Chapter 23

Issue, Forfeiture & Reissue of Shares

Capital of the company is divided into a number of small indivisible units of a fixed amount and each unit is called a share. The fixed value of a share is printed on the share certificate and is called nominal / par / face value of a share.

Share Capital of a company is divided into following categories :

1. **Authorised Capital :** Nominal Capital –

   Registered Capital ⇒ It is the amount of capital registered in memorandum of association. It is a maximum amount of capital that can be raised.
2. **Issued Capital :** It is a part of authorized capital which is offered to the public for subscription.
3. **Subscribed Capital :** It is a response given by public to the companies offer. It indicates no. of shares for which applications are received. If applications are received for the same no. of shares that was offered by the company, It is called as fall subscription or exect subscription. If applications are received for less no. of shares than offered it is under subscription. [Minimum subscription 90%]
4. If applications are received for more no. of shares than offer, it is called as over subscription. But the company can not issue additional shares than offered [Issued]

Preference Shares

According to sec. 85 of the companies Act, 1956 Pref. Share is one , holder of which enjoys prefencial rights in the matter of:

- Payment of dividend
- Repayment of Capital

Types of preference shares

A. Cumulative Pref. Shares:- It is one which carries right to accumulate a fixed rate of dividend to next year if not paid. In India, Pref. Share is always cumulative unless otherwise stated. If dividend is in arrears for not less than two years, holder of such shares are entitled to take part & vote on every resolution, on every matter in general body meeting of shareholders.

B. Non Cumulative Pref. Shares:- They carry right to a fixed rate of dividend but it cannot be carried forward if it is not given in a particular year. If dividend remains in arrears for a period of not less than 2 years of an aggregate period of 3 years comprised in six years ending financial year, holder of such shares are also entitled to take part and vote on all resolutions at any meeting of shareholders.

C. Participating Pref. Shares:- Apart from fixed rate of dividend these shares confer on the holder the right to participate in the surplus profit after equity holders have been paid dividend at a stipulated rate. In the event of liquidation also after equity holder have been paid they have a right to receive predetermined portion of surplus.

D. Non-participating Pref. Shares:- A share on which only fixed rate of dividend is paid every year without any accompanying additional rights in profits or in surplus on liquidation or winding up is called 'Non participating Pref. Share' unless otherwise specified, Pref. Shares are generally non participating.
E. Redeemable Pref. Shares:- These shares may be issued by company on condition that company may repay them after fixed period or even earlier at company's discretion. The repayment on there share is called redemption and is governed by section 80 of the companies Act 1956. In India companies can now issue only this category of pref. Share.
F. Non redeemable Pref. Shares:- According to sec. 80 (5A) no company limited by share shall issue irredeemable Pref. Shares or preference shares redeemable after expiry of 20 years from the date of issue.
G. Convertible Pref. Shares:- These share give right to the holder to get them converted into equity shares at their option according to the terms & conditions of their issue.
H. Non convertible Pref. Shares:- They do not enjoy the right of conversion to equity shares. Pref. Shares are non convertible unless otherwise stated.

Unless otherwise stated, Preference shares are Redeemable, cumulative, Non participating & Non convertible.

Issue of Shares for Cash :

Application money cannot be less than 5% of the face value of shares. A company cannot allot shares unless minimum subscription is received by the company.

Minimum Subscription

A public limited company cannot make any allotment of share unless the amount of minimum subscription stated in the prospectus has been subscribed & sum payable on application has been actually received by company. As part the guidelines of Security Exchange Board of India, company must receive minimum of 90% subscription against entire issue. If company neither does nor receive minimum subscription of 90% of the issue, the entire subscription shall be refunded to applicants within 78 days from the date of closure of issue as per new guidelines of SEBI. Any delay will attract interest @ 15% p.a.

Minimum Application money: Not less than 5% of face value of share.

