

## **Trial Balance**

### **Meaning:**

A Trial balance is statements in which the balance of all ledgers are compiled into debit and credit account column totals that are equal. The general purpose of preparing a trial balance is to ensure the entries in a company's bookkeeping system are mathematically correct.

**Other Word it is a statement which are examine the arithmetical accuracy of the account during the particular periods**

When posting of all the transactions into the Ledger is completed and accounts are balanced off, then the balance of each account is put on a list called Trial Balance.

### **Objectives of Preparing a Trial Balance**

- To Check Arithmetical Accuracy.
- To Help in Preparing Financial Statements.
- Helps in Locating Errors.
- Helps in Comparison.
- Helps in Making Adjustments.

### **Features of Trial balance**

- It is a summary of debit and credit balances which are extracted from various ledger accounts.
- It is a summary of debit and credit balances.
- The motive behind the preparation of Trial balance is to establish arithmetical accuracy of the transactions recorded in the Books of Accounts.
- Trial balance does not prove any arithmetical accuracy of accounts which can only be determined by the audit.
- It is not an account. It is only a statement of account.
- It is not a part of the final statements
- A Trial balance at the end of the accounting year but it can also be prepared anytime as and when required like weekly, monthly, quarterly or half-yearly.
- It acts as a bridge between books of accounts and the Profit and Loss Account and Balance sheet

# **RANKERS' COMMERCE (KANKARBAGH PATNA)**

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## **Several Advantages of preparing Trial Balance are follow**

- To check the debits equal the credits.
- To find the uncover errors in journalizing.
- To find the uncover errors in posting.
- To locate the errors in ledger accounts.
- To make financial statements.
- To list the accounts at a single place.
- To know the ending balance of each account at a glance.

## **Trial balance has some limitations as Follow**

- It does not prove that all transactions have been recorded.
- It does not prove that the ledger is correct.
- Numerous errors may exist even though the trial balance columns agree.
- It cannot find the missing entry from the journal.
- It cannot find the missing entry from the ledger.

## **PREPARATION OF TRIAL BALANCE**

### **Steps to Prepare Trial Balance (Only Balance Method)**

- At first ascertain the balance account wise of all the ledger accounts.
- Ledger A/c which shows a debit balance is put on the Debit side of the trial balance.
- The A/c Showing credit balance is put on the Credit side of Trial Balance.
- Accounts which show no balance i.e. whose Debit and Credit totals are equal are not entered in Trial Balance.
- Then the two sides of the Trial Balance are totalled. If they are equal it is assumed that there is no arithmetical error in the posting and balancing of Ledger A/cs.

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## **There are three methods of preparing Trial Balance**

### **Balance Method:**

- In Balance method, the balance of each account (which may be debit balance or credit balance) is extracted and written against each account; we write debit balance in the debit column and credit balance in the credit column.

### **Total Method :**

- In this method the total of both sides of every account in the ledger is written against the name of the respective account without balancing them in the form of debit and credit balances respectively.

### **Balance Total Method (Mixed method):**

- Trial Balance is prepared by combining the first and second methods. However, in practice the trial balance is prepared with debit and credit balances of various accounts in the ledger. Normally balance method is used.

