



Competency 2.0 – Presents transactions and events of a business through an accounting equation.

Competency Level 2.3 – Prepares Income statement and statement of Financial position using accounting equation.

- Some reasons for the differences in the equity of Sudaraka's business from 2016/01/01 to 2016/12/31 are given below.

	(Rs.'000's)
Balance of equity at 2016/01/01	8,000
Balance of equity at 2016/12/31	10,000

- Sudaraka took Rs.500 in cash and Rs.200 worth of goods from the business for his personal needs.
- Sudaraka contributed a motor vehicle worth Rs.800 to the business.

Required:

1. Calculate the profit or loss for the year 2016 from the net assets

A summary of the income and expenses of Tharaka's business during the accounting period 2016/01/01 to 2016/12/31 is as follows (Rs.'000's).

1. Sale of a stock of goods costing Rs.4,000 for cash Rs.6,000.
2. Sale of a stock of goods costing Rs.2,000 for Rs.3,500.
3. Paid annual staff salaries Rs.300.
4. Discount allowed to debtors on settlement of Rs.100
5. Depreciation of motor vehicle of Rs.50.
6. The interest income on the Fixed Deposits is given as Rs.80.
7. Entertainment expenses is Rs.20.
8. The total electricity charges for the year amounted to Rs.40.

1. Group the above transactions as Income and Expenses.
2. Compare the income and expenses and prepare a document to arrive at the profit or loss of Tharaka's business.