

2. You are required to prepare Journal entries without narrations for each of the following **unrelated transactions (a) and (b)**: 36.37

(a) Summarised Statement Of Financial Position of Su Bhd

	RM		RM
Tangible Assets	236,000	Ordinary Share Capital of RM1 each	200,000
Patents And Trademarks	20,000	6% Preferred Share Capital of RM1 each	100,000
Retained Profits	89,000	Non-current Liabilities	30,000
		Current Liabilities	15,000
	<u>345,000</u>		<u>345,000</u>

A capital reduction had been approved by the court as follows:

- (i) Ordinary shares and preferred shares were to be reduced by RM0.50 and RM0.40 each respectively;
- (ii) The intangible assets and the accumulated losses were to be written off completely;
- (iii) The preferred shareholders agreed to receive 50,000 ordinary shares of RM0.50 each in full settlement for the dividends in arrears;
- (iv) The remaining balance on Capital Reduction account was to be used to reduce the value of tangible assets.

(10%)

- (b)** KK Bhd had an issued Ordinary Share Capital of RM400,000 and 8% Preferred Share Capital of RM150,000. The nominal values of both classes of shares are RM2 each.

It made the following declarations:

- (i) To redeem the whole of the 8% Preferred Share capital of RM150,000 (originally issued at a premium of 5%) at a premium of 10%.
Funds for redemption being partly financed by a new issue of 50,000 ordinary shares at a premium of RM0.50 each, and the balance by using retained profits;
- (ii) A bonus issue of 1 share for every 5 shares held (excluding the new issue) out of its share premium.

(15%)

(Total: 25%)