**The standard format of a Trial balance is given below:**

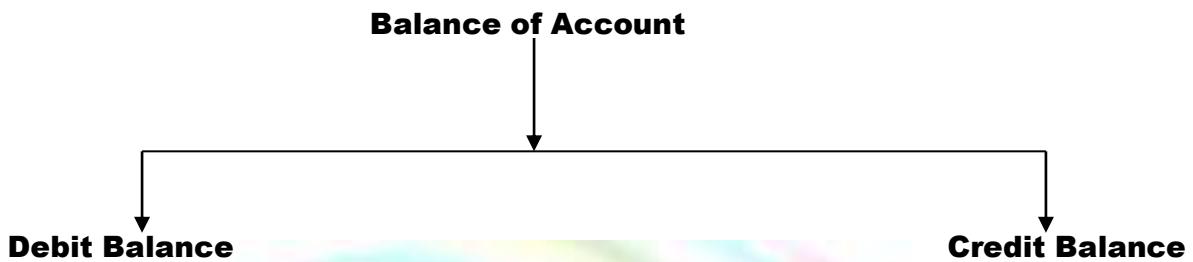
**Trial Balance of ABC Ltd.**

**as on .....**

<b>Sl.No</b>	<b>Name of Account</b>	<b>L.F</b>	<b>Debit Rs.</b>	<b>Credit Rs.</b>

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<b>Debit Balance</b>	<b>Assets , Expenses and Losses</b>
<b>Credit Balance</b>	<b>Liabilities , Income and Gain</b>

## **Suspense Account:**

**When Trial Balance does not agree, then first of all we try to locate the errors. Sometimes, in spite of the best efforts, all the errors are not located and the Trial Balance does not tally. Then in order to avoid delay in the preparation of final accounts, a new account is opened which is known as “Suspense Account” Difference in Trial Balance is posted to this Account.**

1.	If there is Excess Debit in the Trial Baal	→	Difference is posted to the Credit side of Suspense A/c
2.	If there is Excess Credit in the Trial Balance	→	Difference is posted to the Debit side of Suspense A/c

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**Example:**

**Trial Balance**

S .No.	Trial Dr. Total (Rs.)	Balance (Cr. Total) (Rs.)	Difference (Rs.)	Posted to Suspense A/c
1.	2,25,000	2,16,500	8,500 (Excess Debit)	Credit Side of Suspense A/c
2.	2,16,500	2,25,000	8,500 (Excess Debit)	Debit Side of Suspense A/c

**Closing of Suspense A/c**

The errors which led to the deference still remain to have to be located.

These errors will be rectified through Suspense A/c (One sided errors) which will be explained in the topic Rectification of Errors.

When all the errors are rectified, this Account closes down automatically. If the difference in Trial Balance persist, it is shown in the Balance Sheet.

- **Debit Balance of Suspense Account is shown in the Asset Side of the Balance Sheet.**
- **Credit Balance of Suspense Account is shown in the Liability Side of the Balance Sheet.**

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Accounts by Nitesh Sir

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## **Assignment 1: To Find out the Balance of Accounts**

<b>Heads of Account</b>	<b>DR/Cr Balance</b>	<b>Heads of Account</b>	<b>DR/Cr Balance</b>
1. Capital Account		26. Refund of Tax	
2. Land and Buildings		27. Bad debts recovered	
3. Plant and Machinery		28. Bank overdraft	
4. Equipment and Tools		29. Interest on capital	
5. Furniture, Fixtures and Fitting		30. Brokerage paid	
6. Goodwill		31. Sales tax paid	
7. Leaseholds		32. Purchases	
8. Railway sidings		33. Carriage inwards	
9. Patent , trade marks		34. Carriage outwards	
10. Live stock		35. Sales	
11. Vehicles		36. Sales Returns	
12. Cash in hand		37. Purchase Returns	
13. Cash at bank		38. Commission /Discount receivable	
14. Sunday debtors		39. Interest on Drawings	
15. Bill receivable		40. Long term Loan	
16. Stock of Raw material		41. Bills payable	
17. Work in progress		42. Outstanding Salaries	
18. Stock of finished goods		43. Prepaid Insurance	
19. Loose tools		44. Outstanding interest earned	
20. Advance receivable		45. Advances from Customers	
21. Octroi and local taxes		46. Drawings	
22. Import duty, customs		47. Reserves and surplus	
23. Heating & lighting		48. Provision for bad and doubtful debts	
24. Consumables stores		49. Wages owing outstanding	
25. Apprenticeship premium			

