Date → 20/03/2025

Accounts

Lec = 01

Ch = 07 → Final Accounts with Adjustment :

Final Account's of Sole Proprietors

why

i. Performance → Result of operation

1. Profit → I > E
2. Loss → I < E

Expences Incurred / Income Earned

ii. Position ⇒ Statement of finance

1. Balance sheet
2. Cash flow Statement → operating, Investing, financing
3. Accounting Ratio
4. fund flow Statement

• final Accounts

Non-Manufacturing Entity → B to C

→ Cost of Goods Manufacturing . x . . ?

1) Trading A/c
2) Profit + Loss A/c
3) Balance sheet

Manufacturing Entity → B to B

→ Cost of Goods Manufacturing

1). Manufacturing A/c Exp > Income
2) Trading A/c
3). Profit & Loss
4). Balance sheet

• Trading Accounts

why

Purchase → Sale

x.x.x.

1). Gross Profit = 4

A). Sales − Cost of Good sold
12 − 8

B). Direct Income − Direct Expences

2). Cost of Good sold = 8

A). Sales − Gross profit
12 − 4

B). opening stock + Purchase + Direct Exp. − Closing stock.

3). Gross profit in %

$$= \frac{\text{Gross profit}}{\text{Sales}} \times 100$$

Trading A/c

Particulars		Amount	Particulars		Amount
To opening stock		xxx	By Sales		xxx
To purchase	xxx		Less: Sales Return	(xx)	
Less: Income return	(xx)		Goods sold on approval		
Purchase machinery	(xx)		or return Basis		
Loss by fire	(xx)		(selling price)	(xx)	xxx
free sample	(xx)	xxx	By closing stock	xxx	
To Direct Expenses:			Add: Goods sold on approval		
Carriage inward	xx		on Return basis.		
Direct wages & salary	xx		(cost prices)	xxx	xxx
octroi	xx	xxx			
To Gross profit c/d		xxx			
(Transfer to P&L A/c					
		xxx			xxx

Date - 20/03/2025

Lec - 02

Accounts

ch.07 → final Accounts with Adjustment

1. Operating Profit = (Next page)

2. Net profit = operating profit
+ Different Source of Income
→ Rent Earnd
→ Interest Earnd
→ Income from ~~...~~ Investment.
→ Devident Received.
→ Profit on sale of fixed Assets.

− Different Expences
→ Interest of Loan
→ Loss on Sale of fixed Assets

Net profit = $\boxed{xxx}$

1) operating Profit = Gross profit (Business operate) + Indirect Income (Related with Business) — • Discount received
• Comission Earned
• Marketable security
• Profit ~~[illegible]~~ on short term marketable security.

— Depreciation
Salary
Bank charge
Audit fees
Carriage outward

operating profit $\boxed{xxxx}$

• Profit & loss A/c

Pr. Expenses → Dr. Pr. Income → Cr.

Particulars	Amount	Particulars	Amount
To Salary paid		By Gross profit b/d	
To Rent, Rates & Taxes		By Discount Received	
To Audit fees		By Comission Received	
To Bank charge		By interest on short term investment	
To Comission paid		By Profit on sale of short term marketable securities.	
To Legal charge			
To Miscellenous expenses			
To Carriage outward (carrige on sale)			
To freight outward			
To travelling Expenses			
To Depreciation			
To office Electricity			
To Advertisement exp.			
To Packaging charges			
To bad debts.			
To upkeep of Delivery van			
To sales Promoting exp.			

To operating Profit c/d			
		By operating Profit b/d	xxx
To Interest of loan		By Rent Earned	
To loss on sale of fixed asset		By Interest Earned	
		By Profit on sale of fixed assets	
To Net Profit (Before charging Comission)	xxx	By Income from investment	
To Manager Comission (Net Profit $\times \frac{R}{100+R}$)	xxx	By Net Profit b/d	xxx
To Net Profit	xxx		
(Transfer to Capital A/c)	xxx		

Adjustment

- Adjustment is the process of Adjusting those Transaction

1. omitted to be recorded in Books of A/c   भूल जाते है.
2. wrongly recorded in Books of A/c   गलत लिखा दिया
3. one Aspect has been recorded in books of A/c

Purpose

To know the Ture → Performance → • Trading A/c • P&L A/c

To know the Ture → Position → • Balance sheet

• Treatment of Adjustments

i) Inside the Trial Balance

Record only once

1. Trading A/c
2. P&L A/c
3. Balance sheet (Assets)

(closing stock)

ii) Outside the trial balance → known as adjustment

Record in 2/3 Places (closing stock)

1. Trading A/c → Cr.
2. Balance Sheet → Assets

Eg → Goods loss by fire worth ₹10,000 & insurance co. Admit & Pay the claim ₹ 7,000.

