

19.2 A drill to practise recording transactions in successive periods

For each separate business below, record the transactions of Period 1 on the relevant accounts, and produce a P&L Account for Period 1 and a balance sheet at the end of Period 1.

Then record the transactions of Period 2, and produce a P&L Account for Period 2 and a balance sheet at the end of Period 2.

Business 1

Period 1

- owner puts £1 000 into a bank account for the business
- business buys goods on credit for £900
- business sells goods on credit for £1 100

NOTE: goods value £300 remain in stock at the end of the period.

Period 2

- business pays supplier £850 by cheque
- business receives cheque for £1 000 from customer
- business buys goods on credit for £1 200
- business sells goods on credit for £2 500

NOTE: goods value £800 remain in stock at the end of the period.

Accounting for Period 1

Bank	
(1)	1 000

Capital	
c/f	1 500
	<u>1 500</u>
(1)	1 000
profit (1)	500
	<u>1 500</u>
b/f	1 500

Purchases	
(2)	900
	<u>900</u>
to P&L (1)	<u>900</u>

Trade Creditor	
	(2) 900

Trade Debtor	
(3)	1 100

Sales	
to P&L (1)	<u>1 100</u>
(3)	<u>1 100</u>

P&L Account for Period 1			
purchases	900	sales	1 100
c/f	500	closing stock	300
	<u>1 400</u>		<u>1 400</u>
to capital	<u>500</u>	b/f profit	<u>500</u>

Stock	
from P&L (1)	300

19.2 BUSINESS 1	
balance sheet at end of Period 1	
Assets	
Stock	300
Trade Debtors	1 100
Bank	1 000
	<u>2 400</u>
Liabilities	
Trade Creditors	(900)
Net Assets	<u>£1 500</u>
Capital	<u>£1 500</u>

Business 1 continued – Period 2

Period 1

- owner puts £1 000 into a bank account for the business
- business buys goods on credit for £900
- business sells goods on credit for £1 100

NOTE: goods value £300 remain in stock at the end of the period.

Period 2

- business pays supplier £850 by cheque
- business receives cheque for £1 000 from customer
- business buys goods on credit for £1 200
- business sells goods on credit for £2 500

NOTE: goods value £800 remain in stock at the end of the period.

Accounting for Period 2

Bank			
(1)	1 000	(4)	850
(5)	1 000	c/f	1 150
	<u>2 000</u>		<u>2 000</u>
b/f	1 150		

Capital			
c/f	1 500	(1)	1 000
	<u>1 500</u>	profit (1)	500
			<u>1 500</u>
c/f	3 300	b/f	1 500
	<u>3 300</u>	profit (2)	1 800
			<u>3 300</u>
		b/f	3 300

Purchases			
(2)	900	to P&L (1)	900
(6)	1 200	to P&L (2)	1 200
	<u>2 100</u>		<u>2 100</u>

Trade Creditor			
(4)	850	(2)	900
c/f	1 250	(6)	1 200
	<u>2 100</u>		<u>2 100</u>
		b/f	1 250

Trade Debtor			
(3)	1 100	(5)	1 000
(7)	2 500	c/f	2 600
	<u>3 600</u>		<u>3 600</u>
b/f	2 600		

Sales			
to P&L (1)	1 100	(3)	1 100
to P&L (2)	2 500	(7)	2 500
	<u>3 600</u>		<u>3 600</u>

P&L Account for Period 2			
purchases	1 200	sales	2 500
opening stock	300	closing stock	800
c/f	1 800		
	<u>3 300</u>		<u>3 300</u>
to capital	1 800	b/f profit	1 800

Stock			
from P&L (1)	300	to P&L (2)	300
from P&L (2)	800		

19.2 BUSINESS 1	
balance sheet at end of Period 2	
Assets	
Stock	800
Bank	1 150
Trade Debtor	2 600
	<u>4 550</u>
Liabilities	
Trade Creditors	(1 250)
Net Assets	<u>£3 300</u>
Capital	<u>£3 300</u>

Business 2

Period 1

- owner puts £7 000 into a bank account for the business
- business buys goods on credit for £8 000
- business sells goods for £7 000, receiving payment by cheque

NOTE: goods value £90 remain in stock at the end of the period.

