

## Format of a Trading Account

### TRADING A/C

for the year ending.....

Dr.

Cr.

Particulars	Amount	Particulars	Amount
To Opening Stock		By Sales	
To Purchases		Less: Sales Returns	
Less: Purchase Returns		or	
or		Returns inwards	
Returns outward		By Closing Stock	
To Wages		By Gross loss	
To Wages & Salaries		(if any) transferred to Profit	
To Direct Expenses		and Loss A/c	
To Carriage		(Balancing figure)	
To Carriage inwards			
To Carriage on Purchase			
To Gas, Fuel and Power			
To Freight and cartage			
To Manufacturing Expenses, or			
Productive Expenses			

Unskilled / Semi-skilled / Skilled

Exp incurred in Factory till completion of production

office P&L

Factory Trading

To Factory Expenses, such as :

- Factory Lighting
- Factory Rent etc.
- To Dock charges and Clearing charges
- To Import Duty or Custom Duty
- To Royalty
- To Gross Profit
- Transferred to P & L A/c (Balancing Figure)

office → P&L

Import

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## Format of a Profit and Loss Account

### PROFIT AND LOSS A/C

for the year ending.....

Dr.

Particulars	Amount	Particulars	Amount
To Gross Loss b/d		By Gross Profit b/d	

### FINANCIAL STATEMENTS

- (Transferred from Trading A/c)
- Office expenses :
- To Salaries
- To Salaries & Wages
- To Rent, Rates & Taxes
- To Printing & Stationery
- To Postage
- To Lighting
- To Insurance Premium
- To Telephone Charges
- To Legal Charges

Indirect Exp

- (Transferred from Trading A/c)
- By Rent from Tenant
- By Rent (Cr.)
- By Discount received
- Or Discount (Cr.)
- By Commission Received
- By Interest on Investments
- By Dividend on Shares
- By Bad-Debts Recovered
- By Profit on sale of Assets
- By Income from other Sources

1000  
100  
1,00,000  
99,000  
1,00,000  
99,000

1/1

99,000

- To Insurance Premium
- To Telephone Charges
- To Legal Charges
- To Audit Fees
- To Travelling Expenses
- To Establishment Expenses
- To Trade Expenses
- To General Expenses
- Selling and Distribution Expenses:**
  - To Carriage Outwards, or Carriage on Sales
  - To Advertisement
  - To Commission
  - To Brokerage
  - To Bad-debts
  - To Export duty
  - To Packing charges
  - To Delivery Van Expenses
  - To Stable expenses
- Miscellaneous expenses :-**
  - To Discount Allowed
  - To Repairs
  - To Depreciation
  - To Interest (Dr.)
  - To Bank Charges
  - To Entertainment Expenses
  - To Conveyance Expenses
  - To Donation and Charity
  - To Loss on Sale of Assets
  - To Net Profit

- By (Bad-Debt) Recovered
- By Profit on sale of Assets
- By Income from other Sources
- By Miscellaneous Income
- By Net Loss (if any)
- Transferred to Capital A/c

Capital Receipt → Non-recurring → Income  
 Revenue Receipt → recurring → Income

- 5 Assets
- 1 phone → 140,000
  - stationery → 5,000
  - Furniture → 50,000
  - Clothes & Shoes → 20,000
  - Medicine → 1,000

