 99 of Companies Act, 1956, the Company may decide that some amount of Capital can be called up only in the event of winding up. Such capital is Reserve Capital.

Shares:

The Capital of the company is divided into a small number of fixed amounts and such small unit is called share. It is otherwise called as a unit of ownership that represents equal proportion of company's capital. The shares of the company may be divided into two

A] Preference shares and B] Equity shares

A] Preference shares:

Preference shares are those shares which have a fixed periodic income but generally do not have voting rights. They are called preference shares as they have preference over the equity share holders in the income and also distribution of capital at the time of winding up or closure of company. It may be

Redeemable preference shares

Non-redeemable preference shares – Section 80(5A), no company limited by shares shall issue irredeemable preference shares after the expiry of 20 years from the date of issue.

Convertible preference shares – it can be converted into equity shares

Non-convertible preference shares

Participating preference shares

Non- participating preference shares.

Equity shares:

Equity shares are those shares, which are not preference shares. They do not have any preferential rights in the payment of dividend or capital. But these shareholders are having voting rights and they are real decision makers.

Issue of Shares:

To raise the capital, the Company may issue prospectus stating the nature, plan of Company. Based on the prospectus, public may apply for shares to the Company.

The share application must be accompanied by money which is called Application Money. The Application money cannot be less than 5% of the Face Value – Section 69.

After receiving application, the company should ascertain whether minimum amount is subscribed by public. As per SEBI guidelines, Company has to receive atleast 90% of entire issue. If there is no minimum subscription, then the public company shall refund the money within 42 days from the date of closure.

After receiving application, the company may allot shares. If there is any over subscription, then the company may allot shares proportionately or reject some of the share applications.

After allotment, the allottee has to pay a part of capital which is called Allotment money and those who were not allotted, will get back the application money. In case of delay in refund, then company has to pay 15% interest.

After allotment is over, the company may call from the public the remaining part of the capital. This amount is called call money, which may be called in one instalment or two or three, then it is called First call, Second call and Third call.

The share price may be received in different installments. They are

a) Application money
b) Allotment money

c) First call money
d) Second call money

Shares may be issued to the public at par, discount or at premium issue at par.

ISSUED AT PAR

1. When application money is received

   Bank A/c   Dr. (amount actually received)
   To Share Application A/c

2. When excess application money returned

   Share Application A/c   Dr.
   To Bank A/c

3. When share application money transferred to share capital account

   Share Application A/c   Dr.
   To Share Capital A/c

4. When allotment is made

   Share allotment A/c   Dr. (amount due)
   To Share Capital a/c

5. When allotment money is received

   Bank A/c   Dr.
   To Share allotment A/c

6. When the excess application money is adjusted for allotment

   Share Application A/c   Dr.
   To Share Allotment A/c

7. When call money called/ due

   Share Call A/c   Dr.
   To Share Capital A/c

8. When call m money is received

   Bank A/c   Dr.
   To Share Call a/c

PROBLEM:

Fair Dealers Ltd. with an authorized capital of Rs.15,00,000/- divided into 15,000 shares of Rs.100/- each, issued 10,000 shares, payable Rs.20/- on application, Rs.20/- on allotment and Rs.30/- each of two subsequent calls. All shares were taken up by public and all money was duly received. Show journal entries.

Issue of shares at discount:

Section 79 authorises issue of shares at discount i.e. at a price less than par value/ Face Value provided the following conditions are satisfied.

1. It should not be a new company
2. It should not be a new class of shares
3. Authorised by a Resolution in General Body and approved by Company Law Board

4. Discount should not exceed 10% of the face value
5. Atleast, after one year from the date of commencement of Business
6. Issued within 2 months from the date of getting permission.

Journal entry to be passed is

Share Allotment A/c	Dr.
Discount on issue of Shares A/c	Dr.
To Share Capital A/c	

Discount on issue of shares is a capital loss and which should be written off over a period by adjusting against profit until then it will be shown on the asset side of Balance Sheet as Miscellaneous Expenditure.

PROBLEM:

Quantum Core Ltd. issued 10,000, 5% preference shares of Rs.100/- each at a discount of 8% payable as follows:

On application	Rs.20/-
On Allotment	Rs.27/-
On 1st Call	Rs.25/-
On Final Call	Rs.20/-

All the shares offered were subscribed by public. Pass Journal entries.

Issue of Shares at Premium:

A company can issue shares at premium, i.e. at a price higher than the face value. The excess money is just like capital profit and to be kept in a separate account called Share Premium which should be shown on the liability side of the Balance Sheet.

