Analysis of Transactions under Traditional Approach

	Expense – Income Asset – Liability Loss – Gain Provisions - Reserves	Type of Account	Nature	Final Accounts Trading/P&L/B.S		If Given in Adjustments			Category of Expenses	Balance (Dr/Cr)
				Trading/ P&L/ B.S	Dr/Cr B.A/ B.L	Recorded twice in Two Places				
						Tr/P&L	O.S/	P.P		
	Expenses – Trading Account									
	Purchases	Nominal	Expense	Trading	Dr	-			Purchases Expenses	Dr
	Carriage/Carriage Inwards	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Purchases Expenses	Dr
	Carriage on Purchases	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Purchases Expenses	Dr
	Purchases Commission	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Purchases Expenses	Dr
	Freight/ Freight Inwards	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Purchases Expenses	Dr
	Cartage/ Cartage Inwards	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Purchases Expenses	Dr
	Clearing charges	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Purchases Expenses	Dr
	Octroi	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Purchases Expenses	Dr
	Marine Insurance	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Purchases Expenses	Dr
	Import Duty	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Purchases Expenses	Dr
	Royalty Paid for Copy rights, books, mines	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Purchases Expenses	Dr
	Customs Duty	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Purchases Expenses	Dr
	Duty paid on Purchases	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Purchases Expenses	Dr
	Miscellaneous Purchase Expenses	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Purchases Expenses	Dr
	Wages/ Wages and Salaries	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Factory Expenses	Dr
	Consumable Store Expense	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Factory Expenses	Dr
	Water Charges	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Factory Expenses	Dr
	Motive Power	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Factory Expenses	Dr
	Oil, Fuel, Gas, Coal	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Factory Expenses	Dr
	Electricity Charges	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Factory Expenses	Dr
	Factory Lighting and Heating	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Factory Expenses	Dr
	Salary to Factory Manager	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Factory Expenses	Dr
	Salary to Works Manager	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Factory Expenses	Dr
	Commission to Works Manager	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Factory Expenses	Dr
	Factory Rent, Rates, Insurance	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Factory Expenses	Dr
	OtherProduction/ Sundry Manufacturing Expenses	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Factory Expenses	Dr
	Packing of Finished Goods	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Factory Expenses	Dr
	Repairs and Renewals for Machinery	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Factory Expenses	Dr
	Stock Insurance Premium	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Factory Expenses	Dr
	Power	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Factory Expenses	Dr
	Purchases Returns/ Returns Outwards/ Returns (Cr)	Nominal	Gain	Trading	Dr	-			As a deduction from Purchases	Cr
	Drawings (Goods)	Nominal		Trading	Dr	-			As a deduction from Purchases	Dr
	Donation/Charity (Goods)	Nominal		Trading	Dr	-			As a deduction from Purchases	Dr
	Free Samples	Nominal		Trading	Dr	-			As a deduction from Purchases	Dr
	Stock used for Fixed Asset	Nominal		Trading	Dr	-			As a deduction from	Dr

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									Purchases	
	Stock used for Maintenance (Repairs)	Nominal		Trading	Dr	-			As a deduction from Purchases	Dr
	Sales Returns/ Returns Inward/ Returns (Dr)	Nominal	Loss	Trading	Cr	-			As a deduction from Sales	Dr
	Miscellaneous Factory Expenses	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Factory Expenses	Dr
	General/Sundry Expenses	Nominal	Expense	Trading	Dr	Tr	B.L	B.A	Under any Category	Dr
	Expenses – Profit and Loss Account									
	Salaries/ Salaries and Wages	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Office Rent	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Rent and Rates	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Insurance/ Fire Insurance	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Printing	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Stationery	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Audit Expenses	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Legal Expenses	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	General Expenses	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Under any Category	Dr
	Repairs	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Postage	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Conveyance Charges	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Telegrams	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Office lighting	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Staff Welfare Expenses	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Telephone charges	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Office Repairs and Renewals	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Bank Charges and Commissions	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Other Commissions	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Income Tax	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Interest on Bank OD	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Miscellaneous Office and Administration Expenses	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Entertainment Expenses	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Office and AdmExp	Dr
	Carriage outwards	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Selling and DistExp	Dr
	Carriage on sales	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Selling and DistExp	Dr
	Advertisements	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Selling and DistExp	Dr
	Bad Debts	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Selling and DistExp/ Loss	Dr
	Travelling Expenses	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Selling and DistExp	Dr
	Packing Expenses	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Selling and DistExp	Dr
	Brokerage	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Selling and DistExp	Dr
	Trade Expenses	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Selling and DistExp	Dr
	Freight Outwards	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Selling and DistExp	Dr
	Cartage Outwards	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Selling and DistExp	Dr
	Delivery Van Expenses	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Selling and DistExp	Dr
	Commission to Sales Men	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Selling and DistExp	Dr
	Sales Promotion Expenses	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Selling and DistExp	Dr
	Publicity	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Selling and DistExp	Dr
	Sales Tax which cannot be recovered from customers	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Selling and DistExp	Dr
	Insurance of finished stock of goods in transit	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Selling and DistExp	Dr
	Establishment Expenses	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Selling and DistExp	Dr

