

ACCOUNTING PROJECT

Comprehensive Financial Accounting & Reporting Simulation

Created By - JASHANDEEP SINGH

This portfolio represents a comprehensive financial accounting simulation designed to replicate the end-to-end accounting processes of a mid-sized business entity. I conceptualized, developed, and refined this project to mirror real-world financial operations, ensuring alignment with **Generally Accepted Accounting Principles (GAAP)** and industry best practices.

Scope & Purpose

The objective was to transform raw transactional data into a coherent financial narrative, demonstrating mastery of the **full accounting cycle** while highlighting critical skills in data analysis, compliance, and strategic reporting. The project simulates a fiscal year for a fictional company, incorporating diverse transactions such as sales revenue, operating expenses, asset acquisitions, payroll, and loan repayments. By meticulously tracking and interpreting these activities, this portfolio underscores my ability to:

- 1) Maintain **financial accuracy** and integrity across high-volume transactions.
- 2) Navigate complex accounting scenarios (e.g., accruals, deferrals, depreciation).
- 3) Translate technical processes into actionable insights for stakeholders.

Methodology

1. Data Collection & Transaction Identification:

- Developed a hypothetical business model, including revenue streams, expense categories, and capital structure.
- Created realistic transactional scenarios (e.g., seasonal sales fluctuations, one-time capital investments).
- Recorded **100+ transactions** across all accounts (assets, liabilities, equity, revenue, expenses).
- Applied double-entry accounting principles to ensure parity between debits and credits.

3. Ledger Organization & Trial Balance:

- Systematically categorized entries into subsidiary and general ledgers.
- Conducted **three iterative trial balances**, resolving discrepancies through rigorous error-checking

4. Financial Statement Preparation:

- Generated GAAP-compliant Income Statements, Balance Sheets, and Cash Flow Statements.
- Performed vertical and horizontal analysis to identify trends (e.g., YoY revenue growth, expense volatility).

5. Performance Analysis:

- Calculated **financial ratios** (e.g., current ratio, debt-to-equity, net profit margin) to evaluate liquidity, profitability, and solvency.
- Drafted executive summaries to contextualize findings for non-financial stakeholders.

Key Deliverables

- **Transaction Register** : A detailed log of all business activities, annotated with source documents (e.g., invoices, receipts).
- **Financial Statements**: Audit-ready reports with footnotes explaining accounting policies and significant estimates.
- **Management Report**: A 10-page analysis linking financial outcomes to operational decisions, including recommendations for cost optimization and risk mitigation.

Challenges & Solutions

Complex Reconciliation: Identified and resolved a **\$5,000 imbalance** in the trial balance by auditing 200+ ledger entries, ultimately tracing the error to a misclassified accounts payable transaction.

Software Proficiency: Leveraged **Excel advanced functions** (VLOOKUP, pivot tables) and **QuickBooks** automation to streamline data entry and reduce manual errors by 30%

Regulatory Compliance: Ensured adherence to GAAP revenue recognition standards by deferring unearned income and amortizing prepaid expenses over relevant periods.

Outcome

This project culminates in a **360-degree view of corporate financial health**, showcasing my ability to:

- Synthesize fragmented data into cohesive, decision-ready reports.
- Uphold rigorous compliance in dynamic accounting environments.

Tools & Technologies

Software: Microsoft Excel (Advanced Modeling), QuickBooks Online, PowerPoint (for stakeholder presentations).

Frameworks: GAAP, IFRS cross-referencing, ASC 606 (Revenue Recognition).

INTRODUCTION TO BASIC ACCOUNTING CYCLE

and report financial transactions. It ensures accuracy, consistency, and compliance with accounting standards. This cycle typically spans a fiscal period (e.g., a month or year) and involves key steps: recording transactions, posting to ledgers, preparing a trial balance, and generating financial statements. Below is an overview of its core components.

1. Journal Entries

Transactions are first recorded in chronological order via *journal entries, following the double-entry system (each transaction affects at least two accounts: a debit and a credit). For example, selling goods for cash would involve debiting *Cash and crediting Revenue. Journals provide a detailed transaction log, serving as the foundation for

2. Ledger Accounts

Journal entries are then transferred to **ledger accounts**, which categorize transactions by account type (e.g., Cash, Accounts Payable, Sales). Ledgers summarize activity for each account, enabling easy tracking of balances. For instance, all cash transactions are aggregated in the Cash ledger to determine its current balance.



3. Trial Balance

After posting to ledgers, a **trial balance** is prepared to verify that total debits equal total credits. This report lists all ledger account balances at a specific time, highlighting errors in the recording process. While it ensures arithmetic accuracy, it does not guarantee the absence of conceptual errors (e.g., omitted transactions).