The excess money can be called up by the company either at the time of allotment or at the time of application.

According to Section 78, share premium amount can be utilised for

a) Issuing Bonus Shares
b) Set off Preliminary expenses
c) Set off the commission/ discount issued on Securities/ Debentures
d) To pay the premium on redemption of Preferential Shares/ Debentures

When premium payable with allotment:

Share Allotment A/c	Dr.
To Share Capital A/c	
To Share Premium A/c	

When premium payable with application

Share Application A/c	Dr.

To Share Capital A/c
To Share Premium A/c

PROBLEM:

Rare Earth Limited issued 20,000 shares of Rs.10/- each at a premium of Rs.2/- per share. The amount is payable as follows:

On Application	Rs.2/-
On Allotment	Rs.5/- including premium
On 1st Call	Rs.2/-
On Final Call	Rs.3/-

All shares offered were subscribed by public. Pass Journal entries.

Pro-rate allotment:

When the shares of the company are over subscribed, i.e. beyond the no. of shares issued by company, then the company may allot shares proportionately or reject some of the share application.

PROBLEM:

Shaw Wallace Company Ltd. issued 20,000 shares of Rs.100/- each payable at Rs.20/- per share on application, Rs.30/- per share on allotment and the balance in two equal calls. The company received application for 40,000 shares. The company decides to return the application money for 10,000 shares and allotted 2 shares for every 3 shares applied. The money on allotment and calls were received promptly. Pass Journal entries.

Calls in advance:

After the allotment of shares, sometimes the share holders may pay the call money which is not even called by company. Such amount is called calls in advance. The amount so received will be credited in calls in advance account until the calls are originally called for. Upto that period, interest @ 6% p.a. is to be paid.

1. Bank A/c Dr.
   To calls in advance A/c

2. Calls in advance A/c Dr.
   To Concerned call A/c

Calls in arrears:

Sometimes, the allotment or call money may not be received from the shareholders even after it becomes due. Such amount is called calls in arrear. Such amount should be debited to calls in arrear and shown on the liability as a deduction from called-up capital.

Interest at the rate of 5% p.a. for calls in arrears.

1. Calls in arrear A/c Dr.
   To Share Allotment A/c
   To Share Calls A/c
2. Bank A/c Dr.
   To Calls in arrears A/c

PROBLEM:

Oberoi Reality Ltd. was registered with a capital of Rs.15,00,000/- in shares of Rs.100/- each. It issued 5,000 shares which is payable as to Rs.25/- on application, Rs.25/- on allotment, Rs.25/- each in two different calls. All money upto allotment were duly received, but as regards the call of Rs.25/- each, a shareholder holding 200 shares did not pay the amount. Another shareholder who was allotted 300 shares paid them up in full. Pass Journal entries.

Forfeiture of shares and Re-issue of shares:

When the shareholder fails to pay call/ allotment money within the prescribed time limit, the Directors if authorised by the Articles of Association, after giving notice is empowered to forfeit the shares. It means termination of the membership, i.e. the title of the shareholder is removed but no refund will be issued. The amount so collected from the defaulting member will be transferred to forfeiture account.

The forfeited shares may be reissued. While on reissue, if it is issued at discount, then such amount can be adjusted against share forfeiture account. If still there is a surplus, then it is a capital profit and transferred to Capital Reserve.

Share Capital A/c (What is the amount called-up)
To Forfeited Shares A/c (amount already received)
To Share Allotment A/c (amount due but not paid)
To Share Calls A/c (amount due but not paid)

When Reissued:
Bank A/c Dr.
Share forfeited A/c Dr.
To Share Capital A/c

Transferring the balance amount to Capital Reserve:
Forfeited Share A/c Dr.
To Capital Reserve A/c

Problems on forfeiture and reissue:

1. Essar Group issued 10000 equity shares of Rs.10/- each at a premium of Rs.3/- per share payable as

   On application Rs.4/- per share
   On allotment Rs.5/-per share(including premium) and
   First and final call of Rs.4/- per share.

Subscriptions were received for 13000 shares. The excess money was refunded and the allotment money was received in full. The call was made in due course and the amount due was received with the exception of 100 shares. These shares were forfeited and subsequently reissued as full paid for a consideration of Rs. 8/- per share. Give journal entries.