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Accounts by Nitesh Sir

**Assignment 2 Prepare a Trial Balance from the following balances:-**

Capital	60,000	Discount Received	120
Opening Stock	16,400	Bills Payable	4,090
Sales	81,200	Creditors	10,370
Gas And Water	840	Return outward	6,400
Building	20,000	Bank charges	3,370
Wages	18,490	Drawings	2,480
Debtors	35,800	Trade expenses	990
Commission	1,470	Cash	800
Machinery	10,270	Bank balance	5,260
Carriage	3,370	Purchases	32,160
Rent received	430	Rates and Taxes	840
Salaries	4,300	Furniture	1,250
Insurance	1,060	Bills Receivables	1,470
Returns Inward	490	Goodwill	1,500
Bank Loan	50000	Plant	60000
Loan from ABC Finance	25000	Tools	20000
Provision for income Tax	5000	Outstanding Rent	6000
Prepaid Telephone bill	4000	Depreciation	3000
Accrued income	2000	Appreciation	2500
Bad debts recovered	500		

## **Financial Statement(Final Account)**

### **Meaning**

These are the statements prepared at the end of the accounting period to determine the Financial performance (i.e., profitability) and financial position of the business as on the date.

It is the end-product of the accounting process prepared from the Trial Balance and it is considered as a vital information for the users of financial statements based on which they Take important financial and investment decisions.

A complete set of financial statements is known as Final Accounts which includes the following:

- An Income Statement known as Trading and Profit and Loss Account:- Such a statement Has two parts where one is the Trading Account that shows the Gross Profit or Gross Loss For the accounting period and the other is the Statement of Profit and Loss that shows the Net Profit or Net Loss for the accounting period.
- A Position Statement known as Balance Sheet: It is a statement that shows financial Position of the entity on a particular date in form of assets held and liabilities owed.

### **Objectives:**

**Objectives of financial statements are to be understood separately for each of the following:**

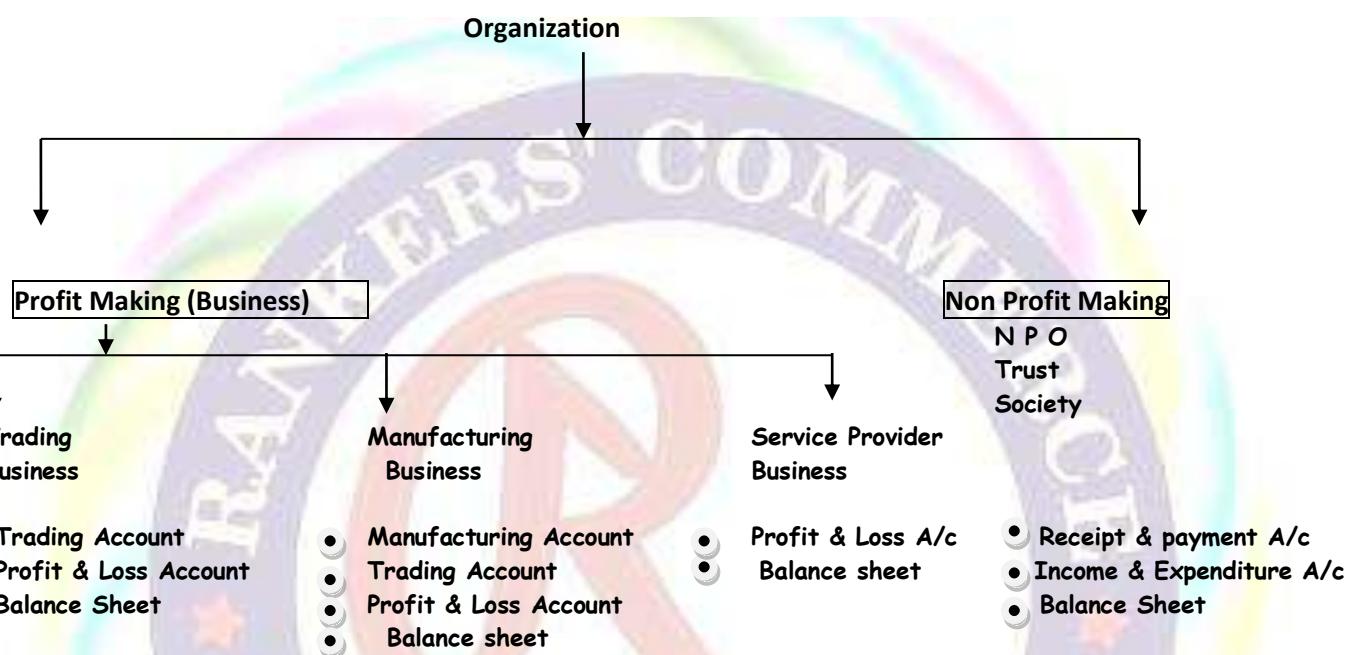
#### **1. Objectives of Preparing Trading and Profit and Loss Account/Income Statement:**

