**Question 2**

The following is the Statement of Changes in Equity for the year ended 31 December 2009 and 31 December 2010.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  Ordinary  |  10% Cumulative  |  |  |  |
|  |  Shares  |  Preference  |  Retained  |  Share  |  |
|  |  of RM1 each  |  Share  |  earnings  |  premium  |  Total  |
|  |  $  |  $  |  $  |  $  |  $  |
| 1 January 2009 |  600,000  |  500,000  |  250,000  |  100,000  |  1,450,000  |
| Issue of new shares | 200,000  |  |  |  200,000  |  400,000  |
| Profit for the year |  |  | 150,000  |  |  150,000  |
| Interim dividend |  |  |  |  |  |
|  Preference share |  -  |  -  | (37,500) |  -  | (37,500) |
|  Ordinary share |  -  |  -  | (60,000) |  -  | (60,000) |
| 31 December 2009 |  800,000  |  500,000  | 302,500  |  300,000  | 1,902,500  |
| 1 January 2010 |  800,000  |  500,000  |  302,500  |  300,000  |  1,902,500  |
| Bonus issue | 100,000  |  -  |  -  |  -  |  100,000  |
| Profit for the year |  -  |  -  | 200,000  |  -  |  200,000  |
| Interim dividend |  |  |  |  |  |
|  Preference share |  -  |  -  | (18,750) |  -  |  (18,750) |
|  Ordinary share |  -  |  -  | (67,500) |  -  |  (67,500) |
| 31 December 2010 |  900,000  | 500,000  | 416,250  |  300,000  |  2,116,250  |

Additional information:

1. The company issued 200,000 ordinary shares at $2 on 1 October 2009.
2. The company declared a bonus issue of 100,000 ordinary shares on 1 December 2010.
3. Tax rate for 2009 and 2010 is 25%.

**Required:**

**Calculate the basic earnings per share for the year 2009 and 2010. (10 marks)**