

- 3 K Limited prepares annual accounts to 30 September. the year ended 30 September 2018, the directors have calculated profit from operations of \$44 500. On 31 January 2018 they redeemed a 6% debenture of \$100 000 together with accrued interest to that date.

**REQUIRED**

- (a) Calculate the profit for the year ended 30 September 2018.

.....

.....

.....

..... [2]

**Additional information**

The directors have provided the following extract from the statement of financial position at 1 October 2017.

Equity	\$
Ordinary shares of \$0.25 each	500 000
Share premium	175 000
Retained earnings	<u>540 000</u>
	<u>1 215 000</u>

The following information is also available:

- 1 On 31 December 2017, a rights issue of ordinary shares was made at a premium of \$0.15 per share on the basis of 2 ordinary shares for every 5 held on that date. The issue was fully subscribed.
- 2 On 31 March 2018, a bonus issue was made on the basis of 3 ordinary shares for every 5 held on that date. Reserves were maintained in the most flexible form.
- 3 On 30 June 2018, an interim dividend of \$0.05 per share was paid on all shares in issue on that date.
- 4 On 30 September 2018, buildings were revalued at \$1 200 000. The original cost of the buildings was \$1 000 000 and had been depreciated by \$150 000.

## REQUIRED

(b) Prepare the statement of changes in equity for the year ended 30 September 2018.

	Ordinary shares \$	Share premium \$	Revaluation reserve \$	Retained earnings \$
At 1 October 2017	500 000	175 000	–	540 000

Workings:

[11]

(c) State **one** difference between a capital reserve and a revenue reserve.

.....

.....

.....

..... [2]