2. P and G limited invited application for 10000 shares of Rs.100/-each at a discount of Rs.5/- per shares payable as follows:

   On application Rs.25/- per share
   On allotment Rs.35/- per share and
   Call money Rs.35/- per share

   Applications were received for 9,000 shares only and all of these were accepted. All money due were received except the call on 100 shares which were forfeited and subsequently re-issued @ Rs.90/- as fully paid. Pass journal entries

3. Accenture Ltd. is having authorised capital of Rs.1,00,000/- in shares of Rs.100/- each fully called up. Holders of 100 shares failed to pay the first call and further on 50 shares, there was arrear of second and final call of Rs.25/- per share. The Directors, after giving proper notice, forfeit the above shares.
   Pass Journal entries.

4. Kingfisher limited has an issued capital of Rs.100000/- in shares of Rs.100/- each fully called up. Holders of 50 Shares failed to pay the first call of Rs.20 per share and the second and final call of Rs.25 per share. The Directors, after giving proper notice, forfeited the above shares
   Pass Journal entries.

5. The Directors of Vodafone Limited with a subscribed capital of 20000 equity shares of Rs.25/-each, forfeit 200 equity shares held by Ashok on which he had failed to pay the call money of Rs.5 per shares. The Directors further reissued the forfeited shares at Rs.20 per shares.
   Give journal entries.

6. Essar Group issued 10,000 equity shares of Rs.10/- each at a premium of Rs.3/- per share payable as:

   On application Rs.4/- per share
   On allotment Rs.5/- per share (including premium) and
   First and final call Rs.4/- per share.

Subscriptions were received for 13,000 shares. The excess money was refunded and the allotment money was received in full. The call was made in due course and the amount due was received with the exception of 100 shares. These shares were forfeited and subsequently re-issued as fully paid for a consideration of Rs.8/- per share.

Give journal entries.

7. Goyal & Co. purchased a machine from High-life Machine Ltd. for Rs.3,80,000/-. As per purchase agreement, Rs.20,000/- were paid in cash and balance by issue of shares of Rs.100/- each. What will be the entry passed if the shares are issued:
(a) At par; (b) at 10% discount; (c) at 20% premium.

1. A company cannot issue redeemable preference shares for a period exceeding

A] 10 years	B] 20 years	C] 15 years	D] 25 years

2. Expenditure by way legal charges for drafting of memorandum and article of association of the company is allowed as

A]	Revenue expenditure
B]	Capitalized and allowed as depreciation
C]	Disallowed as in fructuous revenue expenditure
D]	allowed by way of an amortization @ 1/5 of it in every successive year after commencement

3. If a share of Rs.10 on which Rs.8 has been called and Rs.6 has been paid is forfeited. The share capital account should be debited with

A] Rs.10	B] Rs.8	C] Rs.6	D] Rs.2

4. The securities premium account may be applied by the company

A]	In writing of the preliminary expenses of the company
B]	In wring off the expenses of or the commission paid or discount allowed on, any issue of shares or debentures of the company
C]	In paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares
D]	All of the above

5. Loss on issue of debentures is generally written off in

A] 10 years	B] 8 years	C] over the period of redemption	D] 15 years

6. No journal entry is required for the cancellation of -------share capital

A] paid up	B] unissued	C] preference	D] equity

7. In case of amalgamation of two companies, adjustment entry for unrealized gain in unsold stock will be made by

A] transferee company	B] transferor company	C] both	D] none of these

8. Forfeited shares can be reissued at discount

A]	When the market value of the forfeited share is less than its nominal value
B]	When the forfeited shares were originally issued at discount
C]	When board of directors thinks to issue them at discount
D]	When the forfeited shares were originally issued at premium

9. Statutory reserve created in the books by Transferee Company by debiting amalgamation adjustment account in case of

A] amalgamation in the nature of merger	B] amalgamation in the nature of purchase	C] both	D] none of these

10.Sohan limited forfeited 1000 shares of Rs.10 each fully called up for non-payment of final call of Rs.4 per share. All of these shares were reissued as fully paid for Rs.6 per share. Amount transferred to capital reserve will be

A] 6000	B] 4000	C]2000	D] nil

11. In a scheme of reorganization amount of share surrendered by shareholder is transferred to

A] Capital reduction account	B] share surrendered account	C] capital reorganisation account	D] capital reserve account

12. Loss on issue of debentures is treated as

A] miscellaneous capital expenditure	B] current assets	C] intangible assets	D] current liabilities

13. Life insurance premium received by an insurance company should be classified as

A] accrued asset	B] accrued liability	C] prepaid expense	D] unearned revenue

14. Value of net assets of Vendor Company taken over by purchasing company is Rs.450000. Purchase consideration is discharged by allotment of shares of Rs.10/- each. Market value of each share is Rs.15/-. What is the number of shares to be issued by the purchasing company?