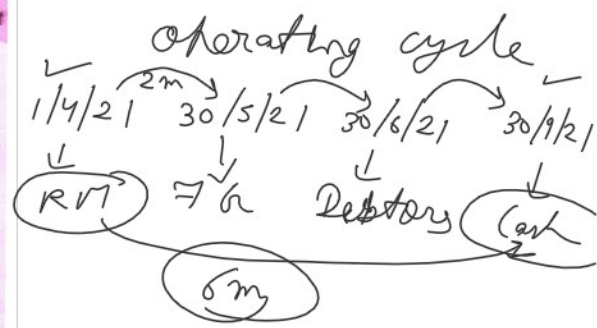
- Assets
- 100
  - 2
  - 1.20
  - 2th

Revenue 400,000  
 800,000

follows :-

**BALANCE SHEET**  
 as at... 31/12/2022

Liabilities		Amount	Assets		Amount
Balance	10,000	₹			₹
<b>Current Liabilities :-</b>			<b>Current Assets :-</b>		
Bank Overdraft			Cash in Hand	1 yr	
Bills Payable			Cash at Bank		
Sundry Creditors			Bills Receivable		
Outstanding expenses			Short Term Investments		
Unearned Income			Sundry Debtors / Book Debts		
<b>Non-Current Liabilities :-</b>			Closing Stock		
Long term loans			Prepaid Expenses (3)		
Reserves			Accrued Income		
<b>Capital</b>			<b>Long-Term Investments</b>		
Add : Net Profit	10,00,000		<b>Non-Current Assets :-</b>	> 1 yr	
Less : Drawings	2,00,000		Furniture		
Less : Income Tax	50,000		Loose Tools		
Less : Life Insurance Premium			Motor Vehicle		
			Plant and Machinery		
			Land and Buildings		
			Patents and Trade Marks		
			Goodwill		
			Office Equipments		

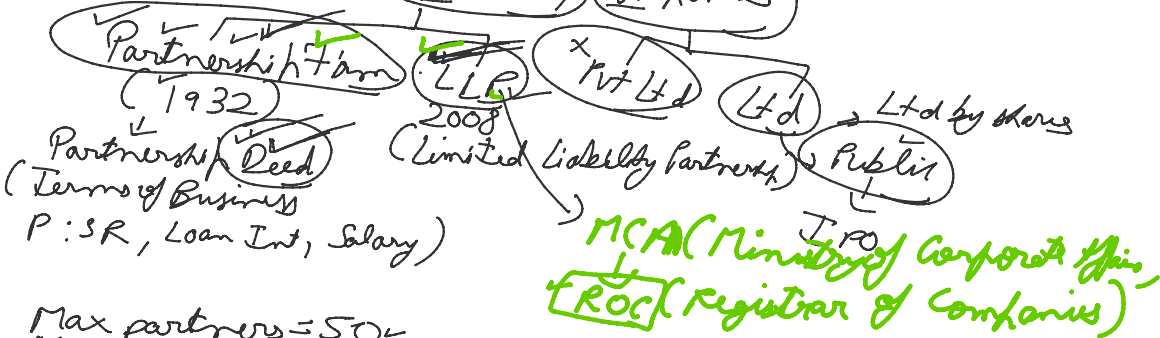


office equipments

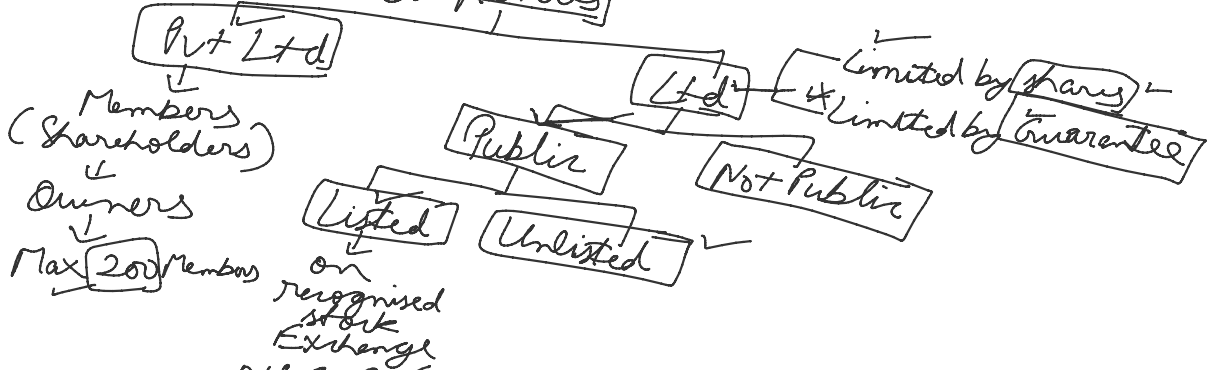
Cash infused → 1,500,000  
 Building → 500,000  
 Furniture → 200,000  
 Office Equipmt → 70,000  
 Purchases → 300,000 Sale 350,000  
 Rent → 20,000  
 Salary → 80,000

