

# Company Accounting Activities

## AAT Level II

### AFC - Advanced Financial Accounting & Costing

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## Accounting for Limited Liability Companies

### Activity 01

On 01.01.2022 ABC PLC issued 100,000 shares to public at a consideration of Rs. 30 closing date for application collection was 31.01.2022. 120 000 Shares were applied by applicants on 31.01.2022. On 05.02.2022 excess money was refunded to applicant and remaining were capitalized.

You are required to:

- a) Write the relevant journal entries to record the share issue.
- b) Record the share issue in ledger accounts.
- c) Prepare the extracts of the Statement of Changes in Equity (SoCE) for the year ended 31.12.2022 and the Statement of Financial Position as at 31.12.2022.

### Activity 02

JKH PLC issued 100 000 irredeemable preference shares at a consideration of Rs. 50 on 01.01.2022 to general public. Closing date for application collection was 31.01.2022 and 250 000 shares were requested on applications.

You are required to:

- a) Answer the following questions referring to above incidents.
  1. Amount collected with applications
  2. Amount rejected
  3. Amount of capitalizations /amount of allocated shares?
- b) Write down journal entries if all the money was collected to cash control account.
- c) Prepare the extracts of the Statement of Changes in Equity(SoCE) for the year ended 31.12.2022 and the Statement of Financial Position as at 31.12.2022.

### Activity 03

Differentiate between right issue and reserve capitalization

	Right Issue	Reserve capitalization
Cash Flow		
Total Equity		
Use of reserves		
Number of Shareholders		

#### Activity 04

Hayleys Co

Statement of Financial Position as At 31/12/2023 (Extract) Rs'000

Stated capital - Ordinary Shares	10,000
Revaluation reserve	7,000
Retained earnings	8,000

Hayleys Co has stated capital comprising 10,000,000 ordinary shares issued at Rs 1 each. The company decided on a bonus issue of shares of 1 for 4 at a consideration per share of Rs. 2.

#### Required

1. Write the double entry to record the bonus issue of shares and prepare the adjusted statement of financial position extract after the bonus issue.

#### Activity 05

Chamil's Co

Statement of Financial Position as At 31/12/2023 (Extract) Rs.

Stated capital – Ordinary Shares	450,000
General reserve	130,000
Retained earnings	85,000

The directors of the company decided to make a right issue at a ratio of 9 : 4 for a consideration of Rs. 12. The market price of a share is Rs.25.

#### Required

Write the double entry to record the right issue of shares.