



**SOS IN COMPUTER SCIENCE &  
APPLICATION  
JIWANJI UNIVERSITY**

**Class : MCA IV Semester**

**Subject : Accounting and Management Control**

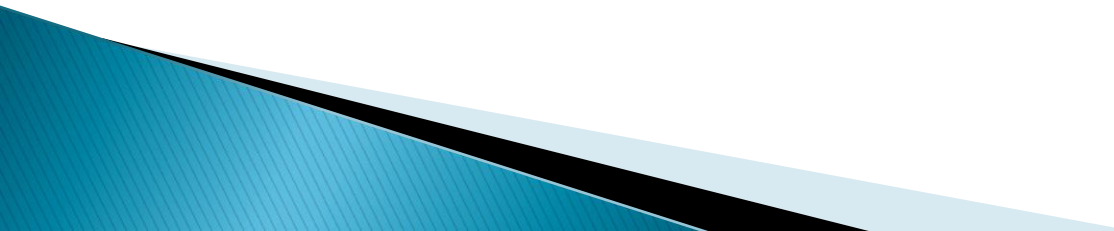
**Paper Code: (405)**

**Topic: (i) Profit and Loss Account**

**(ii) Balance sheet**

# Profit and Loss Account

The account that shows annual net profit or net loss of a business is called profit and loss account. It is prepared to determine the net profit or net loss of a trader. Profit and loss account is a component of final accounts.



# Profit and Loss Account

On the debit side:

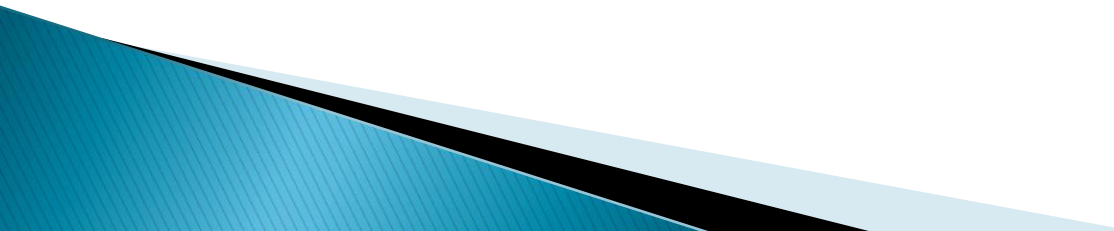
1. Gross loss (transferred from trading account)
- 2 All the indirect Expenses

On the credit side:

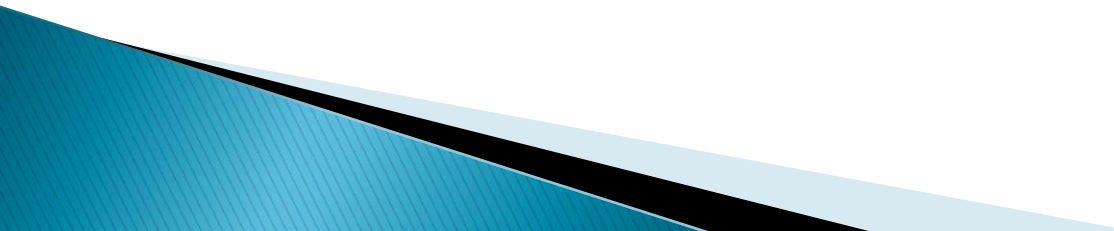
1. Gross profit (transferred from trading account. 2. Indirect revenues

# Net Profit or Net Loss

Net profit or net loss is the difference between the total revenue of a certain period and the total expense of the same period. Net profit is made when the total revenues exceed the total expenses. If the total revenues is less than the total expenses, then net loss is incurred.



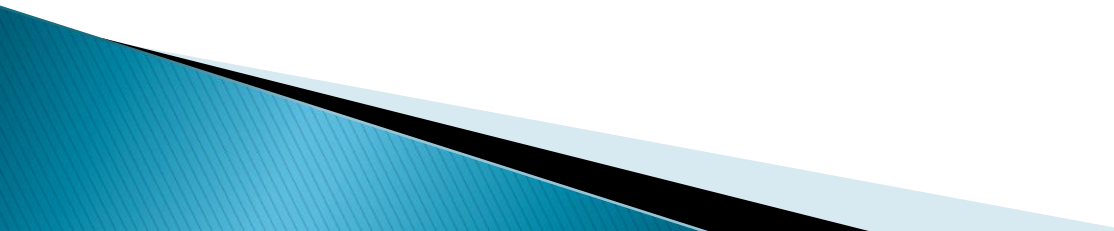
# Balance sheet

- ▶ A Balance sheet is a statement of the financial position of a business that list the assets, liabilities and owner's equity at the particular point in time. In other words the balance sheet illustrates your business net worth.
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# Balance sheet

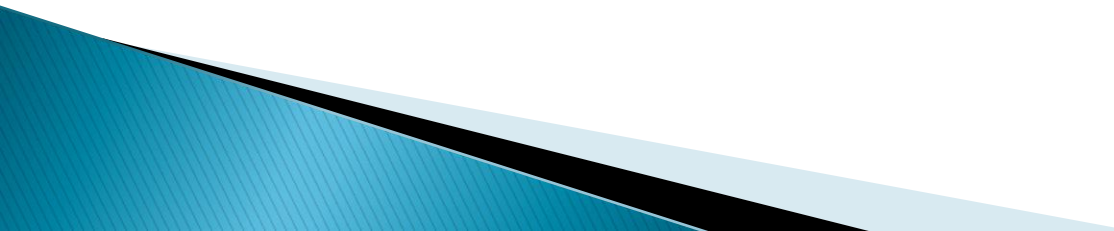
The balance sheet may also have details from the previous years so you can do a back to back comparison of two consecutive years. This data will help you track your performance and will identify ways to build up your finances and see where you need to improve.

# Components of Balance Sheet

- **Assets:** assets can be defined as the valuables that the company owns to benefit from or are used to generate income. They are the resources of the company that have future economic value. These are categorized into tangible and intangible assets.
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# Components of Balance Sheet

Liabilities: liabilities are owned by the business. These are claims of the creditors against the assets of the business. These are claims obligations that arise out of a past or current transactions. Liabilities are classified into current and long term liabilities.





# Components of Balance Sheet

- ▶ Net worth (Owner's Equity): Owner's equity (called when it's sole proprietorship).sometimes is also referred to as a book value of the company because the owners equity is equal to the market value.

# Balance Sheet

Assets = Liabilities + Net worth, this can be proposed to yield the definition of net worth which can be balance after the liabilities are subtracted from the assets of the business.

This section of the balance sheet includes: Paid up capital, Retained earning, Treasury stock.