A] 90000	B] 45000	C] 30000	D] none

15. Forfeiture of shares is normally provided in

A] Memorandum of association	B]Articles of association	C] Decided in Annual General Body meeting	D] none

16. Which of the following is not a condition required to be satisfied for amalgamation in the nature of merger?

A	All the assets and liabilities of transferor company become the assets and liabilities of the transferee
B	Shareholder holding not less than 90% of the face value of he equity share of the transferor company becomes equity shareholder of the transferee company
C	Consideration for amalgamation is discharged by the transferee company wholly by issue of equity shares in the transferee company except for cash in respect of any fractional shares
D	The assets and liabilities of the transferor company are recorded on the basis of their fair value at the date of amalgamation

17. In case of merger

A	Business of transferor company is not intended to be carried on by the transferee company after amalgamation
B	Business of transferor company cannot be carried on by the transferee company after amalgamation
C]	Business of transferor company is intended to be carried on by the transferee company after amalgamation
D	None of the above

18. When amalgamation is effected after the balance sheet date before the issuance of the financial statement of either parties of the amalgamation

1]	Amalgamation is to be incorporated in the financial statements
2]	Amalgamation is not be incorporated in the financial statements
3]	Disclosure is to be made as per AS 4 (Revised)
4]	Disclosure is not to be made as per AS 4 (Revised)
	Which of the above is true

A] only 1	B] only 1 and 2	C] only 2 and 4	D] only 2and 3

19. Under internal reconstruction

A] company is liquidated	B] company is not liquidated	C] company is liquidated and incorporated again	D] none

20. 3500 shares of a company with face value of Rs.10 per share have been applied for by the share applicants with cash premium of Rs.40 per share. If the opening subscribed capital was Rs.5000000, The fresh balance would indicate the subscribed share capital account and cash premium account as

A] 8500000 and 14000000	B] 22500000 and 0	C] 5000000 and 17500000	D] 75000000 and 175000000

21. Forfeited share can be

A	Transferred through re-allotment
B	Sold at discount with discount not exceeding the amount forfeited
C]	Transferred through the stock exchange
D	Transferred without the authorization from the board of directors

22. In a scheme of amalgamation in the nature of purchase when the market value of the assets given up cannot be reliably assessed. Such assets

A] are valued at	B] valued at their	C] taken over by the	D] are not valued at

their cost price	book value	transferor company	all

23. In an amalgamation in the nature of purchase, consideration paid was Rs.20 crore, whereas the value of the net assets of Transferor Company acquired was Rs.15 crore The difference 5 crore should be

A] treated as capital reserve	B] treated as goodwill	C] adjusted as share capital of the transferee company	D] none

24. A company's share capital consists of 150000 equity shares of the face value of Rs.5 each, it makes a right issue of one equity share for every 3 already held at Rs.12 per share. It then makes a bonus issue of one equity share for every 5 held. Which amount will be shown in the balance sheet share capital?

A] 1200000	B] 1350000	C] 1550000	D] 1650000

25. In amalgamation, company which is amalgamated in another company is known as

A] Transferor company	B] Transferee company	C] to be transferred company	D] none

26. A company's net worth is not increased by issue of

A] Shares through private placements	B] shares in public issue	C] right shares	D] bonus shares

27. Which one of the following is not a pre-incorporation expense?

A] preparation of feasibility report	B] expenses incurred by promoters on getting memorandum of association printed	C] registration expenses before the register of company	D] expenses incurred by promoter on traveling to registrar's office

28. A limited takes over the business of B limited at the following values

Fixed assets Rs.400000, current assets Rs.200000 Debentures Rs.50000 current liabilities = 100000. What would be the amount of purchase consideration?

A] 350000	B] 450000	C] 100000	D] 250000

29. Bonus issue shall be made out of

A] Depreciation reserve for new assets	B] share premium collected in cash	C] reserve created by revaluation of fixed assets	D] all of the above

30. Forfeiture of shares is generally due to

A] share certificates getting torn and mutilated	B] share certificates getting wrongly transferred	C] non payment of premium in cash	D] non payment of call money even after proper notice

31. In case of amalgamation, if the purchasing company has allotted shares to the shareholders of vendor company in such proportion that shareholders are not getting shares in whole number fraction of shares will be

A] paid in cash	B] forfeited	C] transferred to the credit of existing shareholders of transferee company	D] none

32. Value of net assets of Vendor Company taken over by purchasing company is Rs.300000. purchase consideration is discharged by allotment of shares of Rs.10 each. Market value of each share is Rs.15. Which of the following is correct?

