

- | | |
|--|---------|
| | \$ |
| Share capital (ordinary shares of \$0.50 each) | 150 000 |
| Share premium | 25 000 |
| Retained earnings | 28 700 |

1 August 2020	Made a rights issue of one ordinary share for every five shares held at \$0.70 per share. The issue was fully subscribed.
1 December 2020	Paid a dividend of \$0.02 per share on all shares in issue at that date.
1 March 2021	Made a bonus issue of two ordinary shares for every nine shares held. Reserves were left in the most flexible form.
30 June 2021	Proposed a final dividend of 2%.

REQUIRED

- Ordinary share capital

[illegible]

Share premium

Date	Details	\$	Date	Details	\$

Retained earnings

Date	Details	\$	Date	Details	\$

[11]

(b) State **two** differences between capital reserves and revenue reserves.

- 1
- 2

[2]

(c) Explain **one** reason why a company might make a bonus issue of shares.

.....

..... [2]