**Question 3**

Xuan Bhd has a registered capital of RM 300,000 ordinary shares and 300,000 8% preferred shares of RM 2 each. Prior to the issue as at 1 July 2022, the following balances were extracted from the company's books:

RM

Preferred Share Capital 400,000

Ordinary Share Capital 100,000

10% Loan Notes 80,000

Share Premium 50,000

General Reserve 8,000

Retained Profits 20,000

On 1 January 2023, the company decided to offer 120,000 ordinary shares of RM 1 each at a premium of RM 0.50 per share, payable as follows:

2023

Jan 5 On application, including premium RM 0.80 per share

Feb 20 On allotment RM 0.50 per share

Mar 30 On first and final call Balance

The applications were closed on 10 January 2023. The issuance was oversubscribed for 2.5 times and dealt with as follows:

For the application of:

|  |  |
| --- | --- |
| 50,000 | Full allotment |
| 10,000 | No allotment and returned to unsuccessful applicants |
| 60,000 | To allot 2 shares for every 3 shares applied for |
| 180,000 | To allot 1 share for every 6 shares applied for |

The excess application monies were retained and offset against the amount due on allotment. Any balance remaining was then refunded on 20 February 2023.

The shares were paid in full when the first and final call was made on that day.

Following the half year result, the directors declared a half year's preferred shares dividend and an interim dividend of RM 0.06 per ordinary share. This was paid in January 2023.

Profit for the year was amounted to RM 40,000. On 30 June 2023 the board of directors recommended:

1. increase the general reserve to RM12,000;
2. creation of assets replacement reserve RM 5,000 ;
3. proposed the remaining dividend for preferred shares;
4. proposed a dividend of RM 0.08 per ordinary share.

**You are required to:**

1. prepare Journal entries, including cash transactions, to record the issuance of ordinary shares (Narrations are **not** required);
2. calculate:
   1. application monies returned;
   2. allotment monies received;
   3. final dividend on preferred shares;
   4. final dividend on ordinary shares.
3. show the company's Statement Of Changes In Equity for the year ended 30 June 2023.