



Financial statements of a business (gross profit)

part 1

❖ Answer all the questions.

• Choose the correct answer from the given answers (1), (2), (3), (4) from question no 01-10.

1. Financial statement prepared to calculate the gross profit or loss of a business is,
 - (1) Statement of financial position.
 - (2) Profit or loss statement.
 - (3) Bank reconciliation statement.
 - (4) General journal.

2. The correct statement regarding the preparation of a profit or loss statement of a business is,
 - (1) Record only credit sales and credit purchases.
 - (2) Record only cash sales and cash purchases.
 - (3) Records only sales and purchases made on credit and cash.
 - (4) Records the income and expenses of the business.

• Answer the questions 3 and 4 using the information given below.

The information given below is related to financial year ended 2019.12.31 of lithumi's business.

	RS
Credit sales	28 300
Cash sales	32 000
Credit purchases	12 500
Credit sales	7500

3. Sales revenue of Lithumi's business as at 2019.12.31 is,

- (1) RS.28 000
- (2) RS. 32 000
- (3) RS.20 000
- (4) RS.60 300

4. Cost of purchases of Lithumi's business as at 2019.12.31 is,

- (1) RS. 20 000
- (2) RS. 7500
- (3) RS. 12 500
- (4) RS. 5000

5. What is the item that does not considered when calculating the cost of items offered for sale?

- (1) Purchases.
- (2) Closing stock.
- (3) Opening stocks.
- (4) Loading expenses.

6. What is the answer which includes only the items used to calculate the cost of sales?

- (1) Sales, closing stock.
- (2) Purchases, other income.
- (3) carriage inwards, purchases.
- (4) Electricity expenses, purchases.

7. The calculation of gross profit or loss when expressed in the form of a furniture is as follows.

Gross profit /loss = sales income – A

What is the suitable item to be applied for the letter A in the above function?

- | | |
|--------------------|--------------------|
| (1) Closing stock. | (3) purchases. |
| (2) Opening stock. | (4) cost of sales. |

➤Answer questions 8 to 10 using the information below.

Given below is information of Krishna's business as at 2019.12.31.

	RS
Stocks as at 2019.01.01.	12 000
Purchases -cash	72 000
-credit	50 000
Sales	215 000
Loading expenses	3800
Carriage inwards	2200

Additional information

The cost of the remaining stock is RS 22000 as at 2019.12.31.

08. Cost of goods offered for sale in Krishna's is, business as at 2019.12.31 is,

- (1) RS 118 000
- (2) RS 107 000
- (3) RS 140 000
- (4) RS 86000

09. Cost of sales as at 2019.12.31 is,

- (1) RS 140 000
- (2) RS 90000
- (3) RS 162000
- (4) RS 118000

10. Gross profit of the business as at 2019.12.31 is,

- (1) RS 97000
- (2) RS 75000
- (3) RS 125 000
- (4) RS 53 000

PART 2

01) Kamal's business accounting period ends on the 2019.12.31 and the following information is provided to you.

	RS
Cash sales	70 000
Credit sales	125 000
Credit purchases	55 000
Cash purchases	38 000
Loading expenses	5 000
Carriage inwards	7 000
Remaining stock as at 2019.01.01	10 000
Remaining stock as at 2019.12.31	18 000

Calculate the following for the year ended 2019.12.31.

- (I) Cost of goods offered for sale.
- (II) Cost of sales.
- (III) Gross profit.

02)Rahal's business accounting period ends on the 2018.12.31. And following information is provided to you.

	RS
Loading expenses	3 000
Carriage expenses	15 000
Sales	244 000
Purchases	108 000
Remaining stock as at 2018.01,01	12 000

Additional information: The entire purchased inventory has been sold out.

- (I) Present the calculation of gross profit by a statement.