

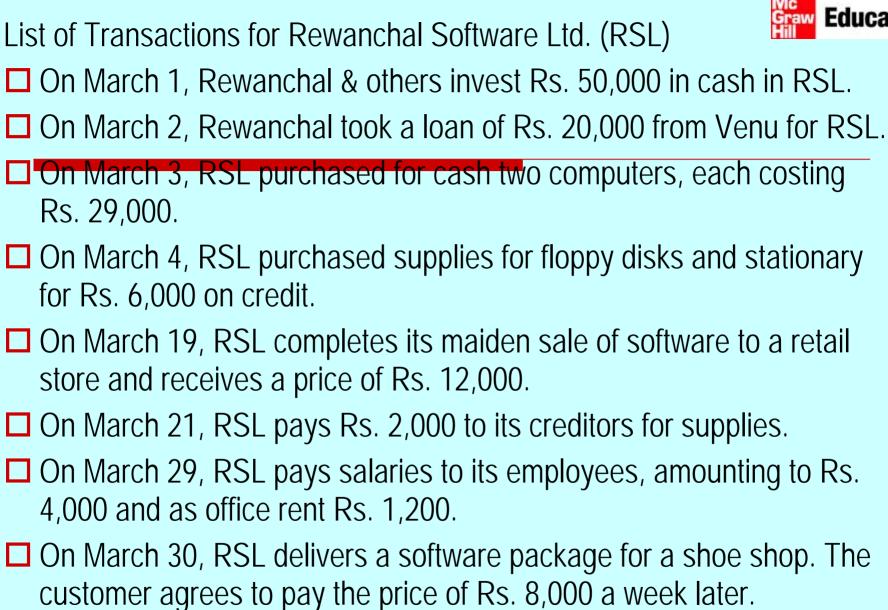
Rewanchal Software Limited: Preparing Income Statements

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On March 31, Rewanchal withdraws Rs. 3,500 for his personal use.



Required

- Prepare the "Profit & Loss Account" of Rewanchal Software Limited (after every transaction)?
- ☐ Hint: Use the extended Balance Sheet Equation
- Was it a good month or bad month for Rewanchal Software?
- What was the margin available on sales realization?

Rewanchal Software Ltd.

Profit & Loss Account for the first accounting period

	Amount in Rs		Amount in Rs
Rent Expenses	1200	Sales Net	20000
Salaries Expenses	4000		
Operating Profit	14800		
Interest Expenses	0	Operating Profit	0
Net Profit	14800		
Withdrawls / Dividends	3500	Net Profit	14800
Retained Earning to Balance Sheet	11300		



Rewanchal Software Ltd.

Considering depreciation & supplies consumed

	amount in Rs		amount in Rs
Rent Expenses	1200	Sales Net	20000
Salaries Expenses	4000		
Depreciation Expenses	1700		
Supplies Consumed	2300		
Operating Profit	10800		
Interest Expenses	0	Operating Profit	10800
Net Profit	10800		
Withdrawls / Dividends	3500	Net Profit	10800
Retained Earning to Balance Sheet	7300		



Statement Of Retained Earnings

Ram Software Limited Statement of Retained Earnings Year Ended March 31

Retained earnings, March 1

Add: Net income for the month

Less: Dividends

Retained Earnings, March 31

Rs. 0

14,800

Rs. 14,800

(3,500)

Rs. 11,300



Statement Of Retained Earnings

Ram Software Limited Statement of Retained Earnings Year Ended March 31

After considering depreciation expenses & supplies consumed

Retained earnings, March 1 Rs. C

Add: Net income for the month 10,800

Rs. 10,800

Less: Dividends (3,500)

Retained Earnings, March 31 Rs. 7,300



Thank You