Period 2

- business pays supplier £8 000 by cheque
- business buys goods for £6 000 on credit
- business sells goods for £10 000 on credit.

NOTE: goods value £1 500 remain in stock at the end of the period.

Accounting for Period 1

Bank			
(1)	7 000		
(3)	7 000	c/f	14 000
	<u>14 000</u>		<u>14 000</u>
b/f	14 000		

Capital			
loss period 1	910	(1)	7 000
c/f	<u>6 090</u>		<u>7 000</u>
	<u>7 000</u>		<u>7 000</u>
		b/f	6 090

Purchases			
(2)	<u>8 000</u>	to P&L (1)	<u>8 000</u>

Trade Creditor			
		(2)	<u>8 000</u>

Sales			
to P&L (1)	<u>7 000</u>	(3)	<u>7 000</u>

P&L Account for Period 1			
purchases	8 000	sales	7 000
		closing stock	90
		c/f	910
	<u>8 000</u>		<u>8 000</u>
b/f loss	<u>910</u>	to capital	<u>910</u>

Stock	
from P&L (1)	<u>90</u>

19.2 BUSINESS 2	
balance sheet at end of Period 1	
Assets	
Stock	<u>90</u>
Bank	<u>14 000</u>
	<u>14 090</u>
Liabilities	
Trade Creditor	<u>(8 000)</u>
Net Assets	<u>£6 090</u>
Capital	<u>£6 090</u>

Business 2 continued – Period 2

Period 1

- owner puts £7 000 into a bank account for the business
- business buys goods on credit for £8 000
- business sells goods for £7 000, receiving payment by cheque

NOTE: goods value £90 remain in stock at the end of the period.

Period 2

- business pays supplier £8 000 by cheque
- business buys goods for £6 000 on credit
- business sells goods for £10 000 on credit.

NOTE: goods value £1 500 remain in stock at the end of the period.

Accounting for Period 2

Bank			
(1)	7 000		
(3)	7 000	c/f	14 000
	<u>14 000</u>		<u>14 000</u>
b/f	14 000	(4)	8 000
	<u>14 000</u>	c/f	6 000
			<u>14 000</u>
b/f	6 000		

Capital			
loss period 1	910	(1)	7 000
c/f	<u>6 090</u>		<u>7 000</u>
	<u>7 000</u>		<u>7 000</u>
		b/f	6 090
c/f	<u>11 500</u>	profit period 2	5 410
	<u>11 500</u>		<u>11 500</u>
		b/f	11 500

Purchases			
(2)	<u>8 000</u>	to P&L (1)	<u>8 000</u>
(5)	<u>6 000</u>	to P&L (2)	<u>6 000</u>

Trade Creditor			
(4)	8 000	(2)	8 000
c/f	<u>6 000</u>	(5)	6 000
	<u>14 000</u>		<u>14 000</u>
		b/f	6 000

Sales			
to P&L (1)	<u>7 000</u>	(3)	7 000
to P&L (2)	<u>10 000</u>	(6)	<u>10 000</u>

P&L Account for Period 2			
purchases	6 000	sales	10 000
opening stock	90	closing stock	1 500
c/f	<u>5 410</u>		
	<u>11 500</u>		<u>11 500</u>
to capital	<u>5 410</u>	b/f profit	<u>5 410</u>

Stock			
from P&L (1)	<u>90</u>	to P&L (2)	<u>90</u>
from P&L (2)	<u>1 500</u>		

Trade Debtor	
(6)	<u>10 000</u>

19.2 BUSINESS 2	
balance sheet at end of Period 2	
Assets	
Stock	1 500
Bank	6 000
Trade Debtor	10 000
	<u>17 500</u>
Liabilities	
Trade Creditor	(6 000)
Net Assets	<u>£11 500</u>
Capital	<u>£11 500</u>

Business 3

Period 1

- owner puts £2 500 into a bank account for the business
- business buys goods on credit from S for £2 000
- business sells goods on credit to C for £1 500

NOTE: goods value £400 remain in stock at the end of the period.