- I. **To identify the gross profit or loss:** A Trading Account records all the incomes and expenses directly related to the trading activities and helps identify the gross profit or loss on account of such operations.
- II. **To identify the net profit or net loss:** A Profit and Loss Account records all the incomes and expenses not directly related to the trading activities and helps identify the net profit or loss.
- III. **To facilitate comparison:** Preparation of such income statement facilitates comparison of entity's financial performance over a period of time and draw necessary conclusions.
- IV. **To record complete details of incomes and expense:** An income statement shows complete record of all the incomes earned and expenses incurred during the course of business.
- V. **To determine the amount of reserves:** The amount of profits derived with the help of such income statement helps to decide how much of the amount is to be kept aside for future uncertainties in the form of reserves.
- VI. **To facilitate calculation of ratios:** Expenses and incomes recorded and profits derived with the help of an Income Statement are used to compute various accounting ratios which helps an entity to take appropriate financial and investment decisions.

#### **2. Objectives of Preparing Balance Sheet/Position Statement:**

- a. **To identify the financial position:** A balance sheet presents the exact values of the assets and liabilities of the business on a particular date which helps to identify the actual financial position of an entity on a particular date.

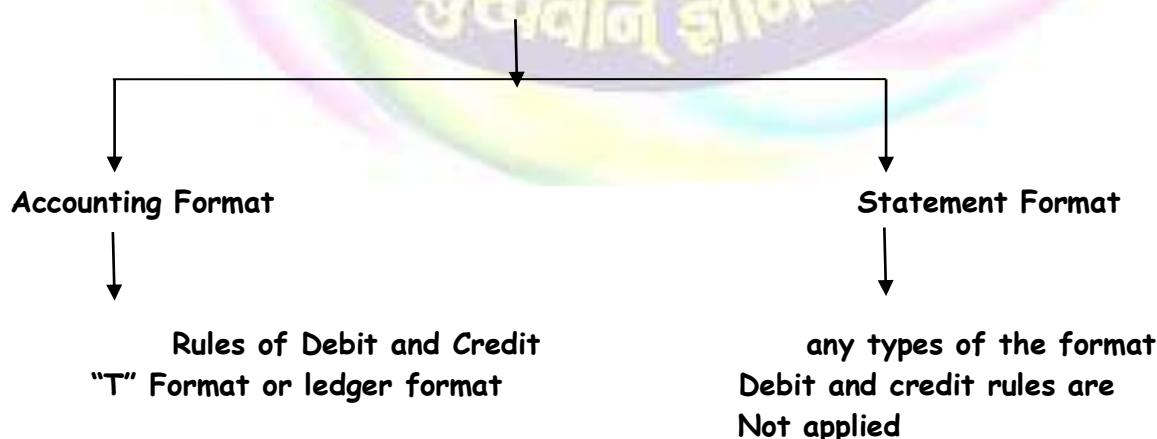
- b. **To facilitate comparison:** In order to determine and analyze the change in the financial position of an entity over a period of time, different items presented in the balance sheet are compared and necessary conclusions are drawn.
- c. **To identify the solvency position:** The figures and items presented in the Balance Sheet are used to compute the various accounting ratios like current ratio, liquid ratio, debt to equity ratio, etc. which are used in identifying the solvency position of an entity.



