

- 18** A company made a bonus issue of shares on the basis of 1 for every 3 held. The directors wish to keep the reserves in the most flexible form.

Balance Sheet extract (before bonus issue)	\$000
capital and reserves	
ordinary shares \$0.20 each	900
share premium	100
revaluation reserve	170
retained profits	130
	1300

What will be the position after the bonus issue?

	Share capital \$000	Share premium \$000	Revaluation reserve \$000	Retained profits \$000
A	1200	nil	nil	100
B	1200	nil	70	30
C	1200	nil	100	nil
D	1200	100	nil	nil

- 19** A limited company has an authorised share capital of \$750 000 and an issued share capital of \$450 000 in \$1.00 ordinary shares.

It makes a 1 for 3 rights issue of shares at \$2.00 per share which is fully taken up.

What is the balance on the share capital account following this transaction?

- A** \$600 000 **B** \$700 000 **C** \$750 000 **D** \$900 000

- 20** A company with an issued share capital of \$200 000 of \$1.00 ordinary shares makes a bonus issue of one \$1.00 ordinary share for every five already held. It also issues \$80 000 debentures at a discount of 5 %.

The company has a bank balance of \$40 000 before the issues.

What is the bank balance after the issues?

- A** \$76 000 **B** \$116 000 **C** \$120 000 **D** \$166 000