



Department of Education
SCHOOLS DIVISION OF CITY OF MEYCAUAYAN
Pag-asa St., Malhacan, City of Meycauayan, Bulacan



Senior High School

12

Activity Sheet in Fundamentals of Accountancy, Business and Management 2

Statement of Comprehensive Income- Single Step

ABM_FABM12Ic-d, ABM_FABM12Ic-d-6



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STATEMENT OF COMPREHENSIVE INCOME -SINGLE STEP



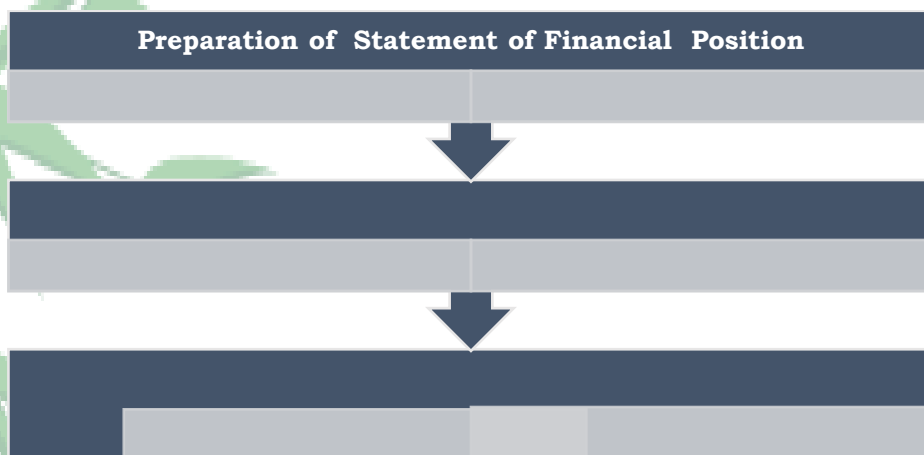
LET US KNOW

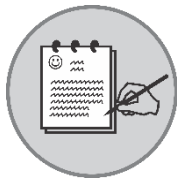
Success in business cannot be measured by merely looking at the façade of the operation. It is not how many inventory that you have in the stock room or how many inquiries you make about your product and services, it's not about the number customers that pass by at your store that you can conclude that a business is performing well. In this module we are going to discuss a financial statement that contains a data which will help our decision maker in the business to plan and decide on how it will perform to keep the business in the market. We measure the generated revenue and looking at its cost spent. We have a two part of the discussions. The first part is an in-depth study of the forms and elements of **Statement of Comprehensive Income- Single Step for service business entity.**



LET US REVIEW

Use the sequence chart below to recall the step by step procedure in preparation of Statement of Financial Position. Write your answer on separate sheet of paper.





LET US STUDY

From the book Theory of Accounts ,CPA examination 2015 edition of Conrado and Christian Aris Valix, they define **Comprehensive Income** is the **change in equity during a period** resulting from transactions and other events, other than changes resulting from transactions with owners in their capacity as owners.

Comprehensive Income presents the following details of the business operation;

1. Components of Profit and loss
2. Components of other comprehensive income
3. Cost spent to generate the revenue or income which is the additional of revenue on cost

Difference of Income Statement to Statement of Comprehensive Income.

Under the PAS 1 , paragraph 10A, provides that an entity has two options of presenting **comprehensive income**,

- a) An Income statement , showing the components of **profit or loss**. **Under the PAS1 income statement is known as Statement of Profit and Loss. Income Statement has had a simple presentation of the company's financial performance during a given period of time or the traditional report format. You can use "net income or net loss"referring to profit and loss.**
- b) **Statement of Comprehensive Income** beginning with profit or loss as shown in the income statement plus or minus the components of other comprehensive income. The **purpose of comprehensive income** is to include **a total of all operating and financial events that affect owners' interests in a business**. Comprehensive income may report amounts per month, quarter, or year.