### **Financial Statement of sole trading concern consist the following:**

- Trading Account
- Profit / Loss Account
- Balance Sheet

### **FORMAT OF REPORTS**



## Introduction to Trading Account

### Meaning:

- It is the first stage of the final accounts so prepared.
- It records the transactions related to the buying and selling of goods and/or services during an accounting period.
- It has 2 sides where the left-hand side is known as debit side and the right-hand side is called the credit side. The debit side records items like opening stock, purchases net off returns and direct expenses and the credit side records items like sales or services rendered and closing stock.
- It totals the debit and credit sides to determine if there is any difference. If the debit side total is greater than the credit side total then it is termed as Gross Loss and if the credit side total is greater than the debit side total then it is termed as Gross Profit.

### TRADING ACCOUNT for the year ended .....

Dr.			Cr.
Particulars	Amount Rs.	Particulars	Amount Rs.
To Opening Stock	...	By Sales	...
To Purchases	...	Less: Returns (Returns Inward)	...
Less: Returns (Returns Outward) ....	...	By Scrap Sales	...
To Wages and Salaries or Wages	...	By Closing Stock	...
To Gas, Fuel and Power	...	By Gross Loss (if any)	...
To Carriage on Purchases/Carriage inwards/Carriage	...	transferred to P and L A/c (Balancing Figure)	...
To Freight, Octroi and Cartage	...		...
To Manufacturing Expenses	...		...
To Duties & Taxes	...		...
To Gross Profit (if any)	...		...
transferred to P and L A/c (Balancing Figure)	...		...

# **RANKERS' COMMERCE (KANKARBAGH PATNA)**

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## **Important points with respect to Purchases:**

- GST paid on purchases is not debited to the Purchases Account as it set off against GST collected on sales. GST is recorded separately in the respective accounts maintained for each type of GST.
- Apart from returns outward, goods taken by proprietor for personal use, goods given as charity and goods given as free samples are also to be deducted from the amount of Purchases. In all such cases, amount of GST paid on such goods is reversed by credited the respective GST Accounts.
- Adjusted Purchases:
- Normally, closing stock is given outside the Trial Balance as an adjustment. However, it is possible that adjustment of closing stock has already been made against the opening stock and purchases. In such cases, adjusted purchases are shown in the Trading Account and the amount of closing stock is shown on the asset side of the Balance Sheet.

**Adjusted Purchases = Opening Stock + Purchases (Net) - Closing Stock**

## **Closing Journal Entries passed in Journal Proper:**

### **1. for items on the debit side:**

Trading A/c ...Dr.

To Opening Stock A/c

To Purchases A/c (Net)

To Direct Expenses A/c

### **2. for items on the credit side**

Sales A/c (Net) ...Dr.

Closing Stock A/c...Dr.

To Trading A/c

### **3. for Gross Profit:**

Trading A/c ...Dr.

To Profit and Loss A/c

### **4. for Gross Loss:**

Profit and Loss A/c ...Dr.

To Trading A/c

# **RANKERS' COMMERCE (KANKARBAGH PATNA)**

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## **ASSIGNMENT NO 1:**

The following information has given by R.K Enterprises for the year ending 31<sup>st</sup> Dec 2020. Prepare Trading A/c.....

