

SS 2 THIRD TERM
BOOK –KEEPING SCHEME OF WORK

WEEK

- 1. Revision
- 2-4 Trading profit and loss account
- 5-7 Receipts and Payments Accounts
- 8-10 Income and Expenditure account

TRADING PROFIT AND LOSS ACCOUNTS

TRADING ACCOUNT: This is the account constructed for the purpose of finding the gross profit or loss of a business at a particular period. It is a revenue account and form part of the double entry system.

LAYOUT OF TRADING ACCOUNT

Trading Account for the year ended 31st dec. 19x9

		#			#
Opening stock		xx	sales	xx	
Add purchases	xx		less return inward	x	xx
Carriage inwards	x			—	
	—				
	xx				
less returns outward	x				
goods withdrawn	x				
	—	xx			
		—			
		Xx			
Less closing stock		x			
		—			

Cost of goods sold	xx	
Gross profit	xx	
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	Xx	xx
	-----	-----

TERMINOLOGIES:

SALES: This represents the total cash and credit sales during the period .It is credited to trading account.

RETURNS INWARDS: This is the total value of goods returned to the seller by the customers out of goods previously sold to them .This is also known as sales return and must be deducted from the total sales

TURNOVER ;This is the total net sales during a period of time .This means sales less return inwards .

PURCHASES: This represents the total of the cash and credit purchases of goods for resale .It is debited to the trading account.

RETURNS OUTWARDS: This is the total value of goods returned to supplier out of the goods bought .It is also known as purchases returns

CARRIAGE INWARDS: Carriage inwards is the cost of transportation charged on goods purchased .Carriage inwards is the cost incurred in order to bring the goods purchased to the present location

CARRIAGE OUTWARDS; This is the cost of transportation charged on goods sold to customers .It is a selling expense and is debited to profit and loss account

COST OF GOODS SOLD: This is the total cost of goods actually sold by the organization

COST OF GOODS AVAILABLE FOR SALE: This is the addition of opening stock and purchases

STOCK OF GOODS:

1. **Opening stock:** This represents goods available in a business at the beginning of the trading period

2. **Closing stock:** This is the stock of goods unsold at the end of the trading period

PROFIT AND LOSS ACCOUNT: This is the account constructed by a business organization to show the net profit or net loss. Expenses incurred by the organization are...