Cash/Bank A/c Dr 15,00,000 / 15,00,000  
 To Capital  
 Furniture Dr 200,000 / 200,000  
 To Cash/Bank A/c  
 Building Dr 500,000 / 500,000  
 To Cash/Bank A/c  
 Office Equipmt Dr 70,000 / 70,000  
 To Cash/Bank  
 Purchases Dr 300,000 / 300,000  
 To Ram A/c  
 Ram A/c Dr 350,000 / 350,000  
 To Sales  
 Ram A/c Dr 300,000 / 300,000  
 To Cash/Bank  
 Bank Dr 350,000 / 350,000  
 To Ram  
 Rent Dr 20,000 / 20,000  
 To Cash/Bank  
 Salary Dr 80,000 / 80,000  
 To Cash/Bank

Class 11 → Sole proprietorship  
 Class 12 → Part. firm, Companies



Max partners = 50  
 Min = 2 Companies



reignised  
stock  
Exchange  
NSE, BSE  
Nifty  
50 stocks  
Sensex  
30 stocks

Accounting: → Financial Statements:-  
 1) P&L → Profit/Loss  
 2) BS → Financial position  
 3) CFS → Cash Movement  
 1 Apr 21 - 31 Mar 22  
 1,00,000 - 2,50,000

01/04/21  
 Suresh  
 Mahesh  
 Goods sold to Saanvi 500  
 " " 15000 500

02/04/21

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03/04/21

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30 June 21

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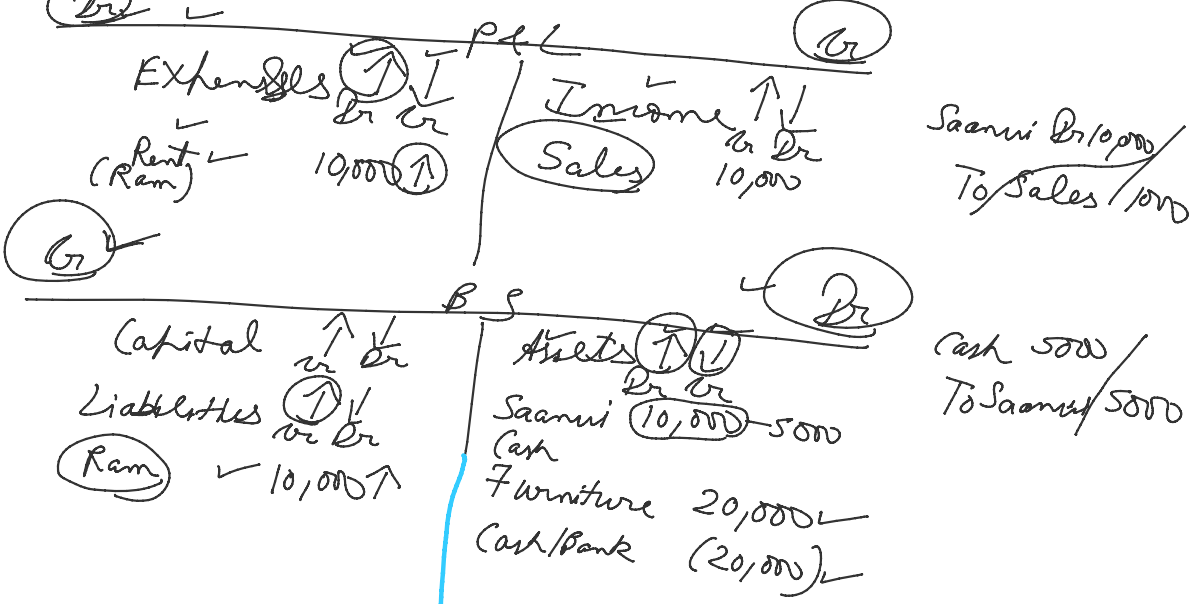
Saanvi Ledger

01/04 To Sales	10,000	By Bank	5000
02/04 To Sales	20,000	By Bank	15000
To Bal b/d	50,000		