1) Trading A/c → Dr. Purchase
   - Loss by fire 10,000
2) P&L A/c → Dr.
   To Loss by fire = 3000
   (10k − 7k)
3) Balance sheet → Asset
   Insurance co. → 7,000

	Adjustment	Adjustment - Entry	Trading A/c	P&L A/c	Balance Sheet
1).	closing stock	closing stock A/c Dr. To trading A/c	Cr.	—	Asset
2).	outstanding salary	Salary A/c Dr. To O/S salary	—	Dr. (+)	Liability
3).	~~Prefaid~~ prepaid wages	Prepaid wages A/c Dr. To wages A/c	Dr. (-)	—	Asset
4).	Accrued Comission (Income Earned but not Recd.)	Accrued Comission A/c Dr. To Comission A/c	—	Cr. (+)	Asset
5).	un-Accrued Comission (Income received in advance).	Comission A/c Dr. To unaccrued comission (unearned)	—	Cr. (-)	Liability.

Date — 21/03/2025

Lec. 03

Accounts

Ch-07 → Final Accounts with Adjustment

	Adjustment	Adjustment - Entry	Trading A/c	P&L A/c	Balance Sheet
6).	Interest on Capital	Interest on Capital A/c Dr. To Capital A/c	—	Dr.	Lia. (+)
7).	Interest on Drawing	Drawing A/c Dr. To Interest on Drawing A/c	—	Cr.	Lia. (-)
8).	Further bad debt	Bad debt A/c Dr. To Sundry Debtor's A/c	—	Dr	Ass. (-)
9).	Provision for Bad debt ↳ (Liability)	P&L A/c Dr. To Provision for bad debts	—	Dr. + Bad debts	Ass. (-)
10).	Provision for Discount on Debtor.	P&L A/c Dr. To Provision for dis. bad debts	—	Dr. + Bad debts	Ass. (-)
11).	Goods sent on Approval or return basis. 1). Cost Price — 1200 2). Selling Price — 1500	1). Sales A/c Dr. 1500 (I(-)) To Debtors A/c 1500 (A(-)) 2). Closing stock A/c Dr. 1200 To Trading A/c 1200	1) Cr. → sales −1500 2). Cr. → cl.s +12000		Assets Debtor − 1500 − cl. stock + 1200
12).	Goods loss by fire (→ 7,000) & Insurance Co. admits Partial claim (→ 5,000)	1). P&L A/c Dr. 7,000 To Purchase A/c 7,000 2). Insurance A/c Dr. 5,000 P&L A/c Dr. 2,000 To Purchase — 7,000	Dr. = Pur. − 7,000	Dr. Loss by fire — 2000	Assets 5,000
13).	Good sold but omitted to be recorded	Debtors A/c Dr. To Sale	Cr. Sales (+)	—	Assets + Debtor
14)	Manager Comission	Manager Comission A/c Dr. To O/S manager comission	—	Dr	Liability

Trial balance

	Dr.	Cr.
Bad debts	3,000	—
Debtors (including Mr. x for Dishonoured of Bill ₹ 1,000)	6,000	—

Adjustment :-

1). Half of x Bill is irrecoverable

2). Create a Provision of 5% on Debtor

Profit & Loss A/c

To Bad debts	3,000			
+ further Bad debt (x Bill 1,000 x $\frac{1}{2}$)	500			
+ New Provision (60,000 − 1,000) x 5%	2950	6,450		

Balance sheet

		Debtor	60,000	
		− further bad debts	−500	
		− New Provision	−2950	56,550

Date → 28/03/2025

Accounts

Lec-04

Ch-07 → Final Accounts with adjustment

Approach-1

Trading A/c

Gross Profit c/d ↓

Profit & loss A/c

Net profit c/d ↓

Balance sheet

Tally

Capital + Liability = Assets

Approach-2

Trading A/c → Show Related Heads

To Gross Profit □ □

Profit & Loss A/c → Show Related Heads

Net Profit | By Gross profit (-)

Balance sheet → Compare Assets - Liability

Liability		Assets	
Capital + → Net Profit	0	Assets	
Liability	0		