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	Miscellaneous selling and Distribution Expenses	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Selling and DistExp	Dr
	Discount Allowed	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Financial Expenses	Dr
	Interest on Capital	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Financial Expenses	Dr
	Interest on Loans Paid	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Financial Expenses	Dr
	Discount on Bill Discounted	Nominal	Expense	P&L	Dr	-			Financial Expenses	Dr
	Miscellaneous Financial Expenses	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Financial Expenses	Dr
	Appreciation on Assets	Nominal	Gain	P&L	Cr	P&L	Addition to concerned Asset		Abnormal Gain	Cr
	Depreciation on Assets	Nominal	Expense	P&L	Dr	P&L	Deduction from concerned asset		Depreciation Expense (Non – Cash Expense)	Dr
	Repairs for Buildings, Furniture, Machinery etc.	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Maintenance Expenses	Dr
	Miscellaneous/Sundry Expenses	Nominal	Expense	P&L	Dr	P&L	B.L	B.A	Any Expense concerned	Dr
	Losses – Profit and Loss Account									
	Loss on Sale of Assets	Nominal	Loss	P&L	Dr	-			Abnormal Losses	Dr
	Loss stock Due to Fire Accident	Nominal	Loss	Tr	Dr	Tr and P&L	Depends on Situation		Abnormal Losses	Dr
	Loss of Stock by Embezzlement	Nominal	Loss	Tr	Dr	Tr and P&L	Depends on Situation		Abnormal Losses	Dr
	Loss of Stock by Theft, Fraud, Misappropriation etc.	Nominal	Loss	Tr	Dr	Tr and P&L	Depends on Situation		Abnormal Losses	Dr
	Loss of stock due flood, earth quake etc.	Nominal	Loss	Tr	Dr	Tr and P&L	Depends on Situation		Abnormal Losses	Dr
	Loss of Any asset due to Fire accident, Theft, Fraud etc.	Nominal	Loss	P&L	Dr	P&L	As deduction from asset concern		Abnormal Losses	Dr
	Incomes and Gains – Profit and Loss Account									
	Sales	Nominal	Income	P&L	Cr		-		Revenue Income	Cr
	Discount Received	Nominal	Income	P&L	Cr	P&L	B.A	Cr	Revenue Income	Cr
	Commission Received	Nominal	Income	P&L	Cr	P&L	B.A	B.L	Revenue Income	Cr
	Bad debts Recovered	Nominal	Income	P&L	Cr	-			Revenue Income	Cr
	Interest on Drawings	Nominal	Income	P&L	Cr	P&L	B.L		Non – Trade Income	Cr
	Interest on Deb, Inv etc.	Nominal	Income	P&L	Cr	P&L	B.A	B.L	Non – Trade Income	Cr
	Rent Received on Property	Nominal	Income	P&L	Cr	P&L	B.A	B.L	Non – Trade Income	Cr
	Apprentice Premium	Nominal	Income	P&L	Cr	P&L	B.A	B.L	Non – Trade Income	Cr
	Profit on sale of Marketable Securities	Nominal	Income	P&L	Cr	P&L	B.A	B.L	Non – Trade Income	Cr
	Interest on Marketable Securities	Nominal	Income	P&L	Cr	P&L	B.A	B.L	Non – Trade Income	Cr
	Interest received on Loans and Advances	Nominal	Income	P&L	Cr	P&L	B.A	B.L	Non – Trade Income	Cr
	Royalty Income Received	Nominal	Income	P&L	Cr	P&L	B.A	B.L	Non – Trade Income	Cr
	Bank Interest Received	Nominal	Income	P&L	Cr	P&L	B.A	B.L	Non – Trade Income	Cr
	Dividends from Shares	Nominal	Income	P&L	Cr	P&L	B.A	B.L	Non – Trade Income	Cr
	Profit on Sale of Assets	Nominal	Gain	P&L	Cr	-			Abnormal Gain	Cr
	Profit on Sale of Invest..	Nominal	Gain	P&L	Cr	-			Abnormal Gain	Cr
	Miscellaneous/ Sundry Income	Nominal	Income	P&L	Cr	-			Revenue Income	Cr