10 Sales  
 02/04 To Sales  
 To Sales  
 To Sales

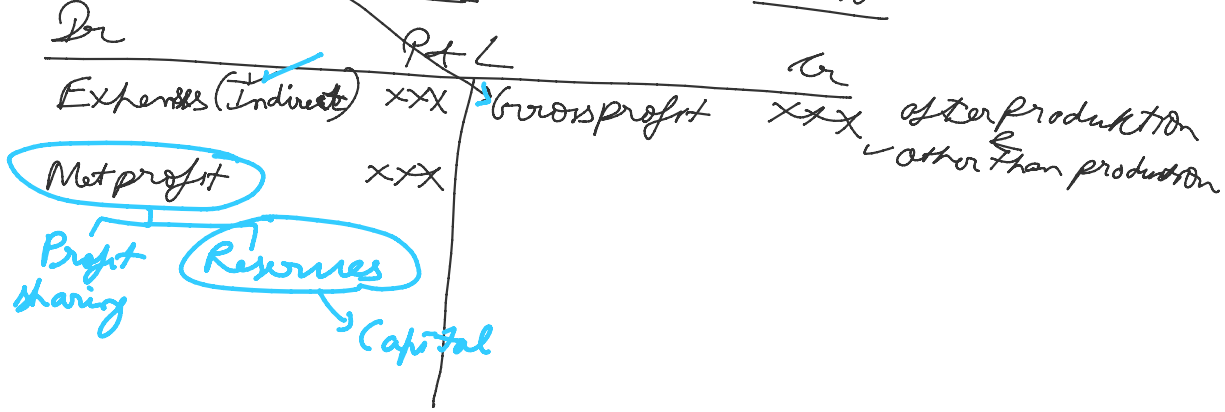
10,000	By Bank 5000
20,000	By Bank 15000
50,000	By Bank 10,000
10,000	By Bal c/d 60,000
90,000	

Journal Entries:-



Trading A/c for 1st Apr 21-31st Apr 22

Dr	Cr
By Opening Stock 2000	By Sales 20,000
By Purchases 10,000	By Closing Stock 4000
Less: Purch. Returns 5,000	
Direct Expenses 5,000	
Gross profit 7000	
	24000



- Expenses:-
- 1) Wages → Labourers/Workers → Unskilled/Semi skilled → Blue collar
  - 2) Salary → Employers' → skilled → white collar (Admin/Accounts/HR/Marketing/Sales/BD)
  - 3) Rent → Factory
  - 4) Carriage (Inward) → Direct
  - 5) Carriage (Outward) → Indirect

BS as at 31/12/22

Capital	80L	Assets:
		Non Current Assets
		Building/HR
Liabilities	40L	Current Assets
		Inventory/Stock (Closing Stock)
		Debtors
		Cash/Bank Balance

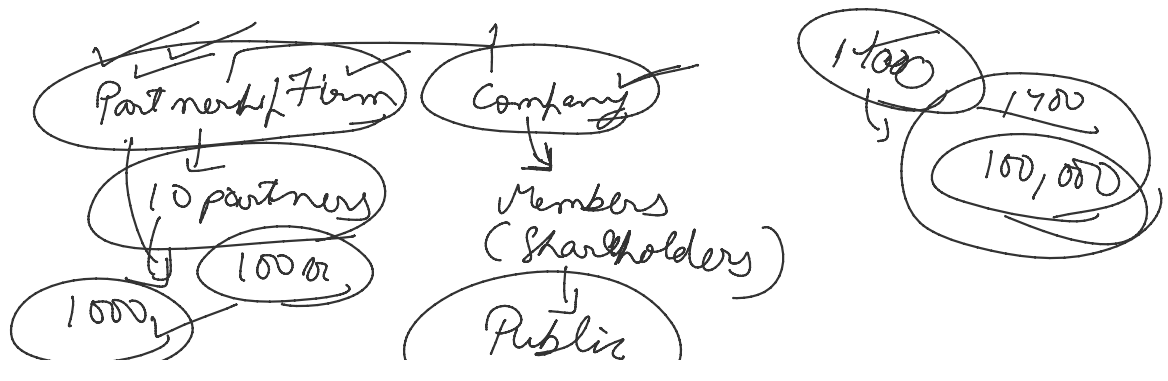
COGS = Opening Stock + Purchases - Closing Stock + Direct Exp

