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SCHOOL: STRONG TOWER ACADEMY

SUBJECT: FINANCIAL ACCOUNTING

CLASS: SS2

TOPIC: ISSUE OF SHARES

Tiwon Ltd makes an issue of 40,000 ordinary shares of ₦2 each at par on 1<sup>st</sup> January 2008. Application with total amount of money were received for 40,000 shares and shares were allocated to the applicants

Required:

- (a) Show the journal entries for the transactions
- (b) Prepare the ledger

**Solution**

JOURNAL	DR ₦	CR ₦
Bank account	80,000	80,000
Application account		
Being money collected on application		
Application account	80,000	80,000
Ordinary shares capital account		
Allotment of 40,000 ordinary share at ₦2 each		

**LEDGERS**

Dr	Bank account	Cr
	₦	
Application	<u>80,000</u>	

  

Application account			
	₦		₦
Ordinary share capital	<u>80,000</u>	Bank	<u>80,000</u>

Ordinary share capital Account

		₦
	Application	<u>80,000</u>