

Answers

Answer to Question 2.5A BA 2

(Dates omitted)

<i>(a)</i>		<i>Ordinary Share Capital</i>	
Forfeited shares (5,000 × £1)	5,000	Balance b/d	500,000
Balance c/d	<u>595,000</u>	Application and allotment	70,000
	<u>600,000</u>	First and final call	<u>30,000</u>
			<u>600,000</u>
Balance c/d	<u>600,000</u>	Balance b/d	595,000
	<u>600,000</u>	Amber	<u>5,000</u>
			<u>600,000</u>

<i>(b)</i>		<i>Share Premium</i>	
Balance c/d	<u>52,500</u>	Application and allotment	50,000
	<u>52,500</u>	Forfeited shares	<u>2,500</u>
			<u>52,500</u>

<i>(c)</i>		<i>Application and Allotment</i>	
Bank refunds (75,000 × 65p)	48,750	Bank (200,000 × 65p)	130,000
Bank refunds re: 3 for 4 allotment (25,000 × 65p)	16,250	Bank (100,000 × 55p)	55,000
Ordinary share capital	70,000		
Share premium	<u>50,000</u>		
	<u>185,000</u>		<u>185,000</u>

<i>(d)</i>		<i>First and Final Call</i>	
Ordinary share capital (100,000 × 30p)	<u>30,000</u>	Bank (95,000 × 30p)	28,500
	<u>30,000</u>	Forfeited shares (5,000 × 30p)	<u>1,500</u>
			<u>30,000</u>

<i>(e)</i>		<i>Forfeited Shares</i>	
First and final call	1,500	Ordinary share capital	5,000
Amber Ltd	1,000		
Share premium	<u>2,500</u>		
	<u>5,000</u>		<u>5,000</u>

<i>(f)</i>		<i>Amber Ltd</i>	
Ordinary share capital	5,000	Bank (5,000 × 80p)	4,000
	<u>5,000</u>	Forfeited shares*	<u>1,000</u>
			<u>5,000</u>

* Discount on reissue