



# SNS College of Technology

Coimbatore - 35



23BAT605 – FINANCIAL STATEMENT ANALYSIS

**Unit I – Introduction**

Topic: Guess?????



**Presented by**

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**1<sup>st</sup> Indian Institution to Implement Design Thinking Curriculum**

**Redesigning Common Mind and Business Towards Excellence**



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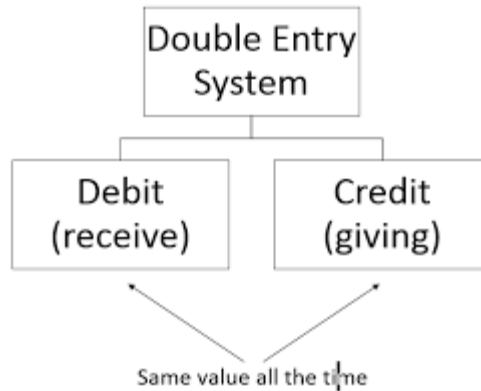
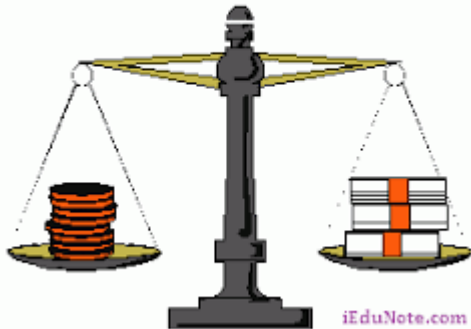
Topic....

 FinalAccounts



# FINAL ACCOUNTS

## Double Entry System



	Dr	Cr
Balance Sheet Items	Assets	Liabilities
Profit and Loss Statement Items	Expenses	Income





## Final Accounts : Definition and Explanation

Final Accounts are a combination of the following statement: -

1. Trading or  
Manufacturing Account

2. Profit/loss account or  
Income statement

3. Balance Sheet

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# Objectives of Final Account preparation

**PROFIT**  
**LOSS**

**Statement of Financial Position**  
*City Traders: Statement of financial position as at 30 June 2005 Narrative form*

<b>Assets</b>		
Cash at bank		3,000
Debtors		5,000
Stock		20,000
Office equipment		4,000
Vehicles		18,000
<b>Total assets</b>		<b>\$50,000</b>
<b>Liabilities</b>		
Creditors	5,000	
Loan (due 30/6/07)	10,000	15,000
<b>Owner's equity</b>		
Capital - K. Wilson		35,000
<b>Total equities</b>		<b>\$50,000</b>

**USERS**





# Trading Account

- Opening Stock
- Purchases
- Direct Expenses
- Sales Account
- Closing Stock





## Trading Account

(For the year ended...)

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To Opening stock	Xxx	By Sales	xxx
To Purchases	xxx	Less: Return Inwards	(xxx)
Less: Return Outwards	(xxx)	By Closing stock	Xxx
To Wages	Xxx	By Gross Loss	Xxx
To Carriage Inwards	Xxx		
To Freight Inwards/cartage	Xxx		
To Gross Profit c/d	Xxx		
	<u>xxx</u>		<u>xxx</u>







# Profit and Loss Account

- Gross profit as transferred from Trading Account on the credit side.
- Debit side of profit and loss account - indirect expenses
- Credit side of profit and loss account - indirect income





## List of Indirect Expenses



### Business and Administration Expenses

- Salaries
- Insurance
- Rent, Rates & Taxes
- Legal Charges



### Sales and Marketing Expenses

- Advertisement
- Commission
- Packing & Store Supplies Expenses
- Travelling Expenses



### Economic and Other Expenses

- Audit Fees
- Interest on Loan
- Bank Charges
- Amortization



Dr		Profit and Loss		Cr	
2020		\$	2020	\$	
Dec 31	Salaries	126,000	Dec 31	Gross Profit	298,000
	Rent	38,000			
	Water & electricity	15,000			
	Telephone & internet	12,000			
	Insurance	8,000			
	Transport Costs	8,000			
	Advertising	11,000			
	Balance c/f	80,000			
		<u>298,000</u>			<u>298,000</u>
			Dec 31	Balance b/f	80,000





# Balance Sheet

- A balance sheet reflects the financial position of a business for the specific period of time.
- Assets
- Liabilities





# Assets

## Fixed Assets



## Current Assets





# Liabilities

## CURRENT LIABILITIES



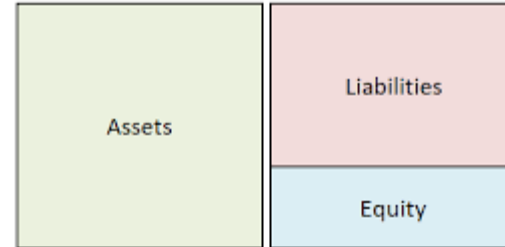
## Non-Current Liabilities Examples

- |                            |   |                               |
|----------------------------|---|-------------------------------|
| 1 Long Term Borrowings     | 2 Secured/Unsecured Loans                       | 3 Long Term Lease Obligations |
| 4 Deferred Tax Liabilities | 5 Provisions                                    | 6 Derivative Liabilities      |
|                            | 7 Other Liabilities Getting due After 12 Months |                               |





Balance Sheet Assets, Liabilities and Equity



LIABILITIES DEFINED





# Time for the assessment...





- Give examples for Indirect Expenses
- Differentiate balance sheet and profits and loss account





# Summary

## FINAL ACCOUNTS

SUMMARY





# References...

- <http://icmai.in/>
- [www.accountingtools.com](http://www.accountingtools.com)
- <https://byjus.com/commerce/final-accounts/>



Thank  
you





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