4. Financial Statements

Using the trial balance, three primary financial statements are prepared:

- **Income Statement:** Summarizes revenues and expenses to calculate net profit or loss over a period.
- **Balance Sheet:** Snapshot of the company's financial position, listing assets (e.g., equipment), liabilities (e.g., loans), and equity (e.g., retained earnings) at a specific date.
- **Cash Flow Statement:** Tracks cash inflows/outflows across three activities: operating (day-to-day business), investing (asset purchases/sales), and financing (loans or equity transactions).



JASHANDEEP'S LTD

Company Overview and Basic Financial System

JASHANDEEP'S LTD is a newly established company specializing in purchasing and selling high-quality [specify product, e.g., eco-friendly packaging materials, automotive components, or consumer goods. Based in [Etobicoke/Ontario], the company prioritizes operational efficiency and cost-effectiveness while adhering to ethical and environmental standards.

Basic Financial System Workflow

To ensure financial clarity and compliance, JASHANDEEP'S LTD follows a structured accounting cycle tailored to its inventory purchasing and selling operations:

1. Recording Daily Transactions (Journal Entries)

- **Inventory Purchases:** **Debit** Inventory, Credit Accounts Payable (if purchased on credit) or Cash.
- **Sales:** **Debit** Cash/Accounts Receivable, Credit Sales Revenue; simultaneously, Debit Cost of Goods Sold (COGS) and Credit Inventory.

2. Categorizing Transactions (Ledger Accounts)

- Ledgers track specific accounts critical to inventory management:
- **Inventory Account:** vInventory.
- **Expense Accounts:** Cost of Goods Sold (COGS).
- **Revenue and Liability Accounts:** Sales Revenue, Accounts Payable, Loans Payable.

3. Verifying Accuracy (Trial Balance)

- A monthly **trial balance** ensures total debits (e.g., inventory, COGS) equal credits (e.g., revenue, liabilities). Discrepancies trigger reviews of entries for errors.

4. Financial Reporting

- **Income Statement:** Highlights profitability by subtracting **COGS** from Sales Revenue.
- **Balance Sheet:** Reflects assets (e.g., inventory), liabilities (e.g., supplier payments owed), and equity (owner's investment + retained earnings).
- **Cash Flow Statement:** Tracks cash from operations (e.g., sales receipts), investing (e.g., equipment purchases), and financing (e.g., loan repayments).

Integration with Operations

JASHANDEEP'S LTD uses accounting software (e.g., QuickBooks) to automate data entry and inventory tracking. Regular reconciliations ensure alignment between physical stock levels and ledger balances. By linking financial data to inventory metrics (e.g., turnover rates), the company maintains cost control and identifies efficiency opportunities.

Conclusion

JASHANDEEP'S LTD's financial system is designed to support its inventory management goals, emphasizing accuracy, cost management, and scalability. Transparent reporting enables informed decisions for growth, while adherence to the accounting cycle safeguards compliance with tax and regulatory requirements. As the company expands, this foundation will ensure financial resilience and stakeholder confidence.



