

17 A company has the following capital and reserves.

	\$000
ordinary shares of \$1 each, fully paid	1250
share premium account	100
revaluation reserve	200
general reserve	150
retained earnings	210

It is company policy to maintain reserves in their most flexible form.

The company makes a 1-for-5 bonus issue.

What is the maximum amount of distributable reserves **after** the bonus issue?

- A** \$110 000 **B** \$310 000 **C** \$360 000 **D** \$410 000

18 P Limited has an ordinary share capital of 100 000 shares of \$1 each. The market value per share is \$1.20.

Which entries could record a 1-for-10 bonus issue of ordinary shares?

		debit \$	credit \$
A	dividend ordinary shares	10 000	10 000
B	dividend ordinary shares share premium	12 000	10 000 2 000
C	retained earnings ordinary shares	10 000	10 000
D	retained earnings ordinary shares share premium	12 000	10 000 2 000