

ΕΡΩΤΗΣΕΙΣ

1. Όσον αφορά τις εταιρείες περιορισμένης ευθύνης, να εξηγήσετε τους όρους
 - (i) νομική οντότητα και
 - (ii) περιορισμένη ευθύνη
2. Να συγκρίνετε τις εταιρείες περιορισμένης ευθύνης με τις ατομικές επιχειρήσεις
3. Ποια είναι η διαφορά μεταξύ εξαγοράσιμων και μη εξαγοράσιμων προνομιούχων μετοχών;
4. Να εξηγήσετε τις κύριες διαφορές μεταξύ μετοχών και ομολογιών.
5. Τι είναι η «έκδοση δικαιωμάτων αγοράς μετοχών» (rights issue) και γιατί μια εταιρεία προβαίνει σε τέτοια έκδοση;
6. Τι είναι η «έκδοση μετοχών δώρου» (bonus issue) και γιατί μια εταιρεία εκδίδει «μετοχές δώρου» (bonus shares);
7. Να εξηγήστε τις διαφορές μεταξύ κεφαλαιουχικών αποθεματικών (capital reserves) και αποθεματικών προσόδων (revenue reserves).
8. Pantheon Ltd has an issued share capital of 100 000 ordinary €2 shares.
On 1 March 2017 it decides to have a rights issue of 2 ordinary €2 shares for every 5 shares held.

REQUIRED

- a) What will Pantheons Ltd.'s issued share capital be **after** the rights issue?
 - b) Show the journal entries if the rights were offered at €2,40
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9. George owns 20 000 €1 shares in Lamda Ltd. The company decides to have a bonus issue of 1 new share for every 5 shares held.

REQUIRED

What will George's total number of shares be after the bonus issue?

PRACTICE QUESTIONS - Issue of shares

1. Bella plc is a newly register company with an Authorised capital of €200.000 of €1each.

During 2017 the following transactions took place in relation to its capital structure.

- i. On January 31 Bella plc made its first issues of 10.000 ordinary shares at par.
- ii. On July 31 Bella plc made a 2 for 5 rights ordinary shares at €1.50 which was fully taken
- iii. On August 20 the directors decided to make a bonus issue of 1 share for every 10 held by utilizing part of the share premium
- iv. On December 20 the company paid €0.10 dividend per share. All the shares were eligible for the dividend

REQUIRED

- a. Show the journal entry to record the transactions (i-iv) above
- b. Show the Ordinary Share Capital a/c
- c. Show the Share Premium a/c
- d. Show Statement of Financial Position as at 31 December 2017

Explain the difference between a rights issue of shares and a bonus issue of shares

(Να εξηγήσετε τις κύριες διαφορές μεταξύ έκδοσης δικαιωμάτων αγοράς μετοχών και δωρεά έκδοση μετοχών)

2. You are the Finance Director of Latsi Marina plc, who did not have a very successful year due to high interest payments on a Bank loan. The Equity and Liabilities section of the Statement of Financial Position of Latsi Marina plc at 1 January 2017, the start of the financial year, is shown below:

Equity and Liabilities

Equity	€m	€m
Ordinary share capital of €1	300	
Share premium	80	
General Reserve	20	
Retained earnings	(50)	250

Non-current liabilities

9% Bank loan 400

- On June 1 2017 the directors decided to raise another €360 million by making a rights issue on a 'one for one' basis at a price of €1.20
- On August 10 the directors decided to use part of the proceeds from the issue of shares to repay 50% of the bank loan
- On December 1 2017, the company made a bonus issue of shares of 1 for every 6 held by utilizing part of the share premium

REQUIRED

- a. Show the journal entries to record the rights issue, bonus issue and the repayment of loan
 - b. Prepare the Ordinary Share Capital a/c and the Share Premium a/c
 - c. Show the revised Statement of Financial Position after the above transactions have taken place.
 - d. Give two reasons why companies make a rights issue of shares
3. Famagusta Limited has an Authorised capital of 1.600.000 €1 ordinary shares. On 1 January 2017 the issued share capital was €200.000 and the balance of the share premium was €40.000.

Famagusta Limited operates a rapid growth industry and has been very successful. The directors are very ambitious and wish to raise further capital to finance expansion.