Opening stock	= 150000
Cash purchase	= 400000
Credit purchase	= 300000
Purchase return	= 50000
Wages and Salary	= 4000
Carriage Inward	= 2000
Duties & Taxes	= 5000
Labor Charges	= 8000
Cash sales	= 1200000
Credit sales	= 300000
Sales return	= 100000
Closing stock	= 65000

## **ASSIGNMENT NO 2:**

The following information has given by R.K Enterprises for the year ending 31st Dec 2020. Prepare Trading A/c

Opening stock	= 200000
Cash purchase	= 500000
Credit purchase	= 200000
Purchase return	= 50000
Wages and Salary	= 5000
Factory Lighting	=10000
Coal Gas & water	=2000
Factory Rent	=7000
Import duties	=3200
Carriage Inward	= 3000
Freight	=4000
Labour Charges	= 8000
Cash sales	= 1100000
Credit sales	= 400000
Sales return	= 80000
Closing stock	= 160000

## Introduction to Profit and Loss Account

### Meaning:

- It is prepared after preparing the Trading Account for a particular period.
- It determines the net profit earned or loss incurred by the business during an accounting period.
- It starts with the Gross Profit or Gross Loss that is computed by balancing the Trading Account.
- All the indirect incomes and gains are credited to the Profit and Loss Account and all the indirect expenses and losses are debited to the Profit and Loss Account. Difference between the debit and credit side determines the Net Profit or Net Loss.

### Purpose/Objectives: It is prepared:

- To measure the profitability of the business in terms of net profit.
- To measure the rationality of indirect expenses incurred.
- To facilitate the comparison of the current year's actual performance with the desired and planned performance.
- To provide for various provisions and reserves for unforeseen future conditions this will strengthen the financial position of the business.

### Closing Entries in the Profit and Loss Account:

#### 1. For closing all the Indirect expenses or losses by transferring their balances to the debit of the Profit and Loss Account:

Profit and Loss A/c                ...Dr.  
To Salaries A/c  
To Rent A/c  
To Interest A/c  
To Advertising A/c  
To Miscellaneous Expenses A/c

#### 2. For closing all the Indirect incomes or gains by transferring their balances to the credit of the Profit and Loss Account:

Interest Received A/c   ...Dr.  
Discount Received A/c   ...Dr.  
Bad Debts Recovered A/c ...Dr.  
Miscellaneous Income A/c ...Dr.  
To Profit and Loss A/c

#### 3. For Net Profit:

Profit and Loss A/c                ...Dr.  
To Capital A/c

#### 4. For Net Loss:

Capital A/c...Dr.  
To Profit and Loss A/c

PROFIT AND LOSS A/c as on.....

PROFIT AND LOSS A/c as on.....			
Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To Gross Loss b/d (Transferred from Trading A/c)	...	By Gross Profit b/d (Transferred from Trading A/c)	...
To Salaries	...	By Rent from Tenant	...
To Rent, Rates and Taxes	...	By Discount received	...
To Printing and Stationary	...		
To Lighting	...	By Dividend on Shares	...
To Travelling Expenses	...	By Interest on Investments	...
To Insurance	...	By Commission Received	...
To Establishment Expenses	...	By Income from other Bad-Debts Recovered Sources	...
To Legal Charges	...		
To Audit Fees	...	By Miscellaneous Receipts	...
To Telephone Charges	...	By Profit on Sale of Assets	...
To Postage and Telegram	...	By Net Loss (if any) transferred to Capital A/c	...
To General Expenses	...		
To Advertisement	...		
To Bad-debts	...		
To Packing Charges	...		
To Delivery Van Expenses	...		
To Commission	...		
To Depreciation	...		
To Bank Charges	...		
To Loss on Sale of Assets	...		
To Net Profit transferred to Capital A/c	...		
	...		
	...		

# **RANKERS' COMMERCE (KANKARBAGH PATNA)**

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**Trading Account and Profit/Loss Account of .....**

**For the year ending 31<sup>st</sup> year/31<sup>st</sup> Mar**

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To opening Stock	xxx	By sales = xxx	
To purchase = xxx		(-) Return = (xxx)	xxx
(-) Return = (xxx)	xxx	By closing Stock	xxx
To Direct Expense	xxx	By Gross Loss	xxx
To Gross Profit[if Any]	xxx	[If Any]	
	xxx		
To Gross Loss		By Gross Profit	xxx
(Transfer from Trading A/c)	xxxx	(Transfer from Trading A/c)	xxx
To indirect expense	xxxx	By Indirect Income	xxx
To net profit [If Any]	xxx	By Net Loss [If Any]	
	xxx		

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## **ASSIGNMENT NO 3:**

The following Information is given by R.K Enterprises for the year ending 31<sup>st</sup> Dec 2020.

