

A Subscription Require two-year communitied cost 2400(total) Which must be pay.

1. Services cost 600 each year.
2. Tax Rate 10 %
3. 1st Jan 2015 cash in hand 600.
4. Owner investment 600.

Financial Statement as 31st Dec 2015.

Cash Basis	Accrual Basis
Revenue 2400	Cash 1200
Expense 600	Expense 600
$2400 - 600 = 1800$	$1200 - 600 = 600$
Tax 10%	Tax 10%
$1800 * 10 / 100 = 180$	$600 * 10 / 100 = 60$
$1800 - 180 = 1620$	$600 - 60 = 540$
Net income 1620	Net income 540

Financial Statement as 31st Dec 2016.

Cash 0	Cash 1200
Expense 600	Expense 600
$0 + 600 = 600$	$1200 - 600 = 600$
Tax 10%	Tax 10%
$600 * 10 / 100 = 60$	$600 * 10 / 100 = 60$
$600 - 60 = 540$	$600 - 60 = 540$
Loss 540	Net income 540

Cash Basis Balance Sheet

Assets	Rs	Laibilities	Rs
Cash 600	600	Capital 600	600
Profit 1620	1620	Profit 1620	1620
Total	$600+1620=2220$	Total	$600+1620=2220$

Accural Basis Balance Sheet

Assets	Rs	labililties	Rs
Cash 600	600	Capital 600+ Profit 540	1140
Profit 1740	1740	unearnd service	1200
Total	$600+1740=2340$	Total	$1140+1200=2340$