

# Intro to Accounting

## Lecture 18

# Social Cost Benefit Analysis

Every business impacts its ecosystem and its stakeholders.

SCBA should attach a price to every impact point.

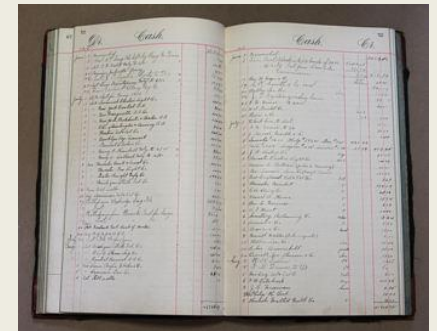
**Assignment:** Pick a hypothetical example and construct your own SCBA.

# Journal, Ledger, Trading Account

**Journal** – Book that has records of all financial transactions.



**Ledger** – Summarized version of the journal entries.



**Trading Account** – Basic purpose is to quickly calculate the gross profit/gross loss in business.

– First stage of accounts preparation

# Bookkeeping

- Recording, storing and retrieving financial transactions
  - For e.g., payments, receivables, depreciation, wages, invoices are recorded in a journal.
- Single Entry Book System – Simple form of recording transactions. Every financial transaction is a single entry in accounting journal
- Double Entry Book System – Every financial transaction is recorded twice in two forms – Debit and Credit.

For e.g., you have taken a loan of Rs.100,000 from Bank. You record the loan amount as an asset as your Cash position has improved. [DEBIT ENTRY]

You also record the loan amount as Liability as it is Loan Payable. [CREDIT ENTRY].

At all times, credit and debit entries should match.

Prepare a Trading Account for the year ending March 31, 2008 from the following balances as at March 31, 2008:

Details	Rs.	Details	Rs.
Opening Stock	10,000	Wages	5,000
Sales (inclusive of sales Tax)	1,70,000	Returns Outwards	8,000
Freight	500	Purchases	1,00,000
Carriage Inwards	1,000	Returns Inwards	5,000
Sales Tax paid	15,000	Octroi Duty	2,500

Closing Stock is valued at Rs. 20,000 as at March 31, 2008

## Trading Account

### For the year ending March 31, 2008

Dr.			Cr.
Particulars	Rs.	Particulars	Rs.
To Opening Stock	10,000	By Sales A/c	1,70,000
		Less: Sales tax	15,000
			-----
			1, 55,000
		Less: Returns	5,000
			1,50,000
To Purchases A/c		By Closing Stock	20,000
1,00,000	92,000		
Less: Returns			
8,000			
To Wages	5,000		
To Carriage Inwards	1,000		
To Freight	500		
To Octroi Duty	2,500		
To Profit and Loss A/c	59,000		
(Gross Profit)			
	<b>1,70,000</b>		<b>1,70,000</b>