

JMS COLLEGE, MUNGER, BIHAR
(MUNGER UNIVERSITY)
Department of Commerce

B.Com Part-I (Auditing of share capital)
Multiple Choice Questions (MCQs)

1. Auditor, in general is an
 - a) Employee of the company
 - b) Agent of the company
 - c) Agent of the shareholders
 - d) None of the above

2. While checking allotment of shares the auditor should see that it is made within
 - a) 100 days of issue of prospectus
 - b) 120 days of issue of prospectus
 - c) 150 days of issue of prospectus
 - d) 80 days of issue of prospectus

3. Which of the following percentage of nominal amount of shares should be received with application
 - a) 10 b) 15 c) 5 d) 6

4. While checking allotment, auditor should see that amount
 - a) Equal to estimated fixed capital is received
 - b) Equal to estimated working capital is received
 - c) Necessary for purchase of land & building has been received
 - d) None of the above

5. For restriction regarding allotment of shares, the auditor should refer to section
 - a) 25 b) 75 c) 64 d) 69

6. For checking that allotment of shares has been properly made, an auditor should refer to
 - a) Cash Book
 - b) Shares Ledger
 - c) Directors minutes book
 - d) Shareholders minutes Book

7. Auditor should see that the return of allotment has been sent to Registrar within
 - a) 1 month b) 2 months c) 3 months d) 40 days

8. Application money should not be withdrawn unless
 - a) Allotment is made
 - b) Cash book has been prepared
 - c) Certificate to commence business obtained
 - d) Certificate of incorporation obtained

9. Shares issued for consideration other than cash should be vouched with the help of
 - a) Directors minutes book

- b) Shareholders minutes book
- c) Contract with the party concerned
- d) Cash book

10. A company can issue Redeemable Preference shares, if authorized by

- a) Memorandum of association
- b) Articles of association
- c) Companies Act, 1956
- d) None of the above

11. Auditor should see that amount received for premium on issue of shares should be shown in

- a) Subscribed capital
- b) Capital Reserve Account
- c) Share Premium account
- d) Paid- up capital account

12. Share premium account should be shown in the Balance sheet under

- a) Paid-up capital
- b) Subscribed capital
- c) Reserves & surplus
- d) Reserved capital

13. Amount of share premium may be utilized for

- a) Payment of dividend
- b) Writing of preliminary expenses
- c) Routine expenses
- d) Purchase of fixed assets

14. Shares can be issued at discount under section

- a) 76 b) 75 c) 79 d) 89

15. Interest on calls paid in advance, according to Table A, should not exceed

- a) 6% b) 5% c) 10% d) 14%

16. Shares can be issued at premium, under section

- a) 76 b) 75 c) 78 d) 79

Note : Dear students, for any doubt or clarification, send your query at madhulika.kvs@gmail.com

ANSWERS

1. (c)	2. (b)	3. (c)	4. (d)	5. (d)	6. (a)	7. (c)	8. (c)	9. (b)
10. (b)	11. (c)	12. (c)	13. (b)	14. (c)	15. (a)	16.(c)	--	--