**2021 Confucian Private Secondary Paper 2 Question 2**

Farm Fresh Holding Berhad is a company with an authorized share capital of 800,000 ordinary shares of RM 2 each, of which 500,000 shares had been issued and fully paid on 31 December 2019. The following balances were extracted from the company’s books:

|  |  |
| --- | --- |
|  | **RM** |
| Ordinary Share Capital | 1,000,000 |
| Share Premium | 200,000 |
| Retained Profits (to date) | 900,000 |
| 8% Loan Notes | 800,000 |

On 1 September 2020, the directors decided to increase the share capital by offering the remaining ordinary shares of 300,000 units to the public at a premium of RM 0.50 per share payable as follows:

|  |  |  |
| --- | --- | --- |
|  |  | **Per Share** |
| **2020** |  | **RM** |
| Sept 1 | On application | 0.40 |
| Nov 1 | On Allotment (including premium) | 1.80 |
| Dec 10 | On first and final call | ? |

Applications had been received for 520,000 shares, and they were dealt with as follows:

1. To return cheques to applicants for 60,000 shares.
2. To give full allotment to applicants for 60,000 shares.
3. To allot the remaining shares on the basis of three share for every five shares applied for.
4. The excess application monies sent by the successful applicants were not to be refunded but to be used as part payment of amounts due on allotment.

An applicant, to whom 1,000 shares had been allotted, failed to pay the amount due on the first and final call.

In the books of Farm Fresh Holding Berhad, **you are required to prepare:**

1. Journal entries to record the above issue of shares (without narrations);
2. Equity and Liabilities section as it would appear on the Statement of Financial Position as at 31 December 2020.