Journal Entries for Issue of Shares for Cash :

1. On receipt of the application money

   Bank A/c Dr. (actual amount received)

   To Share Application A/c

2. On allotment of share

   Share Allotment A/c Dr. (amount due on allotment)

   Share Application A/c Dr. (application amount received)

   To Share Capital A/c(amount due on allot. & application)

3. On receipt of allotment money

   Bank A/c Dr.

   To Share Allotment A/c (amount received on allotment)

4. On a call being made

Share Call A/c Dr. (amount due on the call)

To Share Capital A/c

5. On receipt of call money

Bank A/c Dr. (amount actually received on call

Calls in arrears A/c Dr.

To Share Call A/c

Over – Subscription and Pro – Rata Allotment:

When the shares are oversubscribed, the company cannot issue shares to all the applicants. At such a time the company may allot shares to the applicants on pro – rata basis. 'Pro – rata allotment' means allotment in proportion of shares applied

<u>In Pro – rata allotment</u> the excess application money received is adjusted against the amount due on allotment or calls. Surplus money after making adjustment against future calls is returned to the applicants. When there is a pro – rata allotment, the total application money paid by an applicant is more than the exact amount due on application. The excess amount is treated as an advance against allotment.

Calls in Arrears: It is an amt. not received when demanded by the company. As per the table 'A', interest at 5% p.a. can be charged on arrears.

Calls in advance: It is an amt. received from the share holder before demanded or called by the company [Received in Advance]. It carries interest of 6% p.a. which is a mendetary provision.

Issue Price

*	Face Value	Issue Price	Issued at
1.	₹100	₹100	Par
2	₹100	₹120	20% Premium
3.	₹100	₹98	2% Discount

* Issue of shares at Par : At face value.

Liabilities		Assets	
Share capital	100	Bank	100

* <u>Issue of shares at Premium:</u> At a price higher than face value. Share premium is a capital profit, which is recorded in the Balance Sheet under that Reserves and Surplus. Share premium A/c can be utilized.
    a) For issuing fully paid bonus shares.
    b) For writing off capital losses like discount on issue.
    c) To w/off miscellaneous expenditure [Ficticious Assets] like Preliminary Expenses.
    d) To adjust premium on redemption [Repayment]

    Premium is adjusted in the entry of transfer. If it is collected at the time of allotment then entry will be:-

1) Transfer:- Share Allotment A/c Dr. (a+b)

    To Share Capital A/c a

    To Securities Premium A/c b

2) Received:- Bank A/c DR. a+b

    To Share Allotment A/c a+b

Liabilities		Assets	
Share capital Reserves and Surplus Share Premium	100 20	Bank	120
	120		**120**

* **Shares issued at discount:** At a price less than face value.
* Discount on issue of shares is a capital loss. Which is written off gradually. It is recorded in the Balance Sheet on the assets side under the hade miscellaneous expenditure to the extent not written off. Amount of discount is adjusted in the entry of transfer of allotment.

1) Transfer:- Share Allotment A/c Dr. a
   Discount of issue of shares A/c Dr. b
   To Share Capital A/c (a+b)

2) Received:- Bank A/c DR. a
   To Share Allotment A/c a

Liabilities		Assets	
Share capital	100	Bank Misc. Expenses	98 2
	110		**100**

Forfeiture of Shares : Failure to pay call money results in forfeiture of shares. Forfeiture of shares is the action taken by a company to cancel the shares. Shares are forfeited, the title of such shareholder is extinguished but the amount paid is not refunded to him. Shareholder has no further claim on the company.

In case of forfeiture the Share Capital Account will be debited with the called – up value of shares forfeited. Allotment or Calls Account will be credited with the amount due but not paid by the shareholder(s). (Alternatively, Calls – in – Arrears Account can be credited for all amount due, if it was transferred to Calls – in – Arrears Account). Forfeited Shares Account or Shares Forfeiture Account will be credited with the amount already received in respect of those shares.

Entries : Forfeiture

Share Capital A/c Dr [Called up Amt.]
   To Calls in Arrears A/c [Unpaid Amt.
   To Share forfeiture A/c [Paid up Amt.]