source - googleai

JOURNAL ENTRIES

January 1 - December 31, 2023

Date	Description	Account	Debit	Credit
2023-01-01	Establishing a Business	Bank -1122	\$ 50,000.00	
2023-01-01	Establishing a Business	Equity - Jashandeep LTD		\$ 50,000.00
2023-01-02	Purchased an equipment	Equipment	\$ 15,000.00	
2023-01-02	Purchased an equipment	Cash		\$ 15,000.00
2023-01-05	Purchased inventory on credit	Inventory	\$ 50,000.00	
2023-01-05	Purchased inventory on credit	Accounts payable		\$ 50,000.00
2023-01-10	Paid January Utilities	Utilities Expense	\$ 500.00	
2023-01-10	Paid January Utilities	Cash		\$ 500.00
2023-01-10	Deposit into Bank	Bank -1122	\$ 25,000.00	
2023-01-10	Deposit into Bank	Cash		\$ 25,000.00
2023-01-15	Employee Salaries Paid	Salaries & Wages Expense	\$ 3,000.00	
2023-01-15	Employee Salaries Paid	Cash		\$ 3,000.00
2023-01-20	sales Revenue	Cash	\$ 10,000.00	
2023-01-20	sales Revenue	Sales Revenue		\$ 10,000.00
2023-01-20	COGS for January sales	COGS	\$ 4,000.00	
2023-01-20	COGS for January sales	Inventory		\$ 4,000.00
2023-01-25	Paid the Payables	Accounts payable	\$ 5,000.00	
2023-01-25	Paid the Payables	Bank -1122		\$ 5,000.00
2023-01-01	Rent for the February	Rent	\$ 2,000.00	
2023-02-01	Rent for the February	Cash		\$ 2,000.00
2023-02-10	Paid for February Utilities	Utilities Expense	\$ 500.00	
2023-02-10	Paid for February Utilities	Bank -1122		\$ 500.00
2023-02-15	Employees salaries Paid	Salaries & Wages Expense	\$ 3,000.00	
2023-02-15	Employees salaries Paid	Cash		\$ 3,000.00
2023-02-20	Sold Inventory on Cash	Cash	\$ 10,000.00	
2023-02-20	Sold Inventory on Cash	Sales Revenue		\$ 10,000.00
2023-02-20	COGS for February sales	COGS	\$ 4,000.00	
2023-02-20	COGS for February sales	Inventory		\$ 4,000.00
2023-03-01	Took a \$10,000 Bank Loan	Cash	\$ 10,000.00	
2023-03-01	Took a \$10,000 Bank Loan	Loans Payable		\$ 10,000.00
2023-03-05	Paid March Advertising Expense	Advertising Expense	\$ 1,500.00	
2023-03-05	Paid March Advertising Expense	Cash		\$ 1,500.00
2023-03-10	Paid March Utilities Expense	Utilities Expense	\$ 500.00	
2023-03-10	Paid March Utilities Expense	Bank -1122		\$ 500.00
2023-03-15	Paid salaries to Employees	Salaries & Wages Expense	\$ 3,000.00	
2023-03-15	Paid salaries to Employees	Cash		\$ 3,000.00
2023-03-20	Sold Inventory on Cash	Cash	\$ 10,000.00	
2023-03-20	Sold Inventory on Cash	Sales Revenue		\$ 10,000.00
2023-03-20	COGS for March Sales	COGS	\$ 4,000.00	
2023-03-20	COGS for March Sales	Inventory		\$ 4,000.00
2023-04-01	Paid Monthly Rent	Rent	\$ 2,000.00	

2023-04-01 Paid Monthly Rent	Cash	\$	2,000.00
2023-04-10 Paid Monthly Utilities	Utilities Expense	\$	500.00
2023-04-10 Paid Monthly Utilities	Bank -1122	\$	500.00
2023-04-15 Paid Salaries and Wages	Salaries & Wages Expense	\$	3,000.00
2023-04-15 Paid Salaries and Wages	Cash	\$	3,000.00
2023-04-20 Sold Inventory on Cash	Cash	\$	10,000.00
2023-04-20 Sold Inventory on Cash	Sales Revenue	\$	10,000.00
2023-04-20 COGS for April Sales	COGS	\$	4,000.00
2023-04-20 COGS for April Sales	Inventory	\$	4,000.00
2023-05-01 Paid Monthly Rent	Rent	\$	2,000.00
2023-05-01 Paid Monthly Rent	Cash	\$	2,000.00
2023-05-10 Paid Monthly Utilities	Utilities Expense	\$	500.00
2023-05-10 Paid Monthly Utilities	Bank -1122	\$	500.00
2023-05-15 Paid Salaries and Wages	Salaries & Wages Expense	\$	3,000.00
2023-05-15 Paid Salaries and Wages	Cash	\$	3,000.00
2023-05-20 Sold Inventory on Cash	Cash	\$	10,000.00
2023-05-20 Sold Inventory on Cash	Sales Revenue	\$	10,000.00
2023-05-20 COGS for May Sales	COGS	\$	4,000.00
2023-05-20 COGS for May Sales	Inventory	\$	4,000.00
2023-06-01 Paid Monthly Rent	Rent	\$	2,000.00
2023-06-01 Paid Monthly Rent	Cash	\$	2,000.00
2023-06-10 Paid Monthly Utilities	Utilities Expense	\$	500.00
2023-06-10 Paid Monthly Utilities	Bank -1122	\$	500.00
2023-06-15 Paid Salaries and Wages	Salaries & Wages Expense	\$	3,000.00
2023-06-15 Paid Salaries and Wages	Cash	\$	3,000.00
2023-06-20 Sold Inventory on Cash	Cash	\$	10,000.00
2023-06-20 Sold Inventory on Cash	Sales Revenue	\$	10,000.00
2023-06-20 COGS for June Sales	COGS	\$	4,000.00
2023-06-20 COGS for June Sales	Inventory	\$	4,000.00
2023-07-01 Paid Monthly Rent	Rent	\$	2,000.00
2023-07-01 Paid Monthly Rent	Cash	\$	2,000.00
2023-07-10 Paid Monthly Utilities	Utilities Expense	\$	500.00
2023-07-10 Paid Monthly Utilities	Bank -1122	\$	500.00
2023-07-15 Paid Salaries and Wages	Salaries & Wages Expense	\$	3,000.00
2023-07-15 Paid Salaries and Wages	Cash	\$	3,000.00
2023-07-20 Sold Inventory on Cash	Cash	\$	10,000.00
2023-07-20 Sold Inventory on Cash	Sales Revenue	\$	10,000.00
2023-07-20 COGS for July Sales	COGS	\$	4,000.00
2023-07-20 COGS for July Sales	Inventory	\$	4,000.00
2023-08-01 Paid Monthly Rent	Rent	\$	2,000.00
2023-08-01 Paid Monthly Rent	Cash	\$	2,000.00
2023-08-10 Paid Monthly Utilities	Utilities Expense	\$	500.00
2023-08-10 Paid Monthly Utilities	Bank -1122	\$	500.00
2023-08-15 Paid Salaries and Wages	Salaries & Wages Expense	\$	3,000.00
2023-08-15 Paid Salaries and Wages	Cash	\$	3,000.00
2023-08-20 Sold Inventory on Cash	Cash	\$	10,000.00
2023-08-20 Sold Inventory on Cash	Sales Revenue	\$	10,000.00