(<https://www.investopedia.com/terms/c/comprehensiveincome.asp>)

But regardless of what title of this report an entity prefers to call it will still have the same key features.

Key Features of Statement Comprehensive Income

The title	It is use to identify the title of the report, company name and date .
Revenues	Defined by the conceptual Framework for Financial Reporting (IASB 2010) arises in the course of the ordinary activities of an entity and is referred to by a variety of different names including sales,fees,interest,dividends,royalties and rent.

	<p>a) Increases in assets, or decrease in liabilities, that result in increases in equity other than those relating to contributions from holders of equity claims (Ballada,2019).</p> <p>b) Increase in economic benefit during accounting period in the form of inflow or increase in assets or decrease in liability that results in increase in equity, other than contribution from equity participants.</p>
Expenses	<p>Defined by the conceptual Framework for Financial Reporting (IASB 2010), arise in the course of ordinary activities of the entity include for example, cost of sales and depreciation. They usually take the form of an outflow or depletion of asset as cash and cash equivalents, inventory, property, plant and equipment.</p> <p>a) Decreases in assets, or increase in liabilities, that result in decrease in equity, other than those relating distributions to holders of equity claims.</p> <p>b) Defined as the decrease in economic benefit during the accounting period in the form of outflow or decrease in assets and increase liability that results in decrease in equity, other than distribution to equity participants.</p>
Classification of expenses of an entity	<p>Service Entity, expenses are classified as cost of service or operating expenses</p> <p>Merchandising Entity, classification of expenses is more complex. It is classified as cost of sales, selling expenses or administrative or operating expenses.</p>

Statement of Comprehensive Income Presentation

Single Step Presentation, from Palma (2014), a presentation usually used for small service enterprise. Single step means one deduction only of all expenses from total income to arrive at the net income.

Example Pro-forma Single Step Presentation of Income statement

Kutingting Repair Shop Income Statement For the Year Ending December 31, 2019			
Income			
Repair Income		PHP	120,000.00
Other Income			
Rent Income	2,000.00		
Interest Income	1,000.00		
Total other income			3,000.00
Total Income			123,000.00
Less: Expenses			
Salaries Expense	25,000.00		
Rent Expense	10,000.00		
Office Supplies Expense	1,000.00		
Utilities Expense	5,000.00		
Communication Expense	2,500.00		
Gas and oil	4,500.00		
Interest Expense	3,000.00		
Total Expenses			51,000.00
Net Income (Loss)		PHP	72,000.00

Figure 1 example of Income Statement of service entity



LET US PRACTICE

The adjusted trial balance of Mahangin Vulcanizing for year ending December 31, 2019 show (All in total).

Account	Debit	Credit
Service Income		₱500,000.00
Operating Expenses	₱300,000.00	
Assets	₱450,000.00	
Liabilities		₱100,000.00
Mahangin, Vulcanizing as of Jan 1, 2019		₱200,000.00
Mahangin, Withdrawal	₱50,000.00	
Total	₱800,000.00	₱800,000.00

Adapted from Basic Accounting Sole Proprietorship by Roberto Z. Palma

Requirement

- Determine the net income of Mahangin Vulcanizing .
- Prepare the Statement of Comprehensive Income of Mahangin Vulcanizing Shop.
- Write your answer on a separate sheet of paper.



LET US REMEMBER

In presentation of Statement of Financial Position. Let us remember the following key points,

- Remember the equation used for Statement of Comprehensive Income
Net Profit / Net Loss = Revenue – Operating Expenses
- An **Income statement**, shows the components of profit or loss.
- Revenue** is defined by the Conceptual Framework for Financial Reporting (IASB 2010) arises in the course of the ordinary activities of an entity and is referred to by a variety of different names including sales, fees, interest, dividends, royalties and rent.
- Expenses** is defined by the conceptual Framework for Financial Reporting (IASB 2010), arise in the course of ordinary activities of the entity include for example, cost of sales and depreciation. They usually take the form of an outflow or depletion of asset as cash and cash equivalents, inventory, property, plant and equipment.
- Classification of Expenses;**
Service Entity, expenses are classified as cost of service or operating expenses
Merchandising Entity, classification of expenses is more complex. It is classified as cost of sales, selling expenses or administrative or operating expenses.
- Double Rule your final answer.**



LET US APPRECIATE

Assume that you are a company financial accounting practitioner. Prepare an example of Statement of Comprehensive Income of a service company as of December 31, 2019. Use microsoft excel application in presenting your report .