* **Re issue of forfeited shares :**

Bank A/c Dr [Amt. received]
Share forfeiture A/c Dr. [Discount on Re-issue]
   To Share Capital A/c [Total]

* After Re-issue of forfeited shares, Balance amount of share forfeiture a/c is transferred to capital reserve A/c because it is a capital profit.

Share forfeiture A/c Dr
   To Capital Reserve A/c

* When shares are re-issued at premium, premium on re-issue is transferred to share premium A/c

Calculation of Profit on Re–issue of Forfeited Shares :

Credit balance of forfeited shares cannot be considered a surplus until the shares forfeited have been re – issued,

Dr. **Share Forfeiture A/c** **Cr.**

To Share Reissued (No × Amt not recd per share)	xx	By Shares Forfeited (No.×Amt recd per share)	xx
To Capital Reserve	xx		
To Balance c/d (bal. No. × Amt recd)	xx		
Total	xx	Total	xx

Illustration 1 :

Rajan who was the holder of 100 shares of ₹100 each, on which ₹75 per share has been called up could not pay his dues on Allotment and First call each at ₹25 per share. The Directors forfeited the above shares and reissued 75 of such shares to Rakesh at ₹65 per share paid–up as ₹75 per share. Find the amount to be transferred to capital reserve a/c.

Dr. **Share Forfeiture A/c** **Cr.**

To Shares Reissued (75 × ₹10)	Rs. 750	By Shares forfeited (100 × ₹25)	Rs.2,500
To Capital Reserve	Rs.1,125		
To Balance c/d (25 × ₹25)	Rs 625		
Total	Rs.2,500	Total	Rs.2,500

Illustration 2 :

Atlas Co. Ltd issued 6,000 equity shares of ₹10 each payable as ₹3 per share on Application, ₹5 per share (including ₹2 as premium) on Allotment and ₹4 per share on Call. All the shares were subscribed. Money due on all shares was fully received except Rajan, Shyam, holding 200 shares, failed to pay the Call money, 200 shares were forfeited, 150 shares were subsequently re–issued to Jagan as fully paid up at a discount of ₹2 per share. Find transfer to capital reserve.

Dr. **Share Forfeiture A/c** **Cr.**

To Share Reissued (150 × ₹2)	₹ 300	By Shares Forfeited (200 × ₹6)	₹1,200
To Capital Reserve	₹ 600		
To Balance c/d (50 × ₹6)	₹ 300		
Total	₹1,200	Total	₹1,200

Forfeiture of shares, **originally issued at discount**. The amount of discount on forfeited share should be cancelled on forfeiture.

Share Capital A/c	Dr.	[called up]
To Discount on Issue of share		[Discount]
To Calls in Arrears		[Unpaid]
To Share Forfeited A/c		[Paid up]

When such shares are re-issued the original discount is again recorded.

Bank A/c	Dr.	[Amt. Received]
Discount of issue of shares A/c	Dr.	[Original Discount]
Share forfeiture A/c	Dr.	[Discount on re-issue]
To Share Capital A/c		[Total]

* Forfeiture of shares, originally issued at premium. Share premium is a profit. Profits are recorded only when realized. There for if the shares are originally issued at premium but the amount of the premium is not paid by the share holder whose share are forfeited, along with capital the amt. of premium should be cancelled.

Share Capital A/c	Dr.	[Called up Amt.]
Share premium A/c	Dr.	[Not received]
To Calls in arrears A/c		[Unpaid]
To Shares forfeiture A/c		[Paid up]

Issue of Shares for Consideration other than cash :

Company may issue shares in a direct exchange for land, building or other assets. Shares may also be issued in payment for services rendered by promoters & lawyers in the formation of the company.

Accounting Entries :

(a) When assets are purchased in exchange of shares

Assets Account Dr.

To Share Capital Account

(b) When shares are issued to Promoters

Goodwill Account Dr.