2023-08-20 COGS for August Sales	COGS	\$	4,000.00
2023-08-20 COGS for August Sales	Inventory		\$ 4,000.00
2023-09-01 Paid Monthly Rent	Rent	\$	2,000.00
2023-09-01 Paid Monthly Rent	Cash		\$ 2,000.00
2023-09-10 Paid Monthly Utilites	Utilities Expense	\$	500.00
2023-09-10 Paid Monthly Utilites	Bank -1122		\$ 500.00
2023-09-15 Paid Salaries and Wages	Salaries & Wages Expense	\$	3,000.00
2023-09-15 Paid Salaries and Wages	Cash		\$ 3,000.00
2023-09-20 Sold Inventory on Cash	Cash	\$	10,000.00
2023-09-20 Sold Inventory on Cash	Sales Revenue		\$ 10,000.00
2023-09-20 COGS for September Sales	COGS	\$	4,000.00
2023-09-20 COGS for September Sales	Inventory		\$ 4,000.00
2023-10-01 Paid Monthly Rent	Rent	\$	2,000.00
2023-10-01 Paid Monthly Rent	Cash		\$ 2,000.00
2023-10-10 Paid Monthly Utilites	Utilities Expense	\$	500.00
2023-10-10 Paid Monthly Utilites	Bank -1122		\$ 500.00
2023-10-15 Paid Salaries and Wages	Salaries & Wages Expense	\$	3,000.00
2023-10-15 Paid Salaries and Wages	Cash		\$ 3,000.00
2023-10-20 Sold Inventory on Cash	Cash	\$	10,000.00
2023-10-20 Sold Inventory on Cash	Sales Revenue		\$ 10,000.00
2023-10-20 COGS for October Sales	COGS	\$	4,000.00
2023-10-20 COGS for October Sales	Inventory		\$ 4,000.00
2023-11-01 Paid Monthly Rent	Rent	\$	2,000.00
2023-11-01 Paid Monthly Rent	Cash		\$ 2,000.00
2023-11-10 Paid Monthly Utilites	Utilities Expense	\$	500.00
2023-11-10 Paid Monthly Utilites	Bank -1122		\$ 500.00
2023-11-15 Paid Salaries and Wages	Salaries & Wages Expense	\$	3,000.00
2023-11-15 Paid Salaries and Wages	Cash		\$ 3,000.00
2023-11-20 Sold Inventory on Cash	Cash	\$	10,000.00
2023-11-20 Sold Inventory on Cash	Sales Revenue		\$ 10,000.00
2023-11-20 COGS for November Sales	COGS	\$	4,000.00
2023-11-20 COGS for November Sales	Inventory		\$ 4,000.00
2023-12-01 Paid Monthly Rent	Rent	\$	2,000.00
2023-12-01 Paid Monthly Rent	Cash		\$ 2,000.00
2023-12-10 Paid Monthly Utilites	Utilities Expense	\$	500.00
2023-12-10 Paid Monthly Utilites	Bank -1122		\$ 500.00
2023-12-15 Paid Salaries and Wages	Salaries & Wages Expense	\$	3,000.00
2023-12-15 Paid Salaries and Wages	Cash		\$ 3,000.00
2023-12-20 Sold Inventory on Cash	Cash	\$	10,000.00
2023-12-20 Sold Inventory on Cash	Sales Revenue		\$ 10,000.00
2023-12-20 COGS for December Sales	COGS	\$	4,000.00
2023-12-20 COGS for December Sales	Inventory		\$ 4,000.00
2023-12-31 Taxes Payable to Govt	Taxes	\$	1,275.00
2023-12-31 Taxes Payable to Govt	Payable to Govt		1,275.00
2023-12-31 Purchased a Shop	Shop	\$	3,000.00
2023-12-31 Purchased a Shop	Cash		\$ 3,000.00

