Dep Edu Provinces weary school D Departm	· · · · · · · · · · · · · · · · · · ·	chool Department of cation,Sabaragamuwa vince/ Weekly School
Department of Education, Sabaragamuwa	Select Demotiment of Education, Sabaragamuwa Province/ Weekly School	t 4 hent of amuwa
Education Sabaragamuwa Province/ Weekly S Grade-13	eekly School Depart Prepared by -	tment of igamuwa y School tment of cation,Sabaragamuwa

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

	Annexure 12.3.3		
Thilakshana PLC Statement of financial position as at 01.01.2018 (Extracts)			
	(Rs.' 000)		
Stated capital			
Ordinary share capital at Rs. 50/- Reserves	5 000		
Retained earnings	3 000		
Above equity details are appeared from the follo	owing decisions made by board of directors.		
• Right issue of ordinary shares at a ratio of 4 : 1 for a consideration of Rs. 50/-			
<ul> <li>Reserve capitalization after the right issue considering all available shares at a ratio 5 : 1 at a consideration at Rs. 50/-</li> </ul>			
Required :			
1. Journal entries to record above transactions			
2. General ledger accounts to record above transactions			

- Differenciating right issue and reserve capitalization
- Stating similarities between right issue and reserve capitalization
- Preparing a Journal Entries for right issue and reserve capitalization using an example.
- Preparing accounts relating to right issue and reserve capitalization
- Preparing statement of financial position after the right issue and reserve capitalization