

ASSIGNMENT - 2

PROFIT / LOSS / INCOME STATEMENT

REVENUE:-

Revenue is the money a company earns from the sales of its products and services. Cash flows is the net amount of cash being transferred into and out of a company.

REVENUE FROM OPERATIONS:-

Revenue from operations is the amount of money a company earns from selling its products or services.

OTHER INCOME:-

The next category refers to the other income or the miscellaneous income of the business, which includes the income generated from the company's various investment such as interest or dividend income.

EXPENSES:-

Costs deducted from revenue. Such as the cost of goods sold (COGS), wages, rent, marketing, administration cost, utilities, interest expenses and depreciations.

COST OF MATERIAL CONSUMED:-

Cost of material consumed is the first entry on line item is the 'expense' part of the statement of profit and loss.

PURCHASE OF STOCK IN TRADE:-

Purchase of stock in trade refer 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:-

Change in inventories of finished goods refers to the costs of manufacturing incurred by the company in the past, but the goods manufactured in the past were sold in the present/current financial year.

EMPLOYEE BENEFITS EXPENSES:-

Employee benefits in accounting refer to the costs and financial reporting requirements related to the benefits provided by an entity to its employees.

FINANCE COST

Financing cost (FC) also known as the cost of finance (COF) is the cost, interest, and other charges involved in the borrowing of money to build or purchase assets.

DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSES:-

The term depreciate means to diminish in value over time, while the term amortize means gradually write off a cost over a period. An impairment cost must be included under expenses when the book value of an asset exceeds the recoverable amount.

OTHER EXPENSES:-

Administrative expenses like depreciation costs, employee costs, marketing and distribution cost, selling cost, research and development cost.

PROFIT BEFORE TAX:-

Profit Before tax (PBT) is a financial metric that measures a company's profitability before deducting taxes.

EXCEPTIONAL ITEMS:

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

CURRENT TAX:

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

DEFERRED TAX:

Deferred tax (DT) means DTA can be realised only when the company reliably estimates sufficient future taxable income.

PROFIT FOR THE YEAR:

The profit and loss for the year measure net resources (after consideration of capital depreciation) staying in the company at the conclusion of the exercise.

[Signature]
08/07/24