Prepare Trading Account and Profit /Loss Account.

Opening Stock	= 200000
Cash Purchase	= 300000
Credit Purchase	= 600000
Purchase Return	= 50000
Duties & Taxes	= 4000
Wages	= 10000
Carriage	= 6000
Salary & Wages	= 12000
Wages & Salary	= 1500

Advertisement	= 5000
Selling Expenses	= 2500
Profit on Sale of	= 6000
Fixed Assets	
Loss on sale of	= 15000
Investments	
Loss by fire	= 11000
Loss by accident	= 16000

## **ASSIGNMENT NO 4:**

The following Information is given by R.K Enterprises for the year ending 31<sup>st</sup> Dec 2020.

Prepare Trading Account and Profit /Loss Account.

Opening Stock	= 300000
Cash Purchase	= 400000
Credit Purchase	= 700000
Purchase Return	= 40000
Duties & Taxes	= 4000
Wages	= 11000
Carriage	= 7000

Advertisement	= 4000
Selling Expenses	= 500
Profit on Sale of	= 3000
Fixed Assets	
Loss on sale of	= 13000
Investments	
Loss by fire	= 1000
Loss by accident	= 13000

## **Introduction to Balance Sheet**

### **Meaning:**

- It is a statement prepared to determine the financial position of a business entity on a particular date.
- It comprises of all the assets and liabilities of the business along with the capital of the entity. Capital is usually referred to as excess of assets over the liabilities of the business.
- Generally "Balance Sheet is a screen picture of the financial position of a going business at a particular point of time and comprises only of Real and Personal Accounts."

**16. (Ds-3 opp Doctors' colony P.N.B building kankarbagh patna)**

**Accounts by Nitesh Sir**

# **RANKERS' COMMERCE (KANKARBAGH PATNA)**

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## **Objectives: It is prepared:**

- To help in determining the nature and book value of various assets.
- To ascertain the nature and amount of various liabilities.
- To disclose important information related to the additional capital invested drawings of the owners etc.
- To help in assessing the solvency of a business.
- To reveal the true financial position of a business.
- To have a base for Opening entry for the next accounting year.

**Balance Sheet of ..... As on 31<sup>ST</sup> Dec/ 31<sup>ST</sup> Mar...**

<b>Liabilities</b>	<b>Amount (Rs)</b>	<b>Assets</b>	<b>Amount (Rs)</b>
Capital = xxx		<b>Fixed Assets</b>	
(+) Net Profit = xxx		Land	xxx
(-) Net Loss = xxx	xxx	Building	xxx
<b>(1) Loan [Liabilities ]</b>		Machinery	xxx
<b>[Secured]</b>		Tools etc	xxx
Bank loan	xxx	<b>Investments</b>	
Loan from Institution	xxx	Fixed Deposit	xxx
<b>[ Unsecured]</b>		Investment in share	xxx
Wife loan	xxx	<b>Current Assets</b>	
Friend loan	xxx	Stock	
<b>(2) Current Liabilities</b>	xxx	Cash	xxx
Sundry Creditor		Bank	xxx
Bills Payable	xxx	Debtor	xxx
Outstanding Expenses	xxx	B/R	xxx
Provision	xxx	Prepaid Exps	xxx
		<b>Miscellaneous Assets</b>	xxx
		Preliminary Expense	xxx
	<u>xxxxx</u>		<u>xxxxs</u>

# **RANKERS' COMMERCE (KANKARBAGH PATNA)**

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## **ASSIGNMENT NO 5:**

The following Trial Balance is given by R.K Enterprises for the year ending 31<sup>st</sup> Dec 2020.

