



Department of Education, Sabaragamuwa/weekly school

week- September 2

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

(02) Rajitha is carrying on business as a retail trader. His transactions and events for the month of January 2017 have been included in the format of the accounting equation given below:

(All figures are in Rs.)

Assets					=	Liabilities		+ Equity
Transaction ref.	Land & Bldgs.	+ Inventory	+ Debtors	+ Cash	=	Bank Loans	+ Creditor	+ Equity
(i)	+80,000	.....	- 80,000	=	.....	.....	.....
(ii)	-150,000	+250,000	.....	=	.....	.....	+100,000
(iii)	-30,000	+28,000	=	.....	.....	-2,000
(iv)	+1,000,000	.....	.....	-1,000,000	=	.....	.....	.....
(v)	-36,000	=	.....	-40,000	+4,000
(vi)	-15,000	=	-12,000	.....	-3,000
(vii)	-8,000	.....	.....	=	.....	.....	-8,000
(viii)	-10,000	.....	.....	.....	=	.....	.....	-10,000
(ix)	+1,200,000	=	.....	.....	+1,200,000
(x)	-2,000	.....	.....	=	.....	.....	-2,000
(xi)	+40,000	.....	.....	=	.....	+40,000	.....
(xii)	-12,000	=	.....	.....	-12,000

Additional information:

- Transaction nos. **vii** and **ix** have no impact on profit.
- The assets and liabilities of the business as at 2017/01/01 are as follows:

(Rs.)

Land and buildings	1,000,000
Stocks	200,000
Debtors	900,000
Cash	280,000
Bank loan	180,000
Creditors	70,000

1. Explain each of the transactions/events in the above table
2. Prepare the Income Statement for the month of January 2017.
3. Prepare the Statement of Financial Position as at January 31, 2017.