**Practice 3**

The authorized capital of Western Bhd was 500,000 ordinary shares of RM1 each. On 1 May Year 3, the company decided to issue 300,000 ordinary shares at par.

The offer was payable per share as follows:

RM0.50 on application

RM0.25 on allotment

RM0.25 on first and final call

Applications were received for 400,000 ordinary shares. Allotment was made on 15 May Year 3 and applications monies were refunded to the unsuccessful applicants.

The amount due on allotment was received on 17 May Year 3.

The amount due on first and final call was received on 15 June Year 3 except for a shareholder who held 2,000 shares failed to pay the due amount. The shares were duly declared forfeited and reissued on 30 June Year 3 as fully paid at RM0.40 per share.

In the books of Western Bhd, **you are required to:**

1. Prepare Journal entries to record the above transactions;
2. Show Equity section as it would appear on the Statement Of Financial Position as at 30 June Year 3;
3. Show Equity section as at that date, if the 2,000 shares were not forfeited.