To Share Capital Account

Format of a company Balance Sheet as on

Particulars		Amt	Particulars		Amt
Authorised Capital			Fixed Assets		xx
Issued Capital			Investments		xx
Subscribed Capital			Current Assets		xx
Called up Capital			Misc. Expenditure		xx
Paid up Capital		xx	Discount on issue of	xx	
(-)Calls-in-Arrears	xx	xx	Shares / Debenture	xx	
Reserves & Surplus			Preliminary Expenses	xx	
Secured Loans		xx			
Unsecured Loans		xx			
Current Liab. & Provisions		xx			
Total		xx	Total		xx

Important Points for re - issue :

1. Loss on re – issue should not exceed the forfeited amount.
2. If the loss in re–issue is less than the amount forfeited, the surplus should be transferred to Capital Reserve.
3. The forfeited amount on shares not yet reissued should be shown in the Balance Sheet as an addition to the share capital.
4. When only a portion of the forfeited shares are re – issued, then the profit made on re–issue of such shares must be transferred to Capital Reserve.
5. For private placement of share by listed company, maximum brokerage @ 0.5% of issue price.
6. When dividend is declared by company, it is called 'Proposed Dividend' and appears on liability side of Balance Sheet under "Provision".
7. On approval from central govt. the rate of discount on issue of shares can be 20% of nominal value of shares.

MULTIPLE CHOICE QUESTIONS

1. The excess price received over the par value of shares, should be credited to ___________.
   (a) Calls-in-advance account (b) Share capital account
   (c) Reserve capital account (d) Share premium account

2. Which of the following statements is false?
   (a) The forfeited shares should not be issued at a premium
   (b) At the time of forfeiture of shares, share premium should not be debited with the amount of premium already received
   (c) Shares can be issued at a discount only after one year from the commencement of business
   (d) Share premium cannot be utilized to redeem preference shares

3. When shares are issued to promoters for the services offered by them, the account that will be debited with the nominal value of shares is ______________.
   (a) Preliminary expenses (b) Goodwill (c) Asset account (d) Share capital

4. When shares are forfeited, the Share Capital Account is debited with ___________ and the Share Forfeiture Account is credited with ____________.
   (a) Paid up capital of shares forfeited; Called up capital of shares forfeited
   (b) Called up capital of shares forfeited; Calls in arrear of shares forfeited
   (c) Called up capital of shares forfeited; Amount received on shares forfeited
   (d) Calls in arrears of shares forfeited; Amount received on shares forfeited

5. Which of the following statements is true?
   (a) Rights shares are those shares which are offered to the promoters
   (b) Rights shares are offered in lieu of dividends
   (c) Rights shares are offered to the existing shareholders in proportion to the equity shares held by them
   (d) Rights shares are first offered to employees

6. Which type of the following shares have the right to receive dividends unpaid in prior years, whenever earnings become adequate?
   (a) Cumulative preference shares
   (b) Participating preference shares
   (c) Convertible preference shares
   (d) Callable preference shares

7. Which of the following statements is false?
   (a) Interest on calls-in-advance is paid from the date of receipt of advance to the date of relevant call
   (b) Interest on calls-in-advance is paid from the date of receipt of advance to the date of appropriation to the relevant call
   (c) Interest on calls-in-advance is paid at the rate of 6% p.a.
   (d) Payment of interest on calls-in-advance is at the discretion of the company

8. Dividends are usually paid as a percentage of _____________.
   (a) Authorized share capital (b) Net profit (c) Paid up capital (d) Called up capital

9. If forfeited shares (which were originally issued at a discount) are reissued at a premium, the amount of such premium will be credited to ___________.
   (a) Share Forfeiture Account (b) Share Premium Account
   (c) Capital Reserve Account (d) Discount on issue of shares Account

10. On issue of shares, the application money should not be less than
   (a) 2.5% of the nominal value of shares (b) 2.5% of the issue price of shares
   (c) 5.0% of the nominal value of shares (d) 5.0% of the issue price of shares