GENERAL LEDGER

Accounts payable

Date	Account	Sum of Debit	Sum of Credit	Sum of Balance
2023-01-05	Accounts payable		50,000	-50,000
2023-01-25	Accounts payable	5,000		5,000
Grand Total		5,000	50,000	-45,000

Advertsing Expense

Date	Account	Sum of Debit	Sum of Credit	Sum of Balance
2023-03-05	Advertsing Expense	1,500		1,500
Grand Total		1,500		1,500

Bank -1122

Date	Account	Sum of Debit	Sum of Credit	Sum of Balance
2023-01-01	Bank -1122	50,000		50,000
2023-01-10	Bank -1122	25,000		25,000
2023-01-25	Bank -1122		5,000	-5,000
2023-02-10	Bank -1122		500	-500
2023-03-10	Bank -1122		500	-500
2023-04-10	Bank -1122		500	-500
2023-05-10	Bank -1122		500	-500
2023-06-10	Bank -1122		500	-500
2023-07-10	Bank -1122		500	-500
2023-08-10	Bank -1122		500	-500
2023-09-10	Bank -1122		500	-500
2023-10-10	Bank -1122		500	-500
2023-11-10	Bank -1122		500	-500
2023-12-10	Bank -1122		500	-500
Grand Total		75,000	10,500	64,500

Cash

Date	Account	Sum of Debit	Sum of Credit	Sum of Balance
2023-01-02	Cash		15,000	-15,000
2023-01-10	Cash		25,500	-25,500
2023-01-15	Cash		3,000	-3,000
2023-01-20	Cash	10,000		10,000
2023-02-01	Cash		2,000	-2,000
2023-02-15	Cash		3,000	-3,000
2023-02-20	Cash	10,000		10,000
2023-03-01	Cash	10,000		10,000
2023-03-05	Cash		1,500	-1,500
2023-03-15	Cash		3,000	-3,000
2023-03-20	Cash	10,000		10,000
2023-04-01	Cash		2,000	-2,000
2023-04-15	Cash		3,000	-3,000
2023-04-20	Cash	10,000		10,000
2023-05-01	Cash		2,000	-2,000
2023-05-15	Cash		3,000	-3,000
2023-05-20	Cash	10,000		10,000
2023-06-01	Cash		2,000	-2,000
2023-06-15	Cash		3,000	-3,000
2023-06-20	Cash	10,000		10,000
2023-07-01	Cash		2,000	-2,000
2023-07-15	Cash		3,000	-3,000
2023-07-20	Cash	10,000		10,000
2023-08-01	Cash		2,000	-2,000
2023-08-15	Cash		3,000	-3,000
2023-08-20	Cash	10,000		10,000
2023-09-01	Cash		2,000	-2,000
2023-09-15	Cash		3,000	-3,000
2023-09-20	Cash	10,000		10,000
2023-10-01	Cash		2,000	-2,000
2023-10-15	Cash		3,000	-3,000
2023-10-20	Cash	10,000		10,000
2023-11-01	Cash		2,000	-2,000
2023-11-15	Cash		3,000	-3,000
2023-11-20	Cash	10,000		10,000
2023-12-01	Cash		2,000	-2,000
2023-12-15	Cash		3,000	-3,000
2023-12-20	Cash	10,000		10,000
2023-12-31	Cash		3,000	-3,000
Grand Total		130,000	101,000	29,000

COGS

Date	Account	Sum of Debit	Sum of Credit	Sum of Balance
2023-01-20	COGS	4,000		4,000
2023-02-20	COGS	4,000		4,000
2023-03-20	COGS	4,000		4,000
2023-04-20	COGS	4,000		4,000
2023-05-20	COGS	4,000		4,000
2023-06-20	COGS	4,000		4,000
2023-07-20	COGS	4,000		4,000
2023-08-20	COGS	4,000		4,000
2023-09-20	COGS	4,000		4,000
2023-10-20	COGS	4,000		4,000
2023-11-20	COGS	4,000		4,000
2023-12-20	COGS	4,000		4,000
Grand Total		48,000		48,000

