

**Penang Sangam High School**

**Accounting-Year 11**

**Strand 4: Measuring Periodic Income 1**

**Sub-strand: Final Accounts**

**Week 20**

Greetings students

We will move on to our next topic Final accounts

**Learning outcome:** Prepare financial statements from Trial Balance incorporating balance day adjustments.

**Financial Expenses**

- are expenses in connection with collecting debts, paying interest and allowing discounts.

Bad debts Doubtful debts Discount allowed Interest on overdraft Interest	Interest on Mortgage Interest on debenture Interest on loan
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**Non-Operating Expenses**

- are expenses incurred but not in the normal course of the business.

Donations  Losses on sale of assets	Theft  Damage caused by fire, flood on stock or building
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### **Other Income**

-This includes any other income earned by the business apart from the normal trading activities.

Commission received	Bad debts recovered
Discount received	Doubtful debts (Decrease)
Gain on sale of fixed assets	Rent income from sub-let
Dividends	Interest on investments
Interest on fixed term deposit	

### **Classification of the Statement of Financial Performance for Trading Entity Revenue**

<b>Revenue</b>	<b>Sales</b>
Other Income	This includes any other income earned by the business apart from the normal trading activities. E.g. rent received, commission received, bad debt recovered, discount received etc.
Selling and Distribution Expenses	Costs that incurs in the delivery and distribution of goods to the consumers : E.g. advertising, salesmen's salaries, delivery vehicle expenses etc.
Administrative Expenses	Costs associated with the general running of the business. E.g. office expenses, depreciation of other fixed assets and electricity.
Financial expenses	Are expenses in connection with collecting debts, paying interest and allowing discounts E.g. bad debts, discount allowed, interest on loan, doubtful debts.
Other Expenses	Any other expenses that do not fall in the three categories given above (Selling and distributive, administrative and financial expense). E.g. theft, loss on sale of fixed assets, donations etc.

**FORMAT OF STATEMENT OF FINANCIAL PERFORMANCE**

**BUSINESS NAME**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED XX**  
**MONTH YEAR**

	<u>\$</u>	<u>\$</u>	<u>\$</u>
Sales		XX	
<b>Less sales return</b>		<u>XX</u>	
Net sales			XX
<b>Less cost of goods sold</b>			
Opening stock		XX	
<b>Add purchase</b>	XX		
<b>Less purchase returns</b>	<u>XX</u>	XX	
<b>Add buying expenses</b> (customs duty, cartage inwards, freight inwards, landing charges, and wharfage, cartage inwards)		<u>XX</u>	
Goods made available for sale		XX	
<b>Less closing stock</b>		<u>XX</u>	
Cost of goods sold			<u>XX</u>
Gross profit/loss			XX
<b><u>Add other income</u></b>			
Bad debts recovered		XX	
Doubtful debts (decrease)		XX	
Dividend		XX	
Rent received		XX	
Gain on sale of fixed assets		<u>XX</u>	<u>XX</u>
			XX
<b>Less Expenses</b>			
<b><u>Selling and distribution expenses</u></b>			
Salesman's wages	XX		
Advertising	XX		
Delivery vehicle expense	<u>XX</u>	XX	
<b><u>Administrative Expenses</u></b>			
Insurance	XX		
Salaries	XX		
Repairs and maintenance	<u>XX</u>	XX	
<b><u>Financial Expenses</u></b>			

Discount allowed	XX		
Interest on loan	XX		
Bad debts	XX		
Interest on mortgage	XX		
Doubtful debts (creating/increasing)	<u>XX</u>	<u>XX</u>	<u>XX</u>
			XX
<b>Less other expenses</b>			
Donation		XX	
Loss on sale of fixed assets		<u>XX</u>	
<b>Total expenses</b>			<u>XX</u>
<b>Net profit / loss</b>			<u>\$XXX</u>