

TUBER Inc.

On April the 4th, 2009, four shareholders form TUBER Inc., with the aim of manufacturing and commercializing steel pipes. The Share Capital is an amount of 1,000,000 €, divided into 50,000 shares of the same Par Value, issued in a 100%. Shares that contribute in cash will outlay a 40% in this moment. They incur in 25,000 € forming costs.

Shareholders Ahmed, Bereanu and Cámara subscribe 14,000 shares each contributing with cash. Deveraux subscribes the rest of the shares contributing with a machine valued by the independent expert in 80,000 €, with the compromise of contributing with steel pipes in six months for the amount owed to the Company.

On September the 1st, 2009 the Company calls the shareholders to outlay the uncalled capital. A month later they had all satisfied their debts. Deveraux also contributes her compromise on time.

On the December 15th, 2011, TUBER's Owner's Equity is formed by the Share Capital, Legal Reserve in the minimum required by the Law, and Voluntary Reserves in an amount of 120,000 €.

The rest of Balance Sheet accounts are: Land: 310,000, NC Debts financial institutions: 120,000, Buildings: 730,000, Furniture 50,000, Merchandises 175,000, Suppliers: 35,000, Trade Receivables 70,000, Accumulated Depreciation: 60,000, Machinery: 180,000, Banks: 90,000, C. Debt Financial Institutions: 25,000, Merchandises Impairment: 5,000, P/L Period 80,000, Vehicles: 40,000.

On February the 1st, 2012 the Company decides to increase Capital issuing 2 new shares for every 5 old with the same par value as the old ones, partially covered by reserves.

Ahmed and Bereanu decide not to take up the offer and sell their preemptive rights to Elorduy, new shareholder for the theoretical value. Cámara and Deveraux take up their offer.

At the end of the period and having recorded no more transactions related to the Equity, the Company presents a profit of 50,000 €. On March the 3rd of 2013, they decide to distribute this profit considering what the Law stands, and the rest will go as dividends.

1. Record all transactions described.
2. Present the Balance Sheet on December the 15th 2011.
3. Calculate the value of the preemptive right.
4. Calculate how much they have to pay each in the increase of Capital.
5. Calculate how much they receive each of the shareholders in terms of dividends.

SOLUTION

**The next template offered is not necessary. The student can choose whether to use it or not. It is only a guide that can help the student in the solution of the exercise.*

1. Record the transactions described in a chronological order.

Date Transaction	Entry	Debit	Credit
Date Transaction	Entry	Debit	Credit
Date Transaction	Entry	Debit	Credit
Date Transaction	Entry	Debit	Credit
Date Transaction	Entry	Debit	Credit
Date Transaction	Entry	Debit	Credit

2) Prepare the Balance Sheet of TUBER on the 15th December 2011.

ASSETS	EQUITY & LIABILITIES
TOTAL	TOTAL

3. Calculate the value of the preemptive right.

Pre-emptive right=

4. Calculate how much has to pay each shareholder in the increase of Capital.

	Ahmed	Bereanu	Cámara	Deveraux
Cost of shares subscribed				

5. Calculate how much they receive each of the shareholders in terms of dividends.

	Ahmed	Bereanu	Cámara	Deveraux
Dividends received				