Department of Education,Sabaragamuwa/weekly school

week- August 1

Subject-Accounting

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Grade-12

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.

The assets and liabilities of Rashini's business as at 2017/01/01 is given below (Rs.'000's)

	Rs.
Land & buildngs	5,000
Motor vehicle	3,000
Fixed Deposit	2,000
Inventory	1,000
Cash balance	1,500
Bank loan	2,000

Given below is a summary of the transactions that took place during January 2017 (Rs.'000's)

1. Sale for Rs.600 goods costing Rs.400 for cash.
2. Paid staff salaries Rs.100.
3. Purchase of goods valued at Rs.500 from Rasika on credit.
4. Sale of inventory worth Rs.200 to Imasha on credit for Rs.300.
5. Drawing of goods worth Rs.50 from the business by Ramani for her house function.
6. The electricity bill received in respect of the month of January Rs.20.
7. Paid interest for the bank loan Rs.20.

Required:
1. Using the accounting equation 'Assets = Equity + Liabilities', insert the above transactions as + or – along with the value.
2. Using the equation 'Assets = Equity + (Income – Expense) + Liabilities' insert the effect of the above transaction values as + / - .
3. Using the above income and expenses calculate the profit or loss for the month of January 2017.
4. Calculate the profit or loss through changes in net assets.