**Practice 1**

Chong Bhd has an authorized capital of RM800,000. It had issued 200,000 ordinary shares to the public.

The directors of the company decided to increase its issued share capital by offering a further 400,000 ordinary shares of RM1 each payable immediately in full om application.

Applications were received on 1 August Year 1 for 440,000 shares. The application monies for 40,000 shares were returned to those applicants to whom no shares were allotted on 20 August Year 1.

You are required to prepare Journal entries and Ledger accounts in the books of Chong Bhd, if the shares were issued:

1. at par;
2. at a price of RM1.80 per share.