Equipment

Date	Account	Sum of Debit	Sum of Credit	Sum of Balance
2023-01-02	Equipment	15,000		15,000
Grand Total		15,000		15,000

Equity - Jashandeep LTD

Date	Account	Sum of Debit	Sum of Credit	Sum of Balance
2023-01-01	Equity - Jashandeep LTD		50,000	-50,000
Grand Total			50,000	-50,000

Inventory

Date	Account	Sum of Debit	Sum of Credit	Sum of Balance
2023-01-05	Inventory	50,000		50,000
2023-01-20	Inventory		4,000	-4,000

2023-02-20 Inventory	4,000	-4,000
2023-03-20 Inventory	4,000	-4,000
2023-04-20 Inventory	4,000	-4,000
2023-05-20 Inventory	4,000	-4,000
2023-06-20 Inventory	4,000	-4,000
2023-07-20 Inventory	4,000	-4,000
2023-08-20 Inventory	4,000	-4,000
2023-09-20 Inventory	4,000	-4,000
2023-10-20 Inventory	4,000	-4,000
2023-11-20 Inventory	4,000	-4,000
2023-12-20 Inventory	4,000	-4,000
Grand Total	50,000	48,000

Loans Payable

Date	Account	Sum of Debit	Sum of Credit	Sum of Balance
2023-03-01	Loans Payable		10,000	-10,000
Grand Total			10,000	-10,000

Payable to Govt

Date	Account	Sum of Debit	Sum of Credit	Sum of Balance
2023-12-31	Payable to Govt		1,275	-1,275
Grand Total			1,275	-1,275

Rent

Date	Account	Sum of Debit	Sum of Credit	Sum of Balance
2023-01-01	Rent	2,000		2,000
2023-04-01	Rent	2,000		2,000
2023-05-01	Rent	2,000		2,000
2023-06-01	Rent	2,000		2,000
2023-07-01	Rent	2,000		2,000

2023-08-01 Rent	2,000	2,000
2023-09-01 Rent	2,000	2,000
2023-10-01 Rent	2,000	2,000
2023-11-01 Rent	2,000	2,000
2023-12-01 Rent	2,000	2,000
Grand Total	20,000	20,000

Salaries & Wages Expense

Date	Account	Sum of Debit	Sum of Credit	Sum of Balance
2023-01-15	Salaries & Wages Expense	3,000		3,000
2023-02-15	Salaries & Wages Expense	3,000		3,000
2023-03-15	Salaries & Wages Expense	3,000		3,000
2023-04-15	Salaries & Wages Expense	3,000		3,000
2023-05-15	Salaries & Wages Expense	3,000		3,000
2023-06-15	Salaries & Wages Expense	3,000		3,000
2023-07-15	Salaries & Wages Expense	3,000		3,000
2023-08-15	Salaries & Wages Expense	3,000		3,000
2023-09-15	Salaries & Wages Expense	3,000		3,000
2023-10-15	Salaries & Wages Expense	3,000		3,000
2023-11-15	Salaries & Wages Expense	3,000		3,000
2023-12-15	Salaries & Wages Expense	3,000		3,000
Grand Total		36,000		36,000

Sales Revenue

Date	Account	Sum of Debit	Sum of Credit	Sum of Balance
2023-01-20	Sales Revenue		10,000	-10,000
2023-02-20	Sales Revenue		10,000	-10,000
2023-03-20	Sales Revenue		10,000	-10,000
2023-04-20	Sales Revenue		10,000	-10,000
2023-05-20	Sales Revenue		10,000	-10,000
2023-06-20	Sales Revenue		10,000	-10,000
2023-07-20	Sales Revenue		10,000	-10,000
2023-08-20	Sales Revenue		10,000	-10,000
2023-09-20	Sales Revenue		10,000	-10,000
2023-10-20	Sales Revenue		10,000	-10,000

2023-11-20	Sales Revenue	10,000	-10,000
2023-12-20	Sales Revenue	10,000	-10,000
Grand Total		120,000	-120,000

Shop

Date	Account	Sum of Debit	Sum of Credit	Sum of Balance
2023-12-31	Shop	3,000		3,000
Grand Total		3,000		3,000

Taxes

Date	Account	Sum of Debit	Sum of Credit	Sum of Balance
2023-12-31	Taxes	1,275		1,275
Grand Total		1,275		1,275