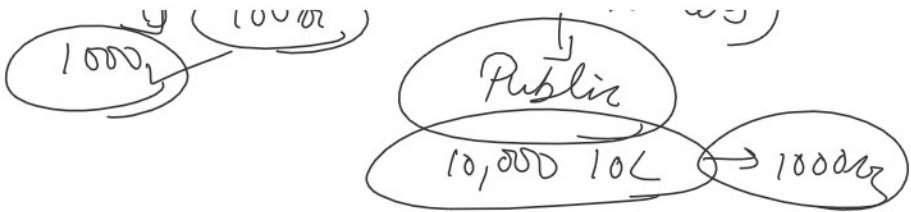
Cost of Goods Sold

$$\begin{aligned}
 GP &= Sales - COGS \\
 20 &= Sales - (Op St + Purchases - Cl Stock + Direct Exp) \\
 \Rightarrow Sales &= Op St + Purchases - Cl Stock + Direct Exp + 20 \\
 \Rightarrow (Sales + Cl Stock) &= (Op Stock + Purchases + Direct Exp) + 20
 \end{aligned}$$

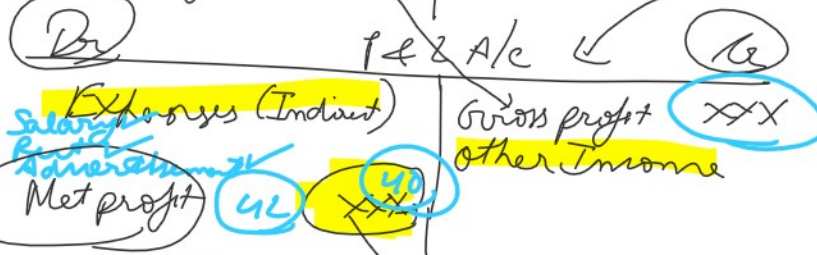
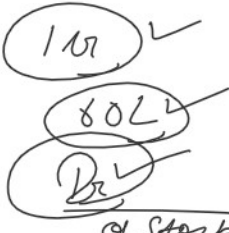
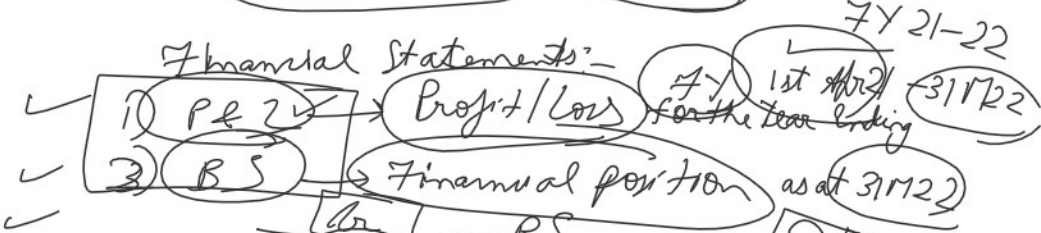
Cr
Dr

$$\begin{aligned}
 &= 20,000 - (2,000 + 10,000 - 4,000 + 5,000) \\
 &\Rightarrow 20,000 - 13,000 \\
 &\Rightarrow 7,000
 \end{aligned}$$

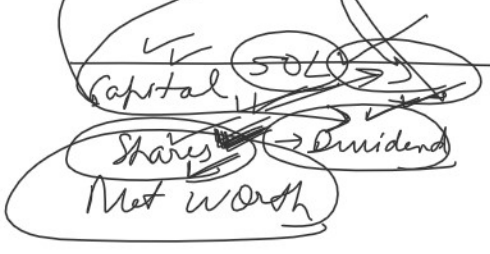




Financial Statements:-



Capital = Share value / No. of shares



- Assets
- Non Current Assets:
    - 1) Fixed Assets:
      - a) Tangible: Land, Building, Furniture, P&M
      - b) Intangible: Goodwill

Liabilities  
Non Current Liabilities  
LOAN

Liabilities:-  
 Non-current Liabilities:-  
 Loans  
 Debentures (9%)

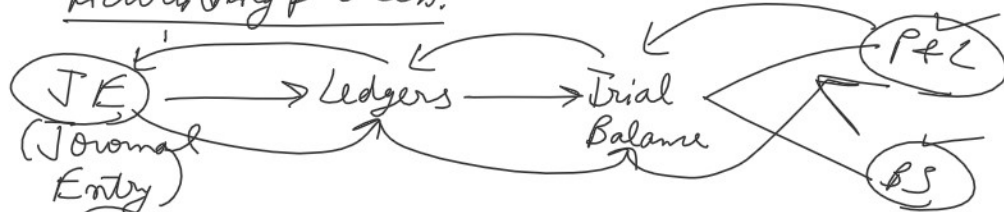
Current Liabilities:-  
 Trade payables / Creditors

