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Department of Education, Sabaragamuwa Plantic Color Subject-Accounting	Week- August 3	hent of amuwa weekiy School
Education, Sabaragamuwa Province/ Weekly	eekly School Depart y School Department of Education, Sal hacation, Sabaragamuwa Province/ Wee a Province/ Weekly School Depart	tment of igamuwa y School tment of
e/ Weekly	y School Department of Education, SabaragamuwaProvince/ Weekly School Department of Education, S	Sabaragamuwa

Competency 12.0 – Prepares Financial Statements for a Limited Company. Competency Level 12.3 – Accounting for Reserve Capitalization and right issue.

Atuga	Atugalpura PLC			
Statement of Financia	l Position as a	at 01.01.2017		
(Ex	ctracts)			
		Rs' 000		
Stated Capital				
Ordinary Shares (100 000)		4 000		
Reserves				
Revaluation Reserves	1 000			
General Reserves	500			
Retained Earnings	2 000	3 500		

Board of directors made following decisions.

- 1. Capitalization of reserves by issuing ordinary shares for existing ordinary share holders at 4 : 1 ratio for a consideration of Rs. 40/-
- Right issue for a consideration of Rs. 50 for the ordinary shares available before the reserve capitalization at a ratio of 5:1

Required :

- (i) Journal entries to record above transactions.
- (ii) General ledger accounts relating to above transactions.
- (iii) Extracts of statement of financial position after recording above transactions.