



SNS College of Technology

Coimbatore - 35



23BAT605 – FINANCIAL STATEMENT ANALYSIS

Unit I – Introduction

Topic: Guess????



Presented by

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Design Thinker

1st Indian Institution to Implement Design Thinking Curriculum

Redesigning Common Mind and Business Towards Excellence



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Topic....

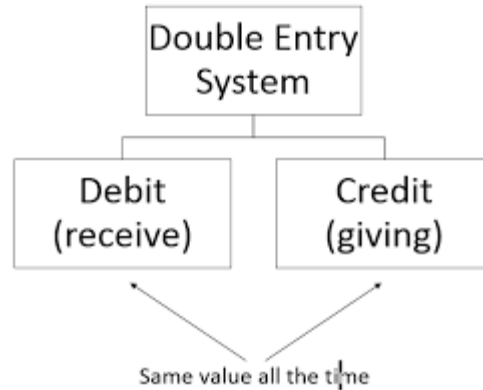
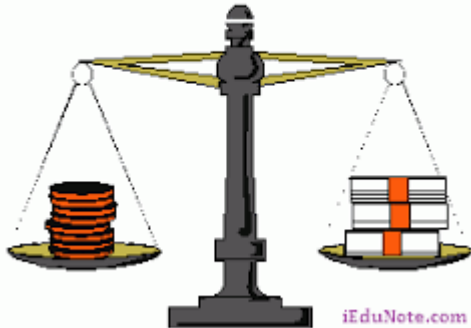
 FinalAccounts





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

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

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





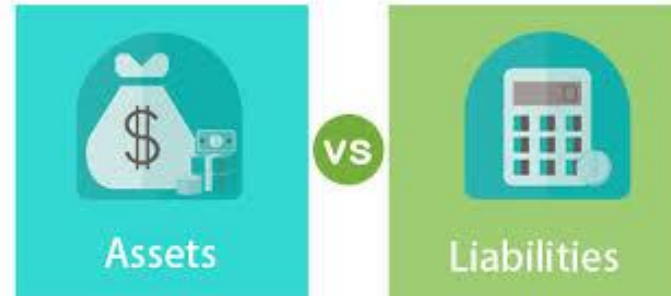
Dr		Profit and Loss		Cr			
2020		\$		2020		\$	
Dec 31	Salaries	126,000		Dec 31	Gross Profit	298,000	
	Rent	38,000					
	Water & electricity	15,000					
	Telephone & internet	12,000					
	Insurance	8,000					
	Transport Costs	8,000					
	Advertising	11,000					
	Balance c/f	80,000					
		<u>298,000</u>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





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
- <https://byjus.com/commerce/final-accounts/>



Thank
you





REACH US



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