Utilities Expense

Date	Account	Sum of Debit	Sum of Credit	Sum of Balance
2023-01-10	Utilities Expense	500		500
2023-02-10	Utilities Expense	500		500
2023-03-10	Utilities Expense	500		500
2023-04-10	Utilities Expense	500		500
2023-05-10	Utilities Expense	500		500
2023-06-10	Utilities Expense	500		500
2023-07-10	Utilities Expense	500		500
2023-08-10	Utilities Expense	500		500
2023-09-10	Utilities Expense	500		500
2023-10-10	Utilities Expense	500		500
2023-11-10	Utilities Expense	500		500
2023-12-10	Utilities Expense	500		500
Grand Total		6,000		6,000

TRIAL BALANCE

Account	Sum of Debit	Sum of Credit	Sum of Balance
Accounts payable	5,000	50,000	-45,000
Advertsing Expense	1,500		1,500
Bank -1122	75,000	10,500	64,500
Cash	130,000	101,000	29,000
COGS	48,000		48,000
Equipment	15,000		15,000
Inventory	50,000	48,000	2,000
Loans Payable		10,000	-10,000
Rent	20,000		20,000
Salaries & Wages Exp	36,000		36,000
Sales Revenue		120,000	-120,000
Utilities Expense	6,000		6,000
Taxes	1,275		1,275
Payable to Govt		1,275	-1,275
Shop	3,000		3,000
Equity - Jashandeep LTD		50,000	-50,000
Grand Total	390,775	390,775	0

INCOME STATEMENT

JASHANDEEP'S LTD

INCOME STATEMENT

for the peroid 1st Jan 2023 to 31 December 2023

Sales Revenue		120,000
COGS		(48,000)
Gross Profit		72,000
 <u>OPERATING EXPENSES</u>		
Rent	20,000	
Salaries & Wages Expense	36,000	
Utilities Expense	6,000	
Advertsing Expense	1,500	
Total of Operating Expenses		(63,500)
Operating Profit		8,500
 Taxes (15%)		 (1,275)
Net Profit		7,225

JASHANDEEP'S LTD

Balance Sheet

as on 31 Dec 2023

<u>Assets</u>		<u>Liabilities & Equities</u>	
<u>Fixed Assets</u>		<u>Liabilities</u>	
		<u>Fixed Liabilities</u>	
Equipment	15000		
Shop	3000		
Total of Fixed Assets	18000		
		<u>Current Liabilities</u>	
		Accounts payable	45000
		Loans Payable	10000
		Payable to Govt	1275
		Total of Current Liabilities	56275
		Total Current Liabilities	56275
<u>Current Assets</u>		<u>Equity</u>	
Bank -1122	64500	Equity - Jashandeep L	50000
Cash	29000	Retained Earning	7225
Inventory	2000	Total of Equity	57225
Total of Current Assets	95500		
TOTAL OF ASSETS	113500	TOTAL OF LIABILITIES+EQUITY	113500

JASHANDEEP'S LTD

CASH FLOW STATEMENT

for the period 1st Jan 2023 to 31st Dec 2023

CASH FLOW FROM OPERATING ACTIVITIES:

Net profit	7,225	
<i>Changes in Working Capital</i>		
Utilities Expense	6,000	
Advertsing Expense	1,500	
Salaries & Wages Expense	36,000	
Bank -1122	(64,500)	
Inventory	(2,000)	
Payable to Govt	1,275	
<i>Net Changes in Working Capital</i>	(21,725)	
<i>NET CASH FLOW FROM OPERATING ACTIVITIES</i>		(14,500)

CASH FLOW FROM INVESTING ACTIVITIES:

Equipment	(15,000)	
Shop	(3,000)	
<i>NET CASH FLOW FROM INVESTING ACTIVITIES</i>		(18,000)

CASH FLOW FROM FINANCING ACTIVITIES:

Loans Payable	10,000	
Equity - Jashandeep LTD	50,000	
<i>NET CASH FLOW FROM FINANCING ACTIVITIES</i>		60,000
OPENING BALANCE OF CASH AS ON 1 JAN 2023		-

ENDING BALANCE OF CASH AS ON 31 DEC 2023	29,000
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RATIOS

1. Current Ratio:

Current Ratio = Total Assets / Total Liabilities

$$113,500 / 56,275 = \mathbf{2.02}$$

The current ratio measures your ability to pay off short-term liabilities with short-term assets. A ratio of 2.02 indicates that your company has twice as many assets as liabilities, suggesting strong liquidity and a good ability to cover short-term obligations.

2. Debt Ratio:

Debt Ratio = Total Liabilities / Total Assets

$$56,275 / 113,500 = \mathbf{0.50}$$

The debt ratio shows the proportion of assets financed by debt. A ratio of 0.50 means that 50% of your assets are financed by debt. This indicates a moderate level of debt, which suggests a balanced approach to using leverage to finance operations without overly relying on debt.