Intangible:-  
 Goodwill  
 Patents  
 Copyright  
 TM

Investments:-  
 Buildings  
 Shares

Current Assets:-  
 1) Inventory / Stock  
 2) Debtors  
 3) Cash / Bank

Accounting process:-



P&L		BS	
Expenses	Income	Assets	Liabilities
Rent 5000	Net Loss 5000	Furniture 25000	Ramu 25000
		Current Assets:-	
		Cash ↑ ↓ (5000)	
		Furniture ↓ 25000	
		To Cash 25000	
		To Ramu 25000	

JE → Ledgers → TB

Furniture 25000 To Cash 25000	Furniture 25000 To Cash 25000 By Bal c/d 25000	P&L BS Furniture P&L Cash 25000 (4000) 29000
Rent 4000 To Cash 4000	Rent 4000 To Cash 4000 By P&L 4000	



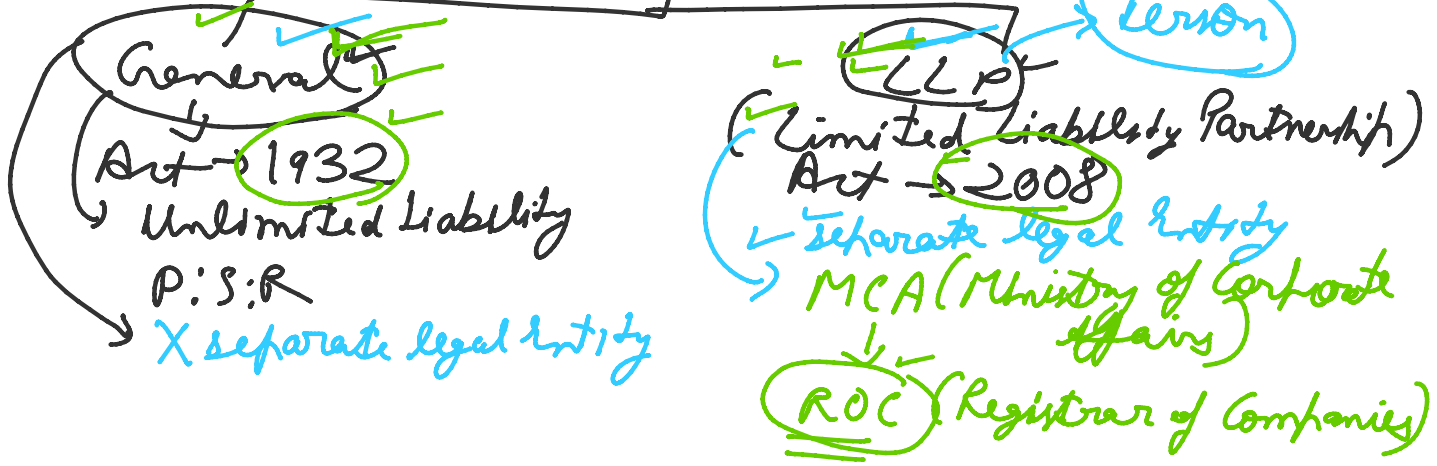
To Cash 4000	By P&L 4000	
<u>4000</u>	<u>4000</u>	
(B) Cash		(C)
Total deb 29000	By Furniture 25000	
<u>29000</u>	By Rent 4000	
	<u>29000</u>	

