

Course
&
Test Series

Self-Made Assignment - Advance Accounting

Share Capital

Do the questions:

- 1.) What do you mean by share capital? Explain.
- 2.) Explain the different Kinds of Share capital.

Multiple Choice Questions:

1. What does "authorized share capital" refer to?
 - a) The total capital that has been issued to shareholders
 - b) The maximum capital a company is allowed to raise through shares
 - c) The capital that has been fully paid up by shareholders
 - d) The capital used to purchase assets
2. Which of the following accounts is credited when shares are issued at a premium?
 - a) Share Capital Account
 - b) Share Premium Account
 - c) Retained Earnings
 - d) Profit and Loss Account
3. If a company issues shares at \$12 per share with a par value of \$10, the \$2 difference is recorded in which account?
 - a) Retained Earnings
 - b) Share Capital
 - c) Share Premium
 - d) Bank Account
4. Which journal entry is correct for the issuance of 1,000 shares of \$5 par value at par for cash?
 - a) Debit Share Capital \$5,000, Credit Bank \$5,000
 - b) Debit Bank \$5,000, Credit Share Capital \$5,000
 - c) Debit Share Capital \$5,000, Credit Retained Earnings \$5,000
 - d) Debit Bank \$5,000, Credit Share Premium \$5,000
5. What happens when a company forfeits shares due to non-payment of calls?
 - a) The shareholder is required to pay the remaining amount
 - b) The company cancels the shares and returns any amounts already paid
 - c) The shareholder loses the shares, and the company keeps any amount already paid
 - d) The company issues more shares to cover the unpaid amount

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