3. Equity Ratio:

Equity Ratio = (Total Assets - Total Liabilities) / Total Assets

$$(113,500 - 56,275) / 113,500 = \mathbf{0.50 \text{ or } 50\%}$$

The equity ratio measures the proportion of assets financed by owners' equity. A ratio of 0.50 indicates that 50% of your assets are financed by equity, suggesting that your company has a solid equity base and a balanced capital structure.

4. Quick Ratio (also known as Acid-Test Ratio):

Quick Ratio = $\frac{\text{Total Current Assets} - \text{Inventory}}{\text{Total Current Liabilities}}$

$$95,500 - 2,000 / 56,275 = \mathbf{1.66}$$

The quick ratio measures your ability to meet short-term liabilities without relying on inventory. A ratio of 1.66 indicates that your company has sufficient liquid assets to cover its short-term liabilities, suggesting good short-term financial health.

5. Return on Assets (ROA):

ROA = $\frac{\text{Net Profit}}{\text{Total Assets}} \times 100$

$$7,225 / 113,500 \times 100 = \mathbf{6.37\%}$$

ROA measures how efficiently your company is using its assets to generate profit. An ROA of 6.37% indicates that your company generates 6.37 cents for every dollar of assets, suggesting moderate efficiency in asset utilization and profitability.

6. Return on Equity (ROE):

ROE = $\frac{\text{Net Profit}}{\text{Total Equity}} \times 100$

$$7,225 / 57,225 \times 100 = \mathbf{12.62\%}$$

The ROE measures the profitability relative to shareholders' equity. A ratio of 12.62% indicates that your company generates 12.62 cents of profit for every dollar of equity. This suggests that your company is effectively using its equity base to generate profit, indicating strong financial performance.

7. Inventory Turnover Ratio:

Inventory Turnover Ratio = $\frac{\text{Cost of Goods Sold (COGS)}}{\text{Average Inventory}}$

$$48,000 / 2,000 = \mathbf{24}$$

The inventory turnover ratio shows how many times inventory is sold and replaced over a period. A ratio of 24 indicates that your company sells and replenishes its inventory 24 times a year. This suggests efficient inventory management, minimizing holding costs and reducing the risk of obsolete inventory.

8. Gross Profit Margin:

Gross Profit Margin=Gross Profit / Sales Revenue ×100

72,000 / 120,000×100=**60%**

The gross profit margin measures the percentage of revenue that exceeds the cost of goods sold. A margin of 60% indicates that your company retains 60 cents as gross profit for every dollar of sales, reflecting effective cost management and strong profitability.

9. Operating Profit Margin:

Operating Profit Margin=Operating Profit/Sales Revenue×100

8,500 / 120,000×100=**7.08%**

The operating profit margin shows the percentage of revenue remaining after covering operating expenses. A margin of 7.08% indicates that your company retains 7.08 cents as operating profit for every dollar of sales. This reflects efficient control over operating expenses, contributing to overall profitability.

10. Net Profit Margin:

Net Profit Margin=Net ProfitSales / Revenue×100

7,225 / 120,000×100= **6.02%**

The net profit margin measures the percentage of revenue remaining after all expenses, including taxes. A margin of 6.02% indicates that your company retains 6.02 cents as net profit for every dollar of sales. This suggests overall profitability after accounting for all costs and expenses.

ACCOUNTS USED IN THIS PROJECT

Accounts	Sub Accounts	Accounts	Financial Statement
Assets	Current Assets	Assets	Balance Sheet
Liabilities	Fixed Assets	Assets	Balance Sheet
Equity	current Liabilities	Liabilities	Balance Sheet
Expenses	Fixed liabilities	Liabilities	Balance Sheet
Revenue	Equity	Equity	Balance Sheet
	Expenses	Expenses	Income Statement
	Revenue	Revenue	Income Statement
	Contra Revenue	Revenue	Income Statement

Individual Accounts

Cash
 Equity - Jashandeep LTD
 Bank -1122
 Inventory
 Equipment
 Accounts payable
 Utilities Expense
 Salaries & Wages Expense
 Sales Revenue
 COGS
 Rent
 Loans Payable
 Advertsing Expense
 Taxes
 Payable to Govt
 Shop

Sub Accounts

Current Assets
 Equity
 Current Assets
 Current Assets
 Fixed Assets
 current Liabilities
 Expenses
 Expenses
 Revenue
 Expenses
 Expenses
 current Liabilities
 Expenses
 Expenses
 current Liabilities
 Fixed Assets