11. Declared dividend should be classified in the Balance Sheet as a ___________.
   (a) Provision (b) Current liability (c) Reserve (d) Current asset

12. The interest on calls-in-advance is paid for the period from the ___________.
   (a) Date of receipt of application money to the date of appropriation
   (b) Date of receipt of allotment money to the date of appropriation
   (c) Date of receipt of advance to the date of appropriation
   (d) Date of appropriation to the date of dividend payment

13. As per Schedule VI of the Companies Act, 1956, under which of the following heads is 'Premium on issue of Preference Shares' shown in the balance sheet of a company?
   (a) Miscellaneous expenditure (b) Debentures
   (c) Reserves and Surplus (d) Current liabilities and provisions

14. Which of the following signifies the difference between par value and an issue price below par?
   (a) Securities Premium (b) Discount on issue of shares
   (c) Calls in arrear (d) Calls in advance

15. The excess price received over the par value of shares, should be credited to
   (a) Calls-in-advance Account (b) Share Capital Account
   (c) Reserve Capital Account (d) Securities Premium Account

16. On approval from the Central Government, the rate of discount on issue of shares can be _________ percent of the nominal value of the shares.
   (a) 10 (b) 20 (c) 15 (d) 5

17. The Share Premium Account should be shown under
   (a) Share Capital (b) Current Liabilities (c) Current Assets (d) Reserves and Surplus

18. If the forfeited shares are issued at a premium, the amount of the premium shall be credited to
   (a) Profit and Loss Account (b) Capital Reserve Account
   (c) Share Forfeiture Account (d) Share Premium Account

19. Which of the following statements is false?
   (a) Shares can be issued for cash or any other consideration
   (b) In the event of over subscription, excess amount has to be refunded or a pro rata allotment is to be made

(c) SEBI guide lines are applicable not only for the first issue of shares but also to subsequent issue of shares

(d) The share application money is automatically converted to share capital

20. A company invited applications for 25,000 equity shares of ₹10 each and received 30,000 applications along with the application money of ₹4 per share. Which of the following alternatives can be followed?

I. Refund the excess applications

II. Make pro rata allotment to all the applicants, and refund the excess application money

III. Not to allot any shares to some applicants, full allotment to some of the applicants and pro rata allotment to the rest of the applicants.

IV. Not to allot any shares to some applicants & make pro rata allotment to other applicants.

V. Make pro rata allotment to all the applicants and adjust the excess money received towards call money.

(a) Only (II) above
(b) Both (I) and (IV) above
(c) All (I), (II), (III), (IV) and (V) above
(d) Only (III) above

21. The document inviting offers from public to subscribe for the debentures or shares or deposits of a body corporate is a _____________.

(a) Share Certificate
(b) Stock invest
(c) Fixed Deposit Receipt
(d) Prospectus

22. As per Schedule VI of the Companies Act, 1956, Forfeited Shares Account will be ________.

(a) Added to paid up capital
(b) Deducted from paid up capital
(c) Shown as a capital reserve
(d) Shown as a revenue reserve

23. Which of the following statements is true?

(a) Par value must be separately reported in the balance sheet because it represents the market value of the shares when it was first issued

(b) Selling common shares for more than par value results in gain that is reported in the income statement

(c) Common shareholders assume a higher investment risk than long term creditors

(d) Non convertible debentures cannot be issued by companies

24. At the time of forfeiture of shares which were originally issued at a discount, the accounting entry involves ______________.

