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Competency 6.0 – Prepares financial statement of a sole proprietorship business.

Competency Level 6.1 – Explains the importance of financial statements of a sole trader business.

Trial Balance of Sumudu's business as at 2017.03.31				
Account Name	Debit	Credit		
	(Rs. 000s)	(Rs. 000s)		
0-1		20.200		
Sales	200	20,200		
Sales returns	200			
Stock at 2016.04.01	1,500			
Purchases	8,000			
Transport inwards	400			
Loading and unloading charges	300			
Purchase returns		200		
Discount received		100		
Investment income		400		
Advertising expenses	300			
Bad debts	100			
Discount allowed	200			
Staff salaries & wages	500			
Electricity	180			
Building depreciation	80			
Rates	40			
Donations of goods	50			
Loan interest	200			
Bank charges	150			
Land (at cost)	8,000			
Buildings (at cost)	4,000			
Accumulated depreciation - buildings(2017.03.31)		400		
Investments	4,000			
Debtors	1,000			
Cash balance	1,800			

Creditors		700
Bank loan		2,000
Capital		7,000
	31,000	31,000

• There were no balance stocks as at 2017.03.31

## **Required:**

- 1. Prepare the Income Statement of Sumudu's business for the year ending 2017.03.31.
- 2. Prepare the Statement of Financial Position of Sumudu's business as at 2017.03.31.