

- | | |
|---|----------------|
| | \$ |
| Ordinary shares of \$2 each, fully paid | 240 000 |
| Share premium | 8 000 |
| General reserve | 40 000 |
| Retained earnings | <u>75 500</u> |
| | <u>363 500</u> |

March 1	Issued 10 000 ordinary shares at \$2.10 each
March 31	Paid final dividend of 3% on all shares in issue at 31 December 2014
December 31	The directors revalued the company premises upwards by \$20 000

[5]

Additional information

The directors of Rebuild Limited made a bonus issue of ordinary shares on 30 June 2016. The basis of the issue was one ordinary share for every twenty-five ordinary shares held. The company policy is to leave reserves in their most flexible form.

The profit for the 6 months ended 30 June 2016 was \$25 000.

REQUIRED

(b) Prepare the statement of changes in equity for the 6 months ended 30 June 2016.

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..... [4]

(c) State **two** differences between ordinary shares and debentures.

1

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2

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..... [4]

Additional information

The following item appears on the statement of financial position of Rebuild Limited at 31 December 2015:

6% debentures (2018–2020)	\$60 000
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REQUIRED

(d) State the significance of (2018–2020).

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..... [1]

(e) State why an issue of debentures does **not** appear in the statement of changes in equity.

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..... [1]