

Delany 08/01/24

## Assignment 2

### Profit and loss A/c

#### Income

Income is the money that an individual or organization receives in return for their services or goods

#### Revenue from operations

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

#### Total Income

Total income is the sum of all revenues or earnings generated by an individual or a company within a specific period

#### Expenses

expenses are the costs incurred by an individual or a company in the process of generating revenue or conducting business activities



cost of raw material and components consumed

these refers to the expenses incurred by a company for the materials and parts used in the production process

purchase of stock in trade  
purchase of stock in trade to all the purchases of finished goods that the company buys to words conducting its business

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

These are the differences between the total of opening and closing inventories  
opening and closing inventories include all raw materials, WP and finished goods of inventory

Employee benefit expenses

Employee benefit expenses are the costs a company incure to benefit its employees in addition to their basic salary

Finance costs

It is the cost, interest, and other charges involved in the borrowing of money to built on purchase assets



Depreciation and amortisation expense

The term depreciate means to diminish in value over time, while the term amortise means to gradually write off a cost over a period.

Other expenses

Other expenses refer to costs incurred by a company that are not directly related to the primary operations or production process.

Profit before exceptional item and tax

It is a measure of a company's profitability before it pays income tax and deducts exceptional items.

Exceptional item

An item in the profit and loss account derived from within the ordinary activity of the company which is not expected to accrue regularly.

Profit before tax

It is a financial metric that measures a company's profitability before deducting taxes.



## Income tax

Income tax is the amount of money that individuals or businesses are required to pay to the government based on their income or profit

### current tax

current tax refers to the income tax that an individual or a company is required to pay on the profit earned in the current financial year

### Adjustment of tax relating to earlier period

This refers to changes made to the tax amount reported in a previous financial period.

### Deferred tax

Deferred tax refers to taxes that are recognized and accounted for in financial statements but are not paid or received until a future period

### total income tax

Total income tax refers to the total amount of Income tax expense recognized by a company in a specific period



profit for the year

profit for the year refers to the net income earned by a company during a specific financial year after deducting all expenses, taxes, and other costs from the total revenue generated.

Plumy  
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