



Computation of Gross Profit

TRADING ACCOUNT

as on 31st March, 2017

Dr.		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening Stock	50,000	By Sales	11,00,000
To Purchase	6,00,000	By Closing Stock	70,000
To Direct Expenses	60,000		
To Gross Profit b/f	4,60,000		
	11,70,000		11,70,000

Operating profit = Gross Profit – (Operating Expenses + Operating Income)
 = 4,60,000 – (45,000 + 65,000)
 = Rs. 3,50,000

Note: Loss due to fire is a non-operating expense.