PROFIT, GAIN ,LOSS AND VOUCHERS

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INTRODUCTION

- Profit is the remaining revenue, also known as income, after a company has accounted for all expenses.Profit is an essential outcome of running a business.
- A gain is a general increase in the value of an asset or property. A gain arises if the current price of something is higher than the original purchase price.
- The term losses is also used to report the writedown of asset amounts to amounts less than cost. It is also used to refer to several periods of net losses caused by expenses exceeding revenues.
- An accounting voucher is a record that acts as a supporting document to the entries recorded in the accounting books. The vouchers are stamped as 'paid' once the payment is received by the supplier. The payments are recorded in the respective ledger accounts

PROFIT

- Profit describes the financial benefit realized when revenue generated from a business activity exceeds the expenses, costs, and taxes involved in sustaining the activity in question.
- Profit is the revenue remaining after all costs are paid. These costs include labor, materials, interest on debt, and taxes.
- Profit is usually used when describing the activity of a business. But everyone with an income has profit. It's what's left over after paying the bills.
- Profit is the reward to business owners for investing. In small companies, it's paid directly as income. In corporations, it's often paid in the form of dividends to shareholders.

GAIN

- A gain is a general increase in the value of an asset or property.
- A gain arises if the current price of something is higher than the original purchase price. For accounting and tax purposes, gains may be classified in several ways, such as gross vs. net gains or realized vs. unrealized (paper) gains. Capital gains may additionally be classified as short-term vs. Long-term in nature.A gain can be contrasted with a loss, which occurs when property or assets held lose value compared to their purchase price. A loss can thus be construed as a negative gain.
- A gain is when the market value of an asset exceeds the purchase price of that asset. The gain is unrealized until the asset is sold for cash, at which point it becomes a realized gain. This is an important distinction for tax purposes, as only realized gains are subject to tax.
- Gains are the result of circumstances, events, or transactions which affect the entity independent of revenue or owner investments. They are usually the result of holding gains, exchange transactions, events, or nonreciprocal transactions.

COMPARATIVE STUDY BETWEEN PROFIT & GAIN

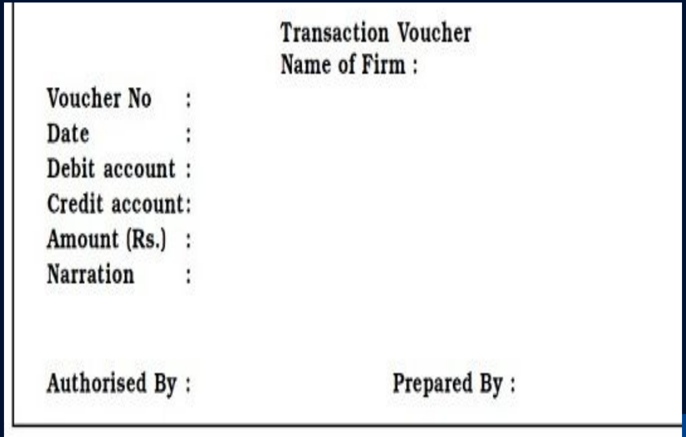
PROFIT	GAIN
• Profit is the summation of total income less total expenses.	• Gain is the proceeds received from the sale of fixed or financial assets.
• It is generated within the usual business operations	• It is generated outside of business operations.

LOSS

- A loss is an excess of expenses over revenues, either for a single business transaction or in reference to the sum of all transactions for an accounting period. The presence of a loss for an accounting period is closely watched by investors and creditors, since it can signal a decline in the creditworthiness of a business. This is particularly the case when the loss is derived from just the operational activities of a business.
- Losses from the sale of an asset is reported as nonoperating items since the loss is not from the main business activity.
- Losses from a lawsuit are generally recorded before the actual payment is made. This is because the loss from a lawsuit is normally recorded based on an estimate when the loss is considered probable to happen.

Vouchers

- Accounting vouchers may be classified as cash vouchers, debit vouchers, creditvouchers, journal vouchers, etc.
- There is no set format of accounting vouchers.These must be preserved in any case till the audit of the accounts and tax
- assessments for the relevant period are completed.Accounting is computerised and the necessary accounting vouchers showing the code number and name of the accounts to be debited and credited are prepared for the purpose of necessary recording of transactions.
- A transaction with one debit and one credit is a simple transaction and the accounting vouchers prepared for such transaction is known as Transaction Voucher, the format of Voucher which records a transaction that entails multiple debits/credits and one credit/debit is called compound voucher.
- Compound voucher may be: (a) Debit Voucher o7r (b) Credit Voucher;The design of the accounting vouchers depends upon the nature, requirement and convenience of the business. There is no set format of an accounting voucher.



Transaction Voucher
Name of Firm :

Voucher No :
Date :
Debit account :
Credit account :
Amount (Rs.) :
Narration :

Authorised By : Prepared By :

Thanks!