(4000)	(29000)
<u>29000</u>	<u>29000</u>

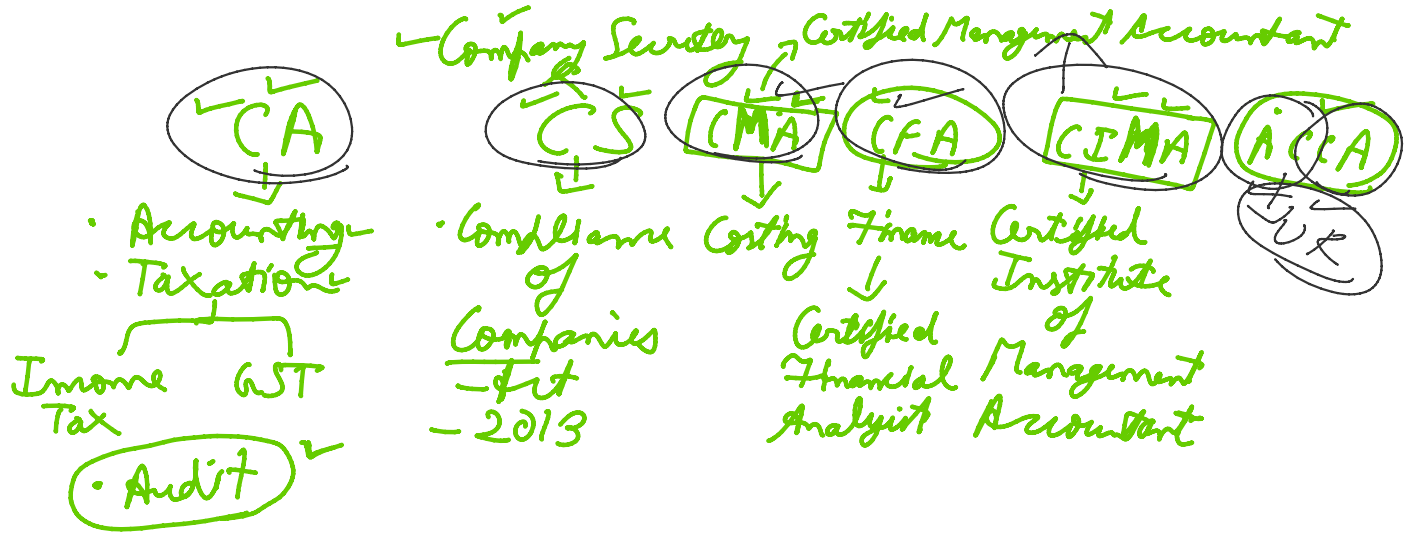
P&L	
Rent 4000	
	Net loss (4000)
BS	
(4000)	Furniture 25000
	Cash (29000)
<u>(4000)</u>	<u>(4000)</u>

