3 Dolphin Limited is a bakery producing goods for wholesale. The issued share capital of the company is 300 000 ordinary shares of \$2 each. The directors offered a further 125 000 ordinary shares to family and friends. The terms of issue were:

1 April 2016 – Payable on application \$1.00 per share 30 June 2016 – Final payment \$1.10 per share

Applications were received for 150 000 shares. All monies received were entered into a holding account called 'Application for Shares'. Transfers were made from this account to the relevant ledger accounts.

The applicants were issued shares and all final payments were received on the due date. Excess application monies were returned to applicants.

REQUIRED

(a)

Prepare the relevant ledger accounts to record the issue of shares.

	[10]
(b)	Explain two differences between ordinary shares and preference shares.
	1
	2
	[4]
(c)	Name one capital reserve.
	[1]