During the twelve months to 31 December 2017 the following events occurred which related to the share capital:

- i. On January 1 the company offered to the public 300.000 ordinary shares at a price of €1.50.
- ii. On July 20 the company made a 2 for 5 rights issue at €1.40
- iii. On November 1, a bonus issue of shares was made of 1 for every 10 shares held by utilizing part of the share premium
- iv. The company paid a dividend of €0.05 per share on December 31. All the shares were eligible for the dividend payment

REQUIRED

- a. Show the journal entries to record the transactions (i-iv) above
- b. Prepare the Ordinary Share Capital a/c and the Share Premium a/c.
- c. Evaluate the decision of the directors to raise further funds by issuing ordinary shares instead of Loan Notes(debentures)
(Αξιολογείστε την πρόταση των διευθυντών να εκδώσουν μετοχές για την χρηματοδότηση της επιχείρησης αντί της έκδοσης ομολόγων)

ANSWERS

1. (a) Bella plc

2017		Dr	Cr
		€	€
Jan 31	Cash (€1.0x10.000)	10.000	
	Ordinary share capital		10.000
July 31	Cash (€1.5x4,000)	6.000	
	Share premium (€0.5x4.000)		2.000
	Ordinary share capital (€1 x4.000)		4.000
Aug 20	Share Premium(€1.0x1.400)	1.400	
	Ordinary share capital		1.400
Dec 20	Dividends/Retained Earnings	1.540	
	Bank (€0.10x15.400)		1.540

Workings

	Shares
Public issue	10.000
Rights issue (10.000x2/5)	4.000
Bonus issue(10.000+4.000)x1/10	<u>1.400</u>
Total number of shares	<u>15.400</u>

(b) Ordinary share capital A/c

2017		€	2016		€
Dec 31	B/ce c/d	15.400	Jan 31	Cash(public issue)	10.000
			July 31	Cash (rights) issue	4.000
			Aug 20	Share premium (bonus issue)	1.400
		15.400			15.400
			2017		
			Jan 1	B/ce b/d	15.400

(c)

Share premium A/c

2017		€	2017		€
Aug 20	Ord share capital (bonus issue)	1.400	July 31	Cash (rights issue)	2.000
Dec 31	B/ce c/d	600			
		2.000			2.000
			2018		
			Jan 1	B/ce b/d	600

(d) **Statement of Financial Position (extract) as at 31 December 2017**

Equity and Liabilities

Equity

Share capital: equity shares of €1 each

Share premium

€

15.400

600

16.000

2. (a) Latsi Marina plc

2017		Dr	Cr
		€m	€m
June 1	Cash (€1.20x300)	360	
	Share premium (€0.2x300m)		60
	Ordinary share capital (€1x300m)		300
Aug 10	Bank loan (400x50%)	200	
	Cash		200
Dec 1	Share Premium(€1.0x72m*)	100	
	Ordinary share capital		100
	*(300m+300m)1/6		

(b)

Ordinary share capital A/c

2017		€	2017		€m
Dec 31	B/ce c/d	700	Jan 1	B/ce b/d	300
			Jan 31	Cash(rights)	300
			Aug 12	Share premium (bonus)	100
		700			700
			2017		
			Jan 1	B/ce b/d	700

(c)

Share premium A/c

2017		€m	2017		€m
June 1	Ord share capital (bonus)	100	Jan 1	B/ce b/d	80
Dec 31	B/ce c/d	40	Jan 31	Cash	60
		140			140
			2018		
			Jan 1	B/ce b/d	40

Statement of Financial Position (extract) as at 31 December 2017**Equity and Liabilities****Equity**

	€m	€m
Ordinary share capital of €1	700	
Share premium	40	
General Reserve	20	
Retained earnings	(50)	710

Non-current liabilities

9% Bank loan (400-200)		200
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3. (a) Famagusta plc

2017		Dr	Cr
		€	€
Jan 1	Cash (€1.5x300.000)	450.000	
	Share premium(€0.5x300.000)		150.000
	Ordinary share capital		300.000
July 20	Cash (€1.4x200.000)	280.000	
	Share premium (€0.4x200.000)		80.000
	Ordinary share capital (€1x200.000)		200.000
Dec 1	Share Premium(€1.0x70.000)	70.000	
	Ordinary share capital		70.000
Dec 20	Dividends/Retained Earnings*	38.500	
	Bank		38.500
*dividend:770.000 shares x€0.05=€38.500			

Workings

	Shares
Balance at 1 January	200.000
Public issue	300.000
Rights issue (500.000x2/5)	200.000
Bonus issue(200.000+300.000+200.000)x1/10	<u>70.000</u>
Total number of shares	<u>770.000</u>

(b) Ordinary share capital A/c

2017		€	2017		€
Dec 31	B/ce c/d	770.000	Jan 1	B/ce b/d	200.000
			Jan 1	Cash (public issue)	300.000
			July 20	Cash (rights issue)	200.000
			Nov 1	Share premium (bonus issue)	70.000
		<u>770.000</u>			<u>770.000</u>
			2018		
			Jan 1	B/ce b/d	770.000

(c) Share premium A/c

2017		€	2017		€
Nov 1	Ord share capital (bonus issue)	70.000	Jan 1	B/ce b/d	40.000
			Jan 1	Cash (public issue)	150.000
Dec 31	B/ce c/d	200.000	July 20	Cash (rights issue)	80.000
		<u>270.000</u>			<u>270.000</u>
			2018		
			Jan 1	B/ce b/d	200.000