2 The following is an extract from the statement of financial position of WX Limited at 1 March 2016:

Equity	\$
Ordinary share capital (\$0.50 each)	150 000
Share premium account	60 000
Retained earnings	40 000

The following additional information is available:

- 1 On 30 April 2016, the non-current assets were revalued from their net book value of \$175,000 to \$225,000.
- 2 On 30 June 2016, a bonus issue was made on the basis of three ordinary shares for every ten held. Reserves were kept in the most distributable form.
- 3 On 30 September 2016, a rights issue was offered on the basis of one ordinary share for every eight held. The ordinary shares were offered at a price of \$0.80 per share and the issue was fully subscribed.
- 4 On 31 December 2016, the company paid a dividend of \$0.04 on all shares in issue at that date.
- 5 Profit for the year ended 28 February 2017 was \$50 500.

REQUIRED

(a) Prepare a statement of changes in equity for the year ended 28 February 2017 (A total column is **not** required.)

WX Limited
Statement of Changes in Equity for the year ended 28 February 2017

Share capital	Share premium	Retained earnings	Revaluation reserve
\$	\$	\$	\$

	this space for your workings.
	[11]
(b)	State three advantages and one disadvantage to a limited company of making a bonus issue of shares.
	Advantages
	1
	2
	3
	Disadvantage
	1
	[4]