

Assignment - 2

Profit and loss statement

Revenue from operation

The amount of money a company earns from selling its products or services.

Sale of goods / Income from operations

A contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a price:

Other operating revenue

It includes revenue from all other operating activities which are not related to the principal activities of the company.

Other income

Other income is income that does not come from a company's main business, such as interest.

Example: other income include income from interest, rent and gains resulting from the sale of fixed assets.

Expense

An expense is a cost that businesses incur in running their operations.

Cost of materials consumed

Cost of materials and other materials consumed in manufacturing the goods.

Purchase of Stock-in-trade.

It refers to all the Purchases of finished goods that the company buys towards conducting its business.

Changes in inventories of finished goods, work-in-progress and stock-in-trade.

It refers to the difference between the sums of opening and closing inventories. In case of a negative value, the amount of closing inventories is less than opening inventories.

Employee benefits expenses.

It refers to expenses incurred by the company to benefit its employees. These expenses may be cash or non-cash.

Finance costs - ~~Expenses~~ No clarity

The financial statement that summarizes the revenues, costs and expenses incurred during a specified period:

Depreciation and amortisation expense

Amortisation and depreciation are two methods of calculating the value for business assets over time.

Other expenses

Other expenses are expenses that do not relate to a company's main business.

Profit before Share of profit/loss of associates

It reflects the financial performance of the associate company and affects the financial statements of both the investor company and the associate company.

Share of Profit/(loss) of associate

It reflects the financial Performance of the associate company and affects the financial Statements of both the investor company and the associate company.

Profit before exceptional item and tax

Understanding earnings before interest, Tax, Amortization and exceptional items (EBITAE).

The revenue minus expenses with expenses excluding interest, taxes, amortization of intangible assets and exceptional items.

Exceptional items

Exceptional items are costly events that have an impact on a company's bottom line but must not be misread as gains or losses in routine business operations.

Profit before tax

Profit before tax (PBT) is a measure of a company's Profitability that looks at the Profits

Made before any tax is Paid.

Tax expense:

The total amount of taxes owed by an individual, corporation or other entity to a taxing authority.

Current tax

Current tax is the amount of income taxes Payable/recoverable in respect of the current Profit/loss for a Period.

Deferred tax

The amount of income tax Payable in future Periods in respect of taxable temporary differences.

Profit for the year

The measure net resources (after consideration of capital depreciation) staying in the company at the conclusion of the exercise. Profit or

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