Capital

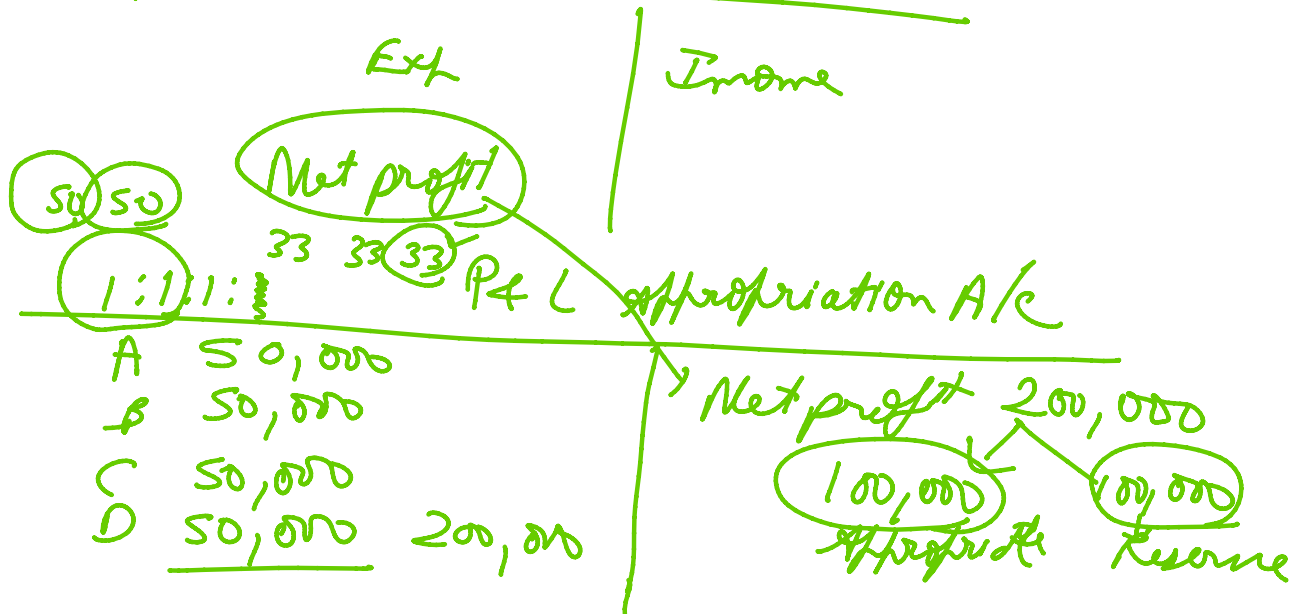
Partnership Firms



Person

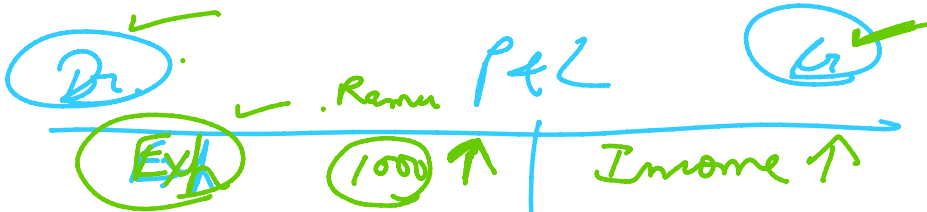


P&L



50,000 200,000

Appropriated Reserve



Salary Dr 1000  
To Ramu 1000

Ramu Dr 2000  
To Cash 2000



Salary Dr  
To A/c Sal A/c

Common A/c  
To A/c Sal A/c

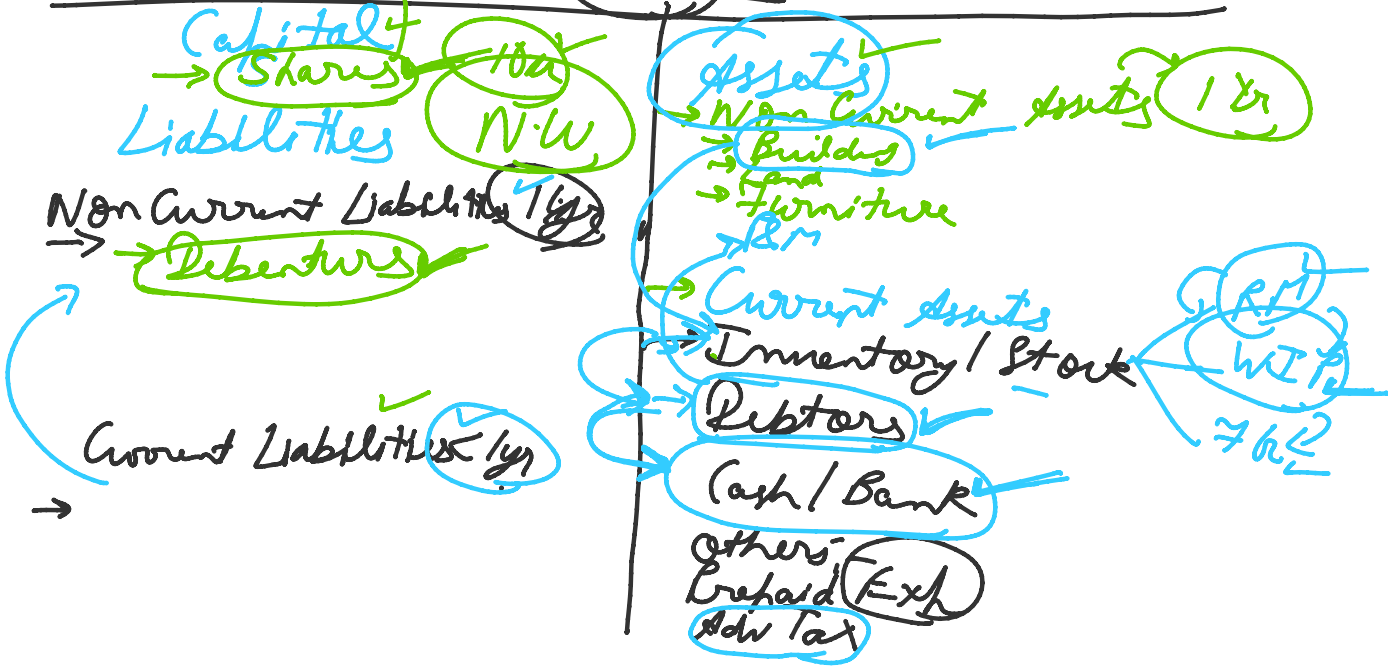
A/c Capital Dr  
Int on Drawing 10,000

Matching Concept



Share value =  $\frac{N.W. / Capital}{No. of shares}$

BS as on date 31/12/22





**Forms**

