



Department of Education, Sabaragamuwa/weekly school

week- August 3

Subject-Accounting

Grade-13

Prepared by -
Zonal Education Office, Rathnapura.

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

Atugalpura PLC
Statement of Financial Position as at 01.01.2017
(Extracts)

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 /-
2. 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.

