



Subject: Year 13 Accounting Worksheet 19 Name: _____

Strand 3	Company Accounting
Sub strand 3.2	Formation of companies
Content Learning Outcome	Discuss the accounting for formation of Companies

Question 1 Formation of Companies

Tiara Company Ltd was registered on 1 January, 2020 with an authorized capital of \$500 000 Shares at \$1 each.

On 5 January, 2020 the directors decided to issue 400 000 ordinary shares at \$1 each on the following terms:

\$0.50 per share on Application

\$0.25 per share on Allotment

\$0.25 per share on Call

All application monies were received by 10th January.

On 16 January, 2020, the directors allotted the shares.

All allotment monies were received by 25th January.

A call was made on 26th January and money was received, with the exception of call on 200 shares

Required:

Prepare the general journal entries for formation of companies from the information given above.