

## 18.2 A drill to practise preparing simple final accounts from a record of transactions

For each separate business below, record the transactions on the relevant accounts, balance the accounts if necessary, and prepare a P&L Account for the period and a balance sheet as at the end of the period.

### Business 1

1. owner puts £900 into a bank account for the business
  2. business buys goods on credit for £850
  3. business sells goods on credit for £950
- NOTE goods value £350 remain in stock at the end of the period

### Response

Bank	
(1)	900

#### 18.2 BUSINESS 1 balance sheet at end of period 1

Assets	
Stock	350
Debtors	950
Bank	900
	<u>2 200</u>
Liabilities	
Creditors	( 850)
Net Assets	<u>£1 350</u>
Capital	<u>£1 350</u>

## Business 2

1. owner puts £800 cash into a business
2. business buys goods on credit for £600
3. business sells goods for £850 cash
4. business deposits £1 500 at the bank
5. owner takes £50 cash out of the business bank account for his own use
6. business sells goods for £200 on credit
7. business buys goods for £300, paying by cheque

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

### Response

<b>Cash</b>				<b>Capital</b>			
(1)	800	(4)	1 500	(5)	50	(1)	800
(3)	850	c/f	150	c/f	1 200	profit	450
	<u>1 650</u>		<u>1 650</u>		<u>1 250</u>		<u>1 250</u>
b/f	150					b/f	1 200
<b>Purchases</b>				<b>Promises from/to Supplier</b>			
(2)	600					(2)	600
(7)	300	c/f	900				
	<u>900</u>		<u>900</u>				
b/f	<u>900</u>	to P&L	<u>900</u>				
<b>Sales</b>				<b>Bank</b>			
		(3)	850	(4)	1 500	(5)	50
c/f	1 050	(6)	200			(7)	300
	<u>1 050</u>		<u>1 050</u>		<u>1 500</u>	c/f	1 150
to P&L	<u>1 050</u>	b/f	<u>1 050</u>	b/f	1 150		<u>1 500</u>
<b>P&amp;L Account</b>				<b>Promises from/to Customer</b>			
purchases	900	sales	1 050	(6)	200		
c/f	450	closing stock	300				
	<u>1 350</u>		<u>1 350</u>				
to capital	<u>450</u>	b/f profit	<u>450</u>				
				<b>Stock</b>			
				from P&L	300		

#### 18.2 BUSINESS 2 balance sheet at end of period 1

Assets	
Stock	300
Debtors	200
Bank	1 150
Cash	150
	<u>1 800</u>
Liabilities	
Creditors	( 600)
Net Assets	<u>£1 200</u>
Capital	<u>£1 200</u>