I. A debit to Share Capital Account with the called up value of shares forfeited

II. A credit to Share Forfeiture Account with the amount received on forfeited shares

III. A credit to discount on issue of shares with the amount of discount allowed on forfeited shares

IV. A credit to calls in arrears with the amount due but not paid on forfeited shares

(a) Both (I) and (IV) above
(b) Both (IV) and (III) above
(c) Both (I) and (II) above
(d) (I), (II), (III) and (IV) above

25. Capital Reserves are created out of ______________.

(a) Balance in Profit and Loss Account
(b) Capital Profits
(c) Revenue Profits
(d) Provisions

26. As per the Companies Act only preference shares, which are redeemable within _______ can be issued.
(a) 24 years (b) 22 years (c) 30 years (d) 20 years

27. The maximum amount beyond which a company is not allowed to raise funds, by issue of shares is known as ____________.
(a) Issued capital (b) Reserve capital (c) Nominal capital (d) Subscribed capital

28. Which of the following should be deducted from the share capital to find out paid up capital?
(a) Calls in advance (b) Calls in arrears (c) Share forfeiture (d) Discount on issue of shares

29. If a shareholder does not pay his dues on allotment, for the amount due, there will be a ____________.
(a) Credit balance in the Share Allotment Account
(b) Debit balance in the Share Forfeiture Account
(c) Credit balance in the Share Forfeiture Account
(d) Debit balance in the Share Allotment Account

30. The discount allowed on re-issue of forfeited shares is debited to _________________.
(a) General Reserve Account (b) Capital Reserve Account
(c) Revaluation Reserve Account (d) None of these

31. Maximum amount that can be collected as premium as a percentage of face value = ?
(a) 20% (b) 30% (c) 40% (d) Unlimited

32. The following statements apply to equity / preference shareholders. Which one of them applies only to Preference Shareholders?
(a) Shareholders risk the loss of investment
(b) Shareholders bear the risk of no dividends in the event of losses
(c) Shareholders usually have the right to vote
(d) Dividends are usually a set amount in every financial year

33. The Securities Premium amount may be utilized by a company for _____________.
(a) Writing off any loss on sale of fixed asset
(b) Writing off any loss of revenue nature
(c) Payment of dividends
(d) Writing off the expenses / discount on the issue of debentures

34. The directors of E Ltd. made the final call of ₹30 per share on May 15, 2004 indicating the last date of payment of call money to be May 31, 2004. Mr. F, holding 5,000 shares paid the call money on July 15, 2004.
If the company adopts Table A, the amount of interest on calls-in-arrear to be paid by Mr. F = ?
(a) ₹625.00 (b) ₹937.50 (c) ₹750.00 (d) ₹1,125.00

35. T Ltd. proposed to issue 6,000 equity shares of ₹100 each at a premium of 40%. The minimum amount of application money to be collected per share = ?
(a) ₹5.00 (b) ₹6.00 (c) ₹7.00 (d) ₹8.40

36. E Ltd. had allotted 10,000 shares to the applicants of 14,000 shares on pro rata basis. The amount payable on application is ₹2. F applied for 420 shares. The number of shares allotted & the amount carried forward for adjustment against allotment money due from F = ?

(a) 60 shares; ₹120 (b) 340 shares; ₹160
(c) 320 shares; ₹200 (d) 300 shares; ₹240

37. O Ltd. issued 10,000 equity shares of ₹10 each at a premium of 20% payable Rs. 4 on application (including premium), ₹5 on allotment and the balance on first and final call. The company received applications for 15,000 shares and allotment was made pro-rate. P, to whom 3,000 shares were allotted, failed to pay the amount due on allotment. All his shares were forfeited after the call was made. The forfeited shares were reissued to Q at par. Assuming that no other bank transactions took place, the bank balance of the company after effecting the above transactions = ?

(a) ₹1,14,000 (b) ₹1,32,000 (c) ₹1,20,000 (d) ₹1,00,000

38. A company forfeited 2,000 shares of ₹10 each (which were issued at par) held by Mr. John for non-payment of allotment money of ₹4 per share. The called up value per share was ₹9. On forfeiture, the amount debited to share capital = ?

(a) ₹10,000 (b) ₹8,000 (c) ₹2,000 (d) ₹18,000

39. G Ltd. acquired assets worth ₹7,50,000 from H Ltd. by issue of shares of ₹100 at a premium of 25%. The number of shares to be issued by G Ltd. to settle the purchase consideration = ?

