

## **Paul Robbins** training and consultancy

### **Financial Statements of Limited Companies**

#### **Statement of Changes in Equity – Worked Example**

*The equity section of the Statement of Financial Position of River Ltd at 1 January 20X5 is shown below:*

#### **Equity**

	£
<i>Ordinary shares of £1 each fully paid</i>	<i>150,000</i>
<i>Retained earnings</i>	<i>128,000</i>
	<i>278,000</i>

*On 1 September 20X5, a rights issue of shares was made. The shares were issued on the basis of one new share for every two shares held at a price of £2.20 per share. The rights issue was fully subscribed.*

*During the year ended 31 December 20X5, dividends paid totalled £67,000.*

*The profit for the year ended 31 December 20X5 from continuing operations was £136,000.*

#### **Required:**

*Prepare the Statement of Changes in Equity of River Ltd for the year ended 31 December 20X5.*

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**Statement of Changes in Equity – Worked Example**

**River Ltd – Statement of Changes in Equity for the year ended 31 December 20X5**

	<b>Share Capital £</b>	<b>Share Premium £</b>	<b>Revaluation Surplus £</b>	<b>Retained Earnings £</b>	<b>Total Equity £</b>
<b><i>Balance at 1 January 20X5</i></b>					
<b><i><u>Changes in Equity:</u></i></b>					
<b><i>Profit for the Year</i></b>					
<b><i>Dividends</i></b>					
<b><i>Issue of Share Capital</i></b>					
<b><i>Balance at 31 December 20X5</i></b>					