Rubrics	
10 pts.	Correct format and all key feature of SCI-Single step was presented very well. Elements was presented completely and with correct computation. Double rule of final answer was also executed.
7 pts.	Correct format and all key features of SCI-Single step was presented however double ruling was not executed and presentation of elements is not organized.
5 pts.	Incorrect format of SCI-Single step. Lacks key feature or element, double ruling was not executed yet it was neatly presented.
3 pts.	Presented output does not comply with correct format, miss out key features and report was unorganized.



LET US PRACTICE MORE

I. Prepare the Statement of Comprehensive Income of the following service business given. Write your answer on the 12-column worksheet.

Park Sareoyi Accounting Firm Services

The following are the consolidated accounts of Park Sareoyi Accounting Firm Services as of December 31, 2019.

Retainers /Professional Fees	₱4,000,000.00
Salaries Expense	₱100,000.00
Supplies Expense	₱50,000.00
Depreciation Expense	₱120,000.00
Utilities Expense	₱180,000.00
Insurance Expense	₱20,000.00
Rental Expense	₱200,000.00

You are task to prepare the Statement of Comprehensive Income-Single step for the firm for the year. Determine if the company earned an income or loss.

Dan Bam Medical City Service

II. The account below is from Dan Bam Medical City Service as of December 31, 2019.

Retainers/Professional Fee	₱1,000,000.00
Salaries Expense	₱80,000.00
Supplies Expense	₱150,000.00
Depreciation Expense	₱200,000.00
Utilities Expense	₱100,000.00
Insurance Expense	₱160,000.00
Rent Expense	₱500,000.00

As an outsource bookkeeper, you are required to prepare the Statement of Comprehensive Income report of the operation of Dan Bam Medical City Service. Determine whether the company earned income or a loss for the current year.



EVALUATION

I. Choose the letter of the correct answer. Write your answer on the 12-column worksheet.

- It is a change in equity during the period resulting from transactions and other events, other than changes resulting from transactions with owners in their capacity as owners.
 - Comprehensive Income
 - Profit & Loss
 - Income Statement
 - Revenue
- Comprehensive income includes _____.
 - Profit and Loss
 - Other comprehensive income
 - Both Profit or loss and other comprehensive income
 - Neither profit or loss nor other comprehensive income
- Which of the following is an element of Statement of Comprehensive Income?
 - Cash
 - Receivables
 - Prepaid Expense
 - Retainers Fee
- Which of the following is **not** an element of Statement of Comprehensive Income?
 - Unearned Revenue
 - Service Revenue
 - Rent Expense
 - Commission expense

5. Which of the following is **not** a definition of expenses?

- a. They usually take the form of an outflow or depletion of asset as cash and cash equivalents, inventory, property, plant and equipment.
- b. Decreases in assets, or increase in liabilities, that result in decrease in equity.
- c. Arises in the course of ordinary activities of the entity include for example, cost of sales and depreciation.
- d. Arises in the course of the ordinary activities of an entity and is referred to by a variety of different names including sales, fees, interest, dividends, royalties and rent.

II. Supply the missing amount on the table below. Use the Statement in Comprehensive Income equation. Write your answer on the 12-column worksheet.

No	Revenue	Expenses	Net Income (Loss)
1	₱923,456.00	₱83,456.00	?
2	₱500,200.00	?	-₱50,200.00
3	?	₱200,000.00	₱125,000.00
4	₱600,000.00	1/4 of Revenue	?
5	₱2,400,000.00	₱1,200,000.00	?



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