(a) 6,000 shares (b) 7,500 shares (c) 9,375 shares (d) 5,625 shares

40. B Ltd., a listed company, proposed to issue 1,00,000 equity shares of ₹10 each at par by way of private placement. The maximum amount of brokerage that can be paid by the company = ?

(a) ₹5,000 (b) ₹10,000 (c) ₹50,000 (d) ₹25,000

41. IJK Ltd. issued 20,000 shares of ₹10 each at a premium of 20% on May 01, 2004, payable as follows:

On application	₹4.50 (inclusive of premium)
On allotment	₹2.50
On first and final call	₹5.00

Mrs. M, to whom 1,000 shares were allotted, has paid ₹5,000 on June 01, 2004. At the time of remitting the allotment money, she indicated that the excess money should be adjusted towards the call money. The directors of the company made the first and final call on October 31, 2004. The company has a policy of paying interest on calls-in-advance. The amount of interest paid to Mrs. M on calls-in-advance = ?

(a) ₹62.50 (b) ₹52.08 (c) ₹125.00 (d) ₹150.00

42. The following information pertains to X Ltd.

i. Equity share capital called up ₹5,00,000
ii. Calls in arrear ₹40,000
iii. Calls in advance ₹25,000
iv. Proposed dividend 15%

The amount of dividend payable = ?

(a) ₹75,000 (b) ₹72,750 (c) ₹71,250 (d) ₹69,000

43. Z Ltd. issued 10,000 shares of ₹10 each. The called up value per share was ₹8. The company forfeited 200 shares of Mr. A for non-payment of 1st call money of ₹2 per share. He paid ₹6 for application and allotment money. On forfeiture, the share capital account will be ____________.
(a) Debited by ₹2,000
(b) Debited by ₹1,600
(c) Credited by ₹1,600
(d) Debited by ₹1,200

44. B Ltd. issued shares of ₹10 each at a discount of 10%. Mr. C purchased 30 shares and paid ₹2 on application but did not pay the allotment money of ₹3. If the company forfeited his entire shares, the forfeiture account will be credited by ____________.
(a) ₹90
(b) ₹81
(c) ₹60
(d) ₹54

45. The authorized capital of M Ltd. consists of both cumulative preference shares and equity shares. Each 5% cumulative preference share has a par value ₹100. Each equity share has a par value ₹10. During the year April 01, 2005 to March 31, 2006, the cumulative preference share capital balance was ₹2,00,000 and the equity share capital balance was ₹5,00,000.
If dividend declarations totaled ₹8,000 and ₹15,000 in the year 2004-05 and 2005-06 respectively, the dividends allocated to the equity share holders in the year 2005-06 = ?
(a) ₹3,000
(b) ₹5,000
(c) ₹10,000
(d) ₹12,000

46. The subscribed share capital of S Ltd. is ₹80,00,000 of ₹100 each. There were no calls in arrear till the final call was made. The final call made was paid on 77,500 shares. The calls in arrear amounted to ₹62,500. The final call on share = ?
(a) ₹25
(b) ₹7.80
(c) ₹20
(d) ₹62.50

47. Mr. Big who was the holder of 200 equity shares of ₹100 each on which ₹75 per share has been called up could not pay his dues on allotment and first call each at ₹25 per share. The Directors forfeited the above shares and reissued 150 of such shares to Mr. Small at ₹65 per share paid-up as ₹75 per share. The amount to be transferred to Capital Reserve account will be
(a) ₹1,500
(b) ₹2,250
(c) ₹5,000
(d) Nill

48. As per SEBI guidelines, a company can price its issue freely when
(a) It has three years track record of consistent profitability
(b) It has five years track record of consistent profitability
(c) It has one year track record of consistent profitability
(d) No track record of profitability required.

49. Dividend paid before the end of the financial year is known as __________
(a) Interim dividend
(b) Unclaimed dividend
(c) Proposed dividend
(d) None of the three