

1. As per section 81, Rights shares are issued after two years from the formation of a company or the expiry of one year from the first allotment of shares in the company whichever is earlier. **True**

2. Right shares are first offered to the existing share holders. **True**

3. Right share are not offered to the existing equity shareholders if:

a. The company in general meeting has so decided by a special resolution

b. Decided by an ordinary resolution and same has been approved by the central government

c. Right shares are offered to existing shareholders only.

**d. Both a and b.**

4. As per SEBI guidelines right issue should not be kept open for more than 60 days. **True**

5. Section 81 is not applicable to:

a. A private company

b. Conversion of debenture into shares

c. Option to subscribe for shares in the company attached to debentures issued or loan raised by the company

**d. All of the above.**

6. Which of the following statement in false:

a. Bonus issue is made out of free reserves or securities premium collected in cash only.

**b. Bonus shares can be issued out revaluation profit.**

c. No bonus issue shall be made within 12 months of any public or right issue.

d. Company can issue bonus shares in any ratio.

7. If after bonus issue the subscribed and paid up capital exceed the authorised share capital, a resolution shall be passed by the company to increase its authorised share capital. **True**

8. Which of the following Reserves which are not available for issue of fully paid bonus shares:

a. Profit and loss account

b. Dividend equalisation reserve

**c. Capital reserve arising due to revaluation**

d. Capital redemption reserve

9. Bonus shares can be issued at a premium. **True**

10. Which of the following reserves which can be utilised to make partly paid shares into fully paid up:

a. Securities premium

b. Capital redemption reserve

c. Surplus arising from a change in the method of charging depreciation

**d. Capital reserve from sale of fixed assets in cash**

11. Issue of bonus share must be provided in the articles of association of the company. **True**

12. Which of the following statement is false:

**a. Bonus issue is made in lieu of dividend.**

b. Bonus issue is not made unless the partly paid shares are made fully paid up

c. Bonus issue must be implemented within six months from the date of approval

d. Bonus is simply capitalisation of free reserves

13. Which of the following is a free reserve:

a. Plant revaluation reserve

b. Development rebate reserve

c. Investment allowance reserve

**d. Capital reserve collected in cash**

14. A Ltd is planning to raise funds by making right issue of equity shares to finance its expansion. The existing share capital of the company is one crore. Face value of the shares is Rs. 10 and Market Value is Rs. 40. The company made a right issue of 3 new shares for every 5 old shares @ Rs. 15. From the information given above calculate:

(a) Theoretical market price after right issue

a. 30

b. 30.25

**c. 30.63**

d. 31

(b) Value of Rights

a. 9.11

**b. 9.37**

c. 9.50

d. 9.67

(c) Percentage increase in share capital.

a. 40%

b. 50%

**c. 60%**

d. 70%

(d) Percentage increase in total funds.

a. 80%

**b. 90%**

c. 75%

d. 100%