

Profit/Loss Account Balances in Red vs Black in the Trial Balance

Question:

Why In the trial balance, there are different balances on the Profit/Loss account (red/black values)?

If the company has made a profit by the end of the year, is it correct that it shows profit in red (minus) in the balance sheet?

TRIAL BALANCE WITH TURNOVERS									
For the Period		From January 01, 2025 to September 30, 2025							
Entity		ARD Legjal Consulting FZ-LLC							
Account, Description	Currency	Opening Balance		Period Turnovers		Closing Balance			
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.		
2000000, Current Assets	AED	-	-	601,648.69	296,607.37	305,041.32	-		
2030000, Trade and Other Current Receivables	AED	-	-	312,101.81	231,667.49	80,434.32	-		
2030100, Current Trade Receivables from Customers	AED	-	-	312,101.81	231,667.49	80,434.32	-		
2050000, Cash and Cash Equivalents	AED	-	-	289,546.88	64,939.88	224,607.00	-		
2050100, Cash on Hand	AED	-	-	58,275.00	58,275.00	-	-		
2050200, Bank Accounts	AED	-	-	231,271.88	6,664.88	224,607.00	-		
3000000, Equity	AED	-	-	100,000.00	158,275.00	-	58,275.00		
3010000, Issued Share Capital	AED	-	-	-	100,000.00	-	100,000.00		
3070000, Shareholder Current Account	AED	-	-	100,000.00	58,275.00	-	100,000.00		
5000000, Current Liabilities	AED	-	-	59,325.00	59,325.00	-	(41,725.00)		
5020000, Trade and Other Current Payables	AED	-	-	59,325.00	59,325.00	-	-		
5020100, Current Trade Payables	AED	-	-	59,325.00	59,325.00	-	-		
6000000, Income	AED	-	-	312,101.82	312,101.82	-	-		
6010000, Revenue	AED	-	-	216,160.36	216,160.36	-	-		
6010200, Sales of Services	AED	-	-	216,160.36	216,160.36	-	-		
6030000, Finance and Other Income	AED	-	-	95,941.46	95,941.46	-	-		
6030200, Gains on Exchange	AED	-	-	95,941.46	95,941.46	-	-		
7000000, Expenses	AED	-	-	65,335.50	65,335.50	-	-		
7030000, Administrative Expenses	AED	-	-	61,159.88	61,159.88	-	-		
7030400, Banking and Other Costs	AED	-	-	1,834.88	1,834.88	-	-		
7030600, Accounting Fee	AED	-	-	1,050.00	1,050.00	-	-		
7030700, Incorporation Expenses	AED	-	-	58,275.00	58,275.00	-	-		
7050000, Finance and Other Expenses	AED	-	-	4,175.62	4,175.62	-	-		
7050200, Losses on Exchange	AED	-	-	4,175.62	4,175.62	-	-		
8000000, Profit or Loss	AED	-	-	65,335.50	312,101.82	-	246,766.32		
8010000, Profit or Loss	AED	-	-	65,335.50	312,101.82	(246,766.32)	-		

Answer:

The redness in the balance sheet for the Profit/Loss account (PL Account) is not a methodological error:

If the account type is Cr - a credit balance is formed (profit in black, loss in red with a minus),

If the account type is Dr - the amount is formed by the debit balance (loss in black, profit with a minus in red),

If the account has the Dr/Cr setting - the amount will be formed either by Debit or by Credit (black) depending on the result.

If you are confused by the red color amounts in the Trial Balance , you can change the account type to Dr/Cr for 8010000 Profit/Loss account

←→☆

Profit or Loss (GL Account)

Save and closeSaveGeneral Ledger

Code: Parent Group: ▼ ⓘ

Description:

Type: Debit Credit Debit/Credit

Section: 🔒 ?

Off-Balance Accounting by Departments

Extra Dimensions

Description	Turnovers Only	Amount
Income Item / Expense Item	✓	✓
Business Activity	✓	✓

Details:

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