

19 Which reserves are revenue reserves?

- 1 general reserve
- 2 retained earnings
- 3 revaluation reserve
- 4 share premium account

A 1 and 2 **B** 1 and 3 **C** 2 and 4 **D** 3 and 4

20 A limited company has the following in its statement of financial position at 31 March.

equity	\$
ordinary share capital	200 000
retained earnings	82 500
share premium	80 000

Ordinary shares have a par value of \$0.40 each.

A bonus issue is made on the basis of 3 shares for every 8 shares held at 31 March. The issue is made so that reserves are kept in their most flexible form.

What are the balances on the reserve accounts after the bonus issue has been made?

	retained earnings \$	share premium \$
A	7 500	80 000
B	52 500	80 000
C	82 500	5 000
D	82 500	80 000