

59.1 A drill to practise accounting for profits and losses in a limited company

ABC Ltd has issued 100 shares of £1 each for £1.50. The company therefore shows net assets £150, issued share £100, and share premium £50.

Show the company's balance sheet at the end of each successive year, if it reports profits and losses as follows:

Year 1 £25 profit

Year 2 £20 loss

Year 3 £60 profit

Year 4 £80 loss

Year 5 £10 profit

Year 6 £100 loss

Year 7 £50 loss

<i>BALANCE SHEETS at end of ...</i>		YR 1 after profit £25	YR 2 after loss £(20)	YR 3 after profit £60	YR 4 after loss £(80)	YR 5 after profit £10	YR 6 after loss £(100)	YR 7 after loss £(50)
	£	£	£	£	£	£	£	£
Net Assets	<u>£150</u>	<u>£175</u>	<u>£155</u>	<u>£215</u>	<u>£135</u>	<u>£145</u>	<u>£45</u>	<u>£(5)</u>
Issued Share Capital								
400 shares of 25p	100	100	100	100	100	100	100	100
Share Premium	50	50	50	50	50	50	50	50
Retained Earnings (Loss)	<u>£150</u>	<u>£175</u>	<u>£155</u>	<u>£215</u>	<u>£135</u>	<u>£145</u>	<u>£45</u>	<u>£(5)</u>