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	Assets									
	Asset – Liability	Type of Account	Asset - Liability	Recorded In	As/Li	If Given in Adjustments			Category of Asset/ Liability	Balance
						Tr/P&L	Dep. W.O	App. W.O		
	Opening Stock	Real	Asset	Trading	Dr	-			Current Assets	Dr
	Closing Stock	Real	Asset	Trading	Cr	Tr	B.A		Current Assets	Dr
	Cash in Hand/ Cash	Real	Asset	B.S	As	-			Current Assets	Dr
	Cash at Bank/ Bank	Real	Asset	B.S	As	-			Current Assets	Dr
	Sundry Debtors	Real	Asset	B.S	B.A	P&L	B.A		Current Assets	Dr
	Short Term Investments	Real	Asset	B.S	B.A	P&L	B.A		Current Assets	Dr
	Bills Receivable	Personal	Asset	B.S	B.A	P&L	B.A		Current Assets	Dr
	Prepaid Expenses	Personal	Asset	B.S	B.A	Tr/P&L	B.A		Current Assets	Dr
	Income Receivable	Personal	Asset	B.S	B.A	Tr/P&L	B.A		Current Assets	Dr
	Plant and Machinery	Real	Asset	B.S	B.A	P&L	B.A		Tangible Fixed Asset	Dr
	Furniture, Fitting and Fixtures	Real	Asset	B.S	B.A	P&L	B.A		Tangible Fixed Asset	Dr
	Motor Vehicles	Real	Asset	B.S	B.A	P&L	B.A		Tangible Fixed Asset	Dr
	Land	Real	Asset	B.S	B.A	P&L	B.A		Tangible Fixed Asset	Dr
	Freehold land	Real	Asset	B.S	B.A	P&L	B.A		Tangible Fixed Asset	Dr
	Loose Tools	Real	Asset	B.S	B.A	P&L	B.A		Tangible Fixed Asset	Dr
	Long term investments	Real	Asset	B.S	B.A	P&L	B.A		Tangible Fixed Asset	Dr
	Vehicles	Real	Asset	B.S	B.A	P&L	B.A		Tangible Fixed Asset	Dr
	Asset under Lease	Real	Asset	B.S	B.A	P&L	B.A		Tangible Fixed Asset	Dr
	Other Equipment	Real	Asset	B.S	B.A	P&L	B.A		Tangible Fixed Asset	Dr
	Goodwill	Real	Asset	B.S	B.A	P&L	B.A		Intangible Fixed Asset	Dr
	Patents	Real	Asset	B.S	B.A	P&L	B.A		Intangible Fixed Asset	Dr
	Trade Marks	Real	Asset	B.S	B.A	P&L	B.A		Intangible Fixed Asset	Dr
	Copy rights	Real	Asset	B.S	B.A	P&L	B.A		Intangible Fixed Asset	Dr
	Huge Advertisement Exp	Nominal	Expense	B.S	B.A	P&L	B.A		Fictitious Assets	Dr
	Preliminary Expenses	Nominal	Expense	B.S	B.A	P&L	B.A		Fictitious Assets	Dr
	Discount on Issue of Debentures	Nominal	Expense	B.S	B.A	P&L	B.A		Fictitious Assets	Dr
	Heavy repairs due to heavy rains, floods, earthquakes.	Nominal	Expense	B.S	B.A	P&L	B.A		Fictitious Assets	Dr
	Paint for Lease building	Nominal	Expense	B.S	B.A	P&L	B.A		Fictitious Assets	Dr
	Expenses for change of business	Nominal	Expense	B.S	B.A	P&L	B.A		Fictitious Assets	Dr
	Repairs for lease building	Nominal	Expense	B.S	B.A	P&L	B.A		Fictitious Assets	Dr
	Liabilities									
	Capital	Personal	Liability	B.S	B.L	-			Capital	Cr
	Drawings	Personal	Advane	B.S	B.L	P&L	As a deduction from capital		Loans and Advances	Dr
	Provisions	Personal	Liability	B.S	B.L	P&L	B.A		Deduction from Asset (B.S - Assets)	Cr
	Reserves	Personal	Liability	B.S	B.L	P&L	B.L		Reserves and Surplus (B.S - Liabilities)	Cr
	Bills Payable	Personal	Liability	B.S	B.L	P&L	B.L		Current Liabilities	Cr
	Sundry Creditors	Personal	Liability	B.S	B.L	P&L	B.L		Current Liabilities	Cr
	Bank OD	Personal	Liability	B.S	B.L	P&L	B.L		Current Liabilities	Cr
	Short – Term Loan	Personal	Liability	B.S	B.L	P&L	B.L		Current Liabilities	Cr
	Outstanding Expenses	Personal	Liability	B.S	B.L	Tr/P&L	B.L		Current Liabilities	Cr
	Income Received in Advance	Personal	Liability	B.S	B.L	P&L	B.L		Current Liabilities	Cr
	Loan from Individual	Personal	Liability	B.S	B.L	P&L	B.L		Current Liabilities	Cr
	Long term loan from Bank	Personal	Liability	B.S	B.L	P&L	B.L		Long term Liabilities	Cr
	Debentures	Personal	Liability	B.S	B.L	P&L	B.L		Long term Liabilities	Cr

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	Loans from Financial Institutions	Personal	Liability	B.S	B.L	P&L	B.L	Long term Liabilities	Cr
	5% Loan on Mortgage	Personal	Liability	B.S	B.L	P&L	B.L	Long term Liabilities	Cr

Explanation for Abbreviations

Abbreviations	Explanation
O.S	Outstanding
P.P	Prepaid
B.L	Balance sheet – Liabilities Side
B.A	Balance Sheet – Assets Side
Dr	Debit
Cr	Credit
P&L	Profit and Loss Account
Tr	Trading Account
As	Assets Side
Li	Liabilities Side
Exp	Expenses
Adm	Administration
Dist	distribution

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