A] purchasing company will share capital account by Rs.300000	B] purchasing company will credit share capital A/c by Rs.200000 and current liability A/c. by Rs.100000	C] purchasing company will credit current liabilities A/c. by Rs.100000	D] purchasing company will credit share capital A/c. by Rs.200000 and share premium A/c. 100000

33. To calculate purchase consideration under the net asset method, goodwill if any

A] is added to the net assets to arrive at purchase consideration	B] is subtracted from the net assets to arrive at purchase consideration	C] has no effect on the purchase consideration	D] none

34. In case of absorption

A] a new company is formed	B] no new company is formed	C] a new company may or may not formed	D] non

35. A company has purchased plant and machinery for Rs.150000. Stock for Rs.50000 and furniture for Rs.50000. For the payment of purchase Consideration Company allotted 27500 equity shares of Rs. 10 each fully paid. The difference between purchase consideration and value of assets taken over being Rs.25000 will be

A] Debited to	B] credited to capital	C] credited to	D] debited to profit

Goodwill Account	reserve Account	securities premium account	and loss account

36.If a share of Rs.10 issued at a premium of Rs.2/- on which Rs.9(including premium) have been called and Rs.5/-(including Premium) paid is forfeited, the capital account should be debited by

A] 12	B] 10	C] 9	D] 7

37. In amalgamation, in the books of the transferor company, the following special account is opened

A] reconstruction account	B] realisation account	C] revaluation account	D] reorganization account

38. When shares are forfeited, capital account is debited by

A] nominal value of shares	B] paid up amount on shares	C] called up amount on shares	D] forfeited amount

39. The maximum amount beyond which a company is not allowed to raise funds, by issued of shares is known as

A] issued capital	B] reserve capital	C] nominal capital	D] subscribed capital

40. Which of the following is true?

A] profit prior to incorporation is a capital profit	B] preliminary expenses is non-current liability	C] accumulated losses include discount on shares and debentures	D] balance of forfeited shares is revenue reserve

41. Pre incorporation expense include

A] dividend paid to share holders	B] premium on allotment of shares	C] discount on issue of shares	D] none of the above

42. Any balance in the share forfeiture after all the forfeited shares are reissued should be

A] added to the paid capital	B] transferred to goodwill account	C] should be shown in the balance sheet under the head shareforfeiture account	D] transferred to capital reserve

43. In an amalgamation in the nature of purchase, consideration paid Rs.15 crores whereas the value of net assets of transferor acquired is 20 crores. The difference of 5 crores should be

A] treated as capital reserve	B] treated as goodwill	C] adjusted as share capital of the transferee company	D] none

44. Which of the following balances is not available for transfer to Capital redemption reserve?

A] General reserve	B] dividend equalization fund	C] development rebate reserve	D] profit and loss account

45. Capital profits arise

A] in respect of all forfeited shares	B] only in respect of the forfeited shares reissued	C] only when all the forfeited shares are reissued at a premium	D] only in respect of the forfeited shares which are not reissued

46. A limited wants to redeem its 12% redeemable preference shares of Rs.300000 at a premium of 10%. Company has Rs.150000 credit balance in profit and loss account. For the purpose of redemption company issued 3000 equity shares of Rs.100 each at 10% premium. How much amount is to be transferred to capital redemption reserve?

A] 300000	B] 150000	C] 330000	D] nil

47. If on a share of rs.100 and called up capital Rs.85, the company has recovered Rs.75
The company has recovered Rs.75, the capital account should be credited with

A] 100	B] 85	C] 75	D] 70

48. Reserve capital of a company is

A	A portion of its called up capital which is put in the reserves
B	A portion of the paid up capital which is put in the reserves
C]	A portion of its subscribed capital which is put in the reserves
D	A portion of its uncalled capital to be called only in the winding up of the company

49. While allocating various expenses between pre incorporation period and post incorporation period the amount of salaries will be allocated in the ratio of

A] Time	B] sales	C] wholly pre-incorporation	D] wholly post incorporation

		expense	expenes

50. In the purchase method of accounting for amalgamation?

A	The reserve of the transferor company including statutory reserve are included in the financial statement of the transferee company
B	The reserves of the transferor company other than statutory reserve are included in the financial statement of the transferee company
C]	The reserves of the transferor company other than statutory reserve are not included in the financial statement of the transferee company
D	The reserve of the transferor company including statutory reserve are not included in the financial statement of the transferee company