Period 2

- business sells goods on credit for £700
- business receives cheque for £2 100 from customer
- business buys goods on credit for £1 100
- business sells goods on credit for £1 300

NOTE: goods value £150 remain in stock at the end of the period.

Accounting for Period 1

Bank	
(1)	<u>2 500</u>
Capital	
loss period 1	100
c/f	<u>2 400</u>
	<u>2 500</u>
	(1)
	2 500
	<u>2 500</u>
	<u>2 400</u>
	b/f
Purchases	
(2)	<u>2 000</u>
	to P&L (1)
	<u>2 000</u>
Trade Creditor	
	(2)
	2 000
Trade Debtor	
(3)	<u>1 500</u>
Sales	
to P&L (1)	<u>1 500</u>
	(3)
	<u>1 500</u>

P&L Account for Period 1			
purchases	2 000	sales	1 500
		closing stock	400
		c/f	<u>100</u>
	<u>2 000</u>		<u>2 000</u>
b/f loss	<u>100</u>	to capital	<u>100</u>
Stock			
from P&L (1)	<u>400</u>		

19.2 BUSINESS 3	
balance sheet at end of Period 1	
Assets	
Stock	400
Trade debtor	1 500
Bank	<u>2 500</u>
	4 400
Liabilities	
Trade Creditor	<u>(2 000)</u>
Net Assets	<u>£2 400</u>
Capital	<u>£2 400</u>

Business 3 continued – Period 2

Period 1

- owner puts £2 500 into a bank account for the business
- business buys goods on credit from S for £2 000
- business sells goods on credit to C for £1 500

NOTE: goods value £400 remain in stock at the end of the period.

Period 2

- business sells goods on credit for £700
- business receives cheque for £2 100 from customer
- business buys goods on credit for £1 100
- business sells goods on credit for £1 300

NOTE: goods value £150 remain in stock at the end of the period.

Accounting for Period 2

Bank			
(1)	2 500		
(5)	2 100	c/f	4 600
	<u>4 600</u>		<u>4 600</u>
b/f	4 600		

Capital			
loss period 1	100	(1)	2 500
c/f	2 400		
	<u>2 500</u>		<u>2 500</u>
		b/f	2 400
c/f	3 050	profit period 2	650
	<u>3 050</u>		<u>3 050</u>
		b/f	3 050

Purchases			
(2)	2 000	to P&L (1)	2 000
(6)	1 100	to P&L (2)	1 100
	<u>3 100</u>		<u>3 100</u>

Trade Creditor			
c/f	3 100	(2)	2 000
	<u>3 100</u>	(6)	1 100
			<u>3 100</u>
		b/f	3 100

Trade Debtor			
(3)	1 500	(5)	2 100
(4)	700		
(7)	1 300	c/f	1 400
	<u>3 500</u>		<u>3 500</u>
b/f	1 400		

Sales			
to P&L (1)	1 500	(3)	1 500
	<u>1 500</u>	(4)	700
c/f	2 000	(7)	1 300
	<u>2 000</u>		<u>2 000</u>
to P&L (2)	2 000	b/f	2 000
	<u>2 000</u>		<u>2 000</u>

P&L Account for Period 2

purchases	1 100	sales	2 000
opening stock	400	closing stock	150
c/f	650		
	<u>2 150</u>		<u>2 150</u>
to capital	650	b/f profit	650
	<u>650</u>		<u>650</u>

Stock			
from P&L (1)	400	to P&L (2)	400
from P&L (2)	150		
	<u>550</u>		<u>550</u>

19.2 BUSINESS 3	
balance sheet at end of Period 2	
Assets	
Stock	150
Bank	4 600
Trade Debtor	1 400
	<u>6 150</u>
Liabilities	
Trade Creditor	(3 100)
Net Assets	<u>£3 050</u>
Capital	<u>£3 050</u>