final Accounts :— It gives an idea about the ~~Profitab~~ Profitability and financial position of a business to its management, owners and other interested Parties. All business transactions are first recorded in a Journal. They are then transferred to a ledger and balanced. These final tallies are Prepared for a specific period. The preparation of a final accounting is the last stage of the accounting cycle. It determines the financial position of the business.

The terms final accounts includes the trading account, the profit and loss account and the ~~ball~~ balance sheet.

Trading account

A trading account helps in determining the gross profit ~~or~~ or gross loss of a business Concern, made strictly out of trading activities. Trading involves buying and selling activities. In the trading account, the cost of goods sold is subtracted from net sales for the period to calculate gross profit. Only direct revenue and direct expenses are considered in it. Trading account is prepared mainly to know the Profitability of the goods bought by the business man.

The difference between selling price and cost of goods sold is the earning for the businessman which is also known as gross profit. Whearas net profit means all revenues mines all expenses. ~~not~~ including the cost of good sold, the selling, general and administrative expenses and the non-operating expenses. Thus in order to calculate the gross earning, it is necessary to know the cost of good sold and sales figures.

Gross profit → Sales — COGS (sales + closing stock) — (stock in the beginning + purchases + Direct Expenses)

COGS — Cost of good sold.

Items included on the debit side are opening stock, purchars, and direct expenses and on the Credit side are sales and closing stock. The resultant figure is either gross profit or gross loss.

~~Profit and Loss Account~~

Profit and loss Account

The profit and loss account is opened by recording the gross profit on the Credit side or gross loss on the debit side.

for earning the net profit, a business man has to ~~all~~ incur many more expenses in addition to the direct expenses. Those expenses are deducted from profit or added to a gross loss and thus, the resultant figure will be net profit or a net loss.

Expenses included in the profit and loss account are selling and distribution expenses, freight & Carriage on sales, sales tax, Administrative Expenses, financial expenses, maintenance, depreciation and provisions and more. On the Credit side, Discount received, ~~Commission~~ Commission received, profit on sale of asset and more appear.

* When preparing the accounts of any firm for any year, there will be certain opening entries that will need to be incorporated in the balance sheet.

Opening Entry

The opening balance is usually that balance which is brought forward at the begining of an accounting period from the end of a Previous accounting Period.

The opening balance is the amount of Capital or fund in a company's ~~o~~ account at the start a new financial period. It is "the very first entry in the accounts.

In ~~case~~ an operating firm, the ending balance at the end of one ~~mor~~ month or year becomes the opening balance for the beginning of the next month or accounting year the opening balance may appear on the credit or debit side of the ledger : ~~as~~

How to pass an opening Entry:-

When the next financial year begins the accountant passes one Journal entry at the beginning of ~~an~~ every financial year in which he shows all the opening balance of assets. and all the liabilities include capital. After that the Journal entry is called an opening Journal entry. Because all assets have a debit balance So these are debited in an opening Journal entry and all liabilities have a credit balances, hence these are credited in an opening ~~Gener~~ Journal entry.