Prepare Balance sheet

### **Trial Balance As on Dec 31, 2020**

S.No.	List of Items	Debit Balances	Credit Balances
1	Capital		75, 00,000
2	Plant	15, 00,000	
3	Cash in Hand	2, 5000	
4	Sundry Debtor	30000	
5	Loan from Mahindra finance		160000
6	Cash at Bank	6000	
7	Provision for income Tax		36000
8	Outstanding wages		15000
9	Accrued Commission	18000	
10	Prepaid Rent	22000	
11	Furniture	1, 20,000	
13	Loan Advanced	6, 00,000	
14	Bank Loan		350000
15	Building	27, 50,000	
16	Machinery	750000	
17	Cash at Bank	5, 75,000	
18	Tools	30,000	
19	Bills Payable		45,000
20	Sundry Creditors		2, 50,000
21	Fixed Deposits	450000	
22	Investment in Reliance Company	125000	
23	Bills receivable	97000	
24	Net Profit during the year		145000
25	Preliminary Expenses	3000	
26	Wife loan		200000
27	Fathers loan		50000
28	Drawings	6, 00,000	
29	Land	1050000	
	Total	<b><u>8751000</u></b>	<b><u>87, 51000</u></b>

# **RANKERS' COMMERCE (KANKARBAGH PATNA)**

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## **Operating Profit and Net Profit:**

**Operating Profit:** It is the amount of profit earned through the normal operating activities of the business and is computed by deducting the Operating Expenses from the Gross Profit.

**Net Profit:** It is the amount of profit earned through the operating and non-operating activities of the business. It is the excess of revenue (operating + non-operating) over expenses and losses (operating + non-operating).

**Operating Expenses:** These are the amounts of expenses incurred by an enterprise that are associated with its operating activities and therefore, cost of goods sold besides salaries to staff in purchase departments, store electricity bill, salaries to sale staff or accountants, etc. are operating expenses. Expenses like rent, repairs, depreciation, etc. are operating expenses because without such expense the enterprise cannot carry out its operating activities. All of these expenses are debited to the Profit and Loss Account.

**Non-Operating Expenses:** These are the amounts of expenses which do not relate to the main activity of the enterprise such as donation, loss on sale of fixed assets or loss by fire, etc. Such non-operating expenses are also debited to the Profit and Loss Account.

**Operating Incomes:** These are the incomes earned by an enterprise that are associated with its operating activities and also include incomes earned while carrying out operating activities, say, cash discount received, commission received, etc. All these are recorded on the credit side of the Profit and Loss Account.

**Non-Operating Incomes:** These are the incomes which do not relate to the main operating activities of the enterprise such as interest, gain on sale of fixed assets, etc. All of these expenses are recorded on the credit side of the Profit and Loss Account.

**Note:** It is important to know the following equation in order to understand the relationship of all the above items:

$$\text{Operating Profit} = \text{Net Sales} - \text{Operating Cost} \quad \text{OR}$$

$$\text{Operating Profit} = \text{Gross Profit} - \text{Operating Expenses} \quad \text{OR}$$

$$\text{Operating Profit} = \text{Net Profit} + \text{Non-Operating Expenses} - \text{Non-Operating Incomes}$$

## **General Formula:-**

- Total purchase = Cash purchase + credit purchase
- Net purchase = Total purchase – Purchase return
- Total sales = cash sales +credit sales

# **RANKERS' COMMERCE (KANKARBAGH PATNA)**

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- Net sales = Total sales – ( sales return + sales tax)
- Cost of goods sold = opening stock + purchase + direct expense – closing stock.
- Sales = cost of goods sold + gross profit
- Cost of goods sold = sales – gross profit
- Gross profit = sales – cost of goods sold
- Indirect expense = operating expense + non operating expense
- Indirect income = operating income + non operating income
- Operating profit = GP + operating income – operating expense
- Operating profit = Net profit + none operating expense – non operating income.

