

FINANCIAL ACCOUNTING AND ANALYSIS

Unit 3

MBA/BBA/B.com /B.Tech /UGC Net

By

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Presentation of Financial Statement: Preparation of final accounts (Profit & Loss Account and Balance Sheet) according to companies act 2013 (vertical format), **Horizontal**

**Trial Balance
as on March 31, 2018**

S.No.	List of Items	Debit Balances	Credit Balances
1	Cash	2,000	
2	Capital		80,000
3	Purchases	85,000	
4	Sales		1,08,400
5	Purchases Return		6,000
6	Sales Return	4,000	
7	Transportation	1,800	
8	Discount Allowed	500	
9	Printing	5,000	
10	Sundry Debtors	70,000	
11	Input CGST A/c	2,500	
12	Input SGST A/c	2,500	
13	Input IGST A/c	4,000	
14	Sundry Creditors		40,000
15	Investments	8,000	
16	Plant and Machinery	15,000	
17	Building	20,000	
18	Furniture	6,000	
19	Electricity	700	
20	Postage	400	
21	Drawings	8,000	
22	Salaries	6,000	
23	Travelling Expenses	2,000	
24	Output CGST A/c		1,500
25	Output SGST A/c		1,500
26	Output IGST A/c		6,000
	Total	2,43,400	2,43,400

Trading Account Format

Particulars	Amount	Particulars	Amount
To Opening Stock		By Sales	
To Purchases		<i>(Less Return Inwards)</i>	
<i>(Less Return Outwards)</i>		By Closing Stock	
To Wages (Adjust O/S & Prepaid)		<i>By Gross Loss (Transfer to P&L A/C)</i>	
To Carriage Inwards			
To Freight, Octroi & Cartage		www.AccountingCapital.com	
To Direct Expenses			
To Fuel & Power			
<i>To Gross Profit (Transfer to P&L A/C)</i>			

ABC Company
Profit and Loss Account
For the Year Ended 31st Dec.

	\$		\$
Gross Loss (Transferred from Trading A/c)	XXXX	Gross Profit (Transferred from Trading A/c)	XXXX
Office and Administration Expenses		Commission Received	XXXX
Salaries	XXXX	Rent Received	XXXX
Rent, Rates, and Taxes	XXXX	Interest Received	XXXX
Postage and Telegram	XXXX	Discount Received	XXXX
Telephone Charges	XXXX	Discount from Creditors	XXXX
Printing and Stationery	XXXX	Discount on Purchases	XXXX
Office Electricity	XXXX	Dividend Received	XXXX
Insurance	XXXX	Interest on Drawings	XXXX
Legal Charges	XXXX	Reserve for Discount on Creditors	XXXX
Marketing and Selling Expenses		Interest on Renewal of Bills	XXXX
Carriage outwards	XXXX	Bad Debts Recovered	XXXX
Freight Outwards	XXXX	Provision for Bad Debts (Cr.)	XXXX
Sales Salaries	XXXX	Royalty Received	XXXX
Advertisement	XXXX	Apprentice Premium	XXXX
Godown Rent	XXXX	Miscellaneous Income	XXXX
Commissions	XXXX	Sundry Income	XXXX
Discount Allowed	XXXX		
Bad Debts	XXXX		
Financial and Other Expenses			
Bank Charges	XXXX		
Interest	XXXX		
Depreciation	XXXX		
Repairs and Maintenance	XXXX		
Audit Fees	XXXX		
Loss by Theft, Accident, and Fire	XXXX		
Miscellaneous and Sundry Expenses	XXXX		
Net Profit Transferred to Capital	XXXX	Net Loss (Transferred to Capital)	XXXX

Particulars	Amount ₹	Amount ₹
I) Sources of Funds		
A) <u>Owners Fund/Shareholders Fund.</u>		
a) Share Capital		
Equity share capital	xxx	
Preference share capital.	xxx	
b) Add : Reserves and surplus		
Profit & Loss A/c	xxx	
General reserve	xxx	
Securities Premium.	xxx	
c) Less : Fictitious Assets	xxx	
Net Worth/Owners Fund.	(xxx)	xxx
B) Borrowed Funds		
Bank Loan	xxx	
Debentures	(xxx)	
Total Fund Available		xxx
II) Application of Funds		
1) Fixed Assets	xxx	
Land and Building	xxx	
Plant and Machinery	xxx	
Furniture	xxx	
Vehicle.	xxx	xxx
2) Investment		
3) Working Capital		xxx
Current Assets		
Quick Assets		
Cash	xxx	
Bank	xxx	

Excel Application to make Balance sheet,

- You can do that in Excel by **clicking on File. Go to the New tab, then in the Search Bar, type Balance Sheet.** After a quick search, Excel will give you at least three templates you can use. Alternatively,

Preparation of Cash Flow Statement and its analysis.

- A cash flow statement is a **financial statement that provides aggregate data regarding all cash inflows a company receives from its ongoing operations and external investment sources.** It also includes all cash outflows that pay for business activities and investments during a given period.



Example Corporation
Statement of Cash Flows
For the year ended December 31, 2021

Cash flows from operating activities	\$230,000
Net income	
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>	
Depreciation and amortization	63,000
Loss on sale of equipment	15,000
<i>Changes in current assets and liabilities:</i>	
Increase in accounts receivable	(21,000)
Decrease in prepaid expenses	3,000
Decrease in accounts payable	<u>(28,000)</u>
Net cash provided by operating activities	<u>262,000</u>
Cash flows from investing activities	
Capital expenditures	(300,000)
Proceeds from sale of equipment	<u>40,000</u>
Net cash used for investing activities	<u>(260,000)</u>
Cash flows from financing activities	
Proceeds from issuing debt	200,000
Dividends paid	<u>(110,000)</u>
Net cash provided by financing activities	<u>90,000</u>
Net increase in cash during the year	92,000
Cash at the beginning of the year	<u>101,000</u>
Cash at the end of the year	<u><u>\$193,000</u></u>

