

3. Evergreen Sdn Bhd was registered with an authorized capital of RM500,000 consisting of 100,000 6% Preferred Shares of RM2 each and 300,000 Ordinary Shares of RM1 each. The following information are extracted from the company's book on 31 December 2020:

	RM	RM
Issued and fully paid-up Capital		
- 6% Preferred Shares		200,000
- Ordinary Shares		120,000
Gross Profit		78,000
8% Loan Notes (Secured on Freehold Premises)		50,000
Loan Notes interest	3,000	
Retained Profit 1 January 2020		58,100
Freehold Premises	250,000	
Rental Income		5,000
Motor Vehicle	22,000	
Accumulated Depreciation of Motor Vehicle		8,000
Investment (Quoted) at cost (market value RM180,000)	200,000	
Investment Income		9,000
Accounts Receivable and Payable	10,600	25,600
Inventory 31 December 2020	12,000	
Staff Welfare Fund		8,000
General Reserve		16,000
Interim Dividend : Preferred Shares	10,000	
Ordinary Shares	6,000	
Wages and Salaries	21,000	
Bank	26,600	
Administrative expenses	18,000	
Allowance for Doubtful Debts		1,500
	579,200	579,200

Additional information:

- (i) The Allowance for doubtful debts was to be increased to RM1,800
- (ii) Wages and Salaries included RM4,600 repairs expenses.
- (iii) Annual income from investment amounted RM15,000
- (iv) Depreciation of Motor Vehicle at 10% per annum on book value
- (v) Audit fees amounted to RM8,500
- (vi) Loan Note interest is still owing
- (vii) The directors of the company declared:
 - to pay final Preferred Shares dividend
 - a final Ordinary Shares dividend of RM0.15 per share
 - increase general reserve to RM25,000
 - create an Assets Replacement Reserve RM10,000
 - transfer RM4,000 to staff welfare fund

REQUIRED:-

- (a) Prepare the following financial statements:
 - (i) Income Statement for the year ended 31 December 2020 (10%)
 - (ii) Statement of Changes in Equity for the year ended 31 December 2020 (6%)
- (b) The directors of the Evergreen Sdn Bhd decided to increase its issued share capital by offering a further 80,000 Ordinary Shares of RM1 each payable immediately in full on application.

Applications were received on 1 May 2021 for 120,000 shares, The application monies for 40,000 shares were returned to those applicants to whom no shares were allotted on 15 May 2021.

You are required to prepare Journal entries to record the issue of shares of the company.
(without narrations) (4%)

(Total: 20%)