



Department of Education, Sabaragamuwa/weekly school

week- June 4

Subject-Accounting

Grade-12

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

Competency Level 2.1- Evaluates how the total assets of a business agree with its total of liabilities and equity.

Situation: “Malsha Retail Trading Shop”

01/01	On 01/01/2017 Malsha utilized Rs.500,000 of her money together with a motor vehicle valued at Rs.700,000 to commence a retail trading shop.
02/01	She purchased a stock of goods worth Rs.100,000 for cash.
03/01	She obtained furniture and fittings worth Rs.150,000 from Lakdiva Furniture on credit.
04/01	She recruited a workman agreeing to pay Rs.10,000 per month.
05/01	Paid Rs.10,000 being the cost of fuel for the motor vehicle.
06/01	Paid Rs.25,000 to Lakdiva Furniture.
07/01	Malsha incurred a loss of Rs.150,000 as a result of burglars breaking into his house.

Show the above transactions substituted into the accounting equation.

2. From the transactions below, select the transactions that have an effect on the equity of the business:

1. Ashan invests Rs.1,500,000 to commence a business.
2. Utilizing a building valued at Rs.1,000,000 that Ashan inherited from his parents for the business activities.
3. Purchasing a motor vehicle for Rs.800,000 for business purposes.
4. Purchasing equipment for business purposes, worth Rs.100,000 on credit from Kamal.
5. Purchasing of a stock of goods for resale for cash Rs.40,000.