**Question 2**

Forest Ltd. incorporated on 1 January 2022 with an authorized capital of RM2,000,000 consisting of Ordinary Shares and 2,000,000 Preferred Shares. The par value of Ordinary Shares was twice that of Preferred Shares. As at 1 January 2023, the company’s total equity was as follows:

Forest Ltd

**Statement of Financial Position (Equity Section only)**

As At 1 January 2023

|  |  |  |
| --- | --- | --- |
| **Equity** | RM | RM |
| Share Capital: |  |  |
| * Ordinary Share Capital issued at par | 500,000 |  |
| * Preferred Share Capital issued at par | 1,000,000 | 1,500,000 |
| General Reserve |  | 30,000 |
| Retained Profits |  | 20,000 |

On 1 January 2023 , the directors decided to raise additional fund by issued 80% of the remaining Ordinary Shares at a premium of RM0.40 per share, payable as follows:

10 January RM 0.70 on application

18 February RM 0.50 on allotment (including premium)

31 March balance on first and final call

Applications were received for 600,000 ordinary shares. Allotment was made on 18 February 2023 and application monies were refunded to the unsuccessful applicants.

All the amount due on calls were collected, except for a shareholder who held 3,000 shares required for a longer time to pay the amount due on first and final call.

**You are required to prepare:**

1. Journal entries to record the above transactions. (Including cash transactions)
2. Show the equity section only on the Statement of Financial Position as at 31 March 2023.