

Business 1

At the end of Period 1, Business 1's closing stock is valued at £100.

Bank

balance at end of period	250
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Purchases

balance at end of period	600	to P&L	600
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P&L Account for Period 1

purchases	600	sales	800
c/f	300	closing stock	100
	900		900
		b/f profit	300

Capital

balance at end of period	50
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Sales

to P&L	800	balance at end of period	800
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Stock

from P&L	100
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Business 2

Business 2 has balanced its accounts as shown below at the end of Period 1 (its first period of trading). Make the relevant transfers to and from the firm's P&L Account for Period 1, and determine the profit or loss for the period.

At the end of Period 1, Business 2's closing stock is valued at £50.

Response (original entries are coloured grey)

Bank		Capital	
balance at end of period	100	balance at end of period	140
Purchases		Sales	
balance at end of period	450	to P&L	430
	<u>450</u>	balance at end of period	<u>430</u>
Promises from/to Customer A		Promises from/to Supplier X	
balance at end of period	120	balance at end of period	100
P&L Account for Period 1			
purchases	450	sales	430
c/f	30	closing stock	50
	<u>480</u>		<u>480</u>
		b/f profit	30
Stock			
		from P&L	50

Business 3 has balanced its accounts as shown below at the end of Period 1 (its first period of trading). Make the relevant transfers to and from the firm's P&L Account for Period 1, and determine the profit or loss for the period.

Response (original entries are coloured grey)

Stock	
from P&L	20

Business 4

Business 4 has balanced its accounts as shown below at the end of Period 1 (its first period of trading). Make the relevant transfers to and from the firm's P&L Account for Period 1, and determine the profit or loss for the period.

At the end of Period 1, Business 4's closing stock is valued at £80.

Response (original entries are coloured grey)

<i>Promises from/to Customer C</i>		Sales	
<i>balance at end of period</i>	75	to P&L 700	<i>balance at end of period</i> 700
Purchases		<i>Promises from/to Supplier Z</i>	
<i>balance at end of period</i>	780		<i>balance at end of period</i> 120
	to P&L 780		
<i>Capital</i>		<i>Bank</i>	
	<i>balance at end of period</i> 95	<i>balance at end of period</i> 60	
P&L Account for Period 1			
purchases 780		sales 700	
		closing stock 80	
	780		780
result: neither profit nor loss		Stock	
		from P&L 80	