

### 17.1 A drill to practise accounting for the claim to profit or loss

For each separate business below, record the given transactions on the relevant accounts, balance the accounts if necessary, prepare a P&L Account at the end of the period, and transfer the eventual profit or loss from the P&L Account to the Capital Account.

#### Business 1

1. owner puts £750 into a bank account for the business
  2. business buys goods on credit for £900
  3. business sells goods on credit for £1 000
- NOTE goods value £400 remain in stock at the end of the period

Bank	
(1)	750

Capital	
(1)	750
profit	500

Purchases	
(2)	900
	to P&L
	900

Promises from/to Supplier	
(2)	900

Promises from/to Customer	
(3)	1 000

Sales	
to P&L	1 000
(3)	1 000

P&L Account			
purchases	900	sales	1 000
		closing stock	400
c/f	500		
	<u>1 400</u>		<u>1 400</u>
to capital	500	b/f profit	500

Stock	
from P&L	400

**Business 2**

1. owner puts £2 500 into a bank account for the business

2. business buys goods on credit for £2 350

3. business sells goods on credit for £1 500

NOTE goods value £350 remain in stock at the end of the period

<i>Bank</i>	
(1)	2 500

<i>Capital</i>	
loss	500
(1)	2 500

<i>Purchases</i>	
(2)	<u>2 350</u>
to P&L	<u>2 350</u>

<i>Promises from/to Supplier</i>	
(2)	2 350

<i>Promises from/to Customer</i>	
(3)	1 500

<i>Sales</i>	
to P&L	<u>1 500</u>
(3)	<u>1 500</u>

<i>P&amp;L Account</i>			
<i>purchases</i>	2 350	<i>sales</i>	1 500
		<i>closing stock</i>	350
		<i>c/f</i>	500
	<u>2 350</u>		<u>2 350</u>
<i>b/f loss</i>	<u>500</u>	<i>to capital</i>	<u>500</u>

<i>Stock</i>	
from P&L	350

**Business 3**

1. owner puts £1 500 into a bank account for the business
2. business buys goods on credit for £950
3. business returns goods value £200 to supplier
4. business sells goods on credit for £250

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

<i>Bank</i>			
(1)	1 500		
<i>Purchases</i>			
(2)	950	(3)	200
		c/f	750
	<u>950</u>		<u>950</u>
b/f	<u>750</u>	to P&L	<u>750</u>

<i>Capital</i>			
		(1)	1 500
<i>Promises from/to Supplier</i>			
(3)	200	(2)	950
c/f	750		
	<u>950</u>		<u>950</u>
		b/f	750

<i>Promises from/to Customer</i>			
(4)	250		

<i>Sales</i>			
to P&L	<u>250</u>	(4)	<u>250</u>

<i>P&amp;L Account</i>			
purchases	750	sales	250
		closing stock	500
	<u>750</u>		<u>750</u>

<i>Stock</i>			
from P&L	500		

**Result: neither profit nor loss.**  
**Therefore no transfer to Capital Account**

**Business 4**

1. owner puts £375 into a bank account for the business
  2. business buys goods on credit for £300
  3. business sells goods for £300 on credit
- NOTE goods value £25 remain in stock at the end of the period

Bank	
(1)	375

Capital	
(1)	375
profit	25

Purchases	
(2)	<u>300</u>
to P&L	<u>300</u>

Promises from/to Supplier	
(2)	300

Promises from/to Customer	
(3)	300

Sales	
to P&L	<u>300</u>
(3)	<u>300</u>

P&L Account			
purchases	300	sales	300
		closing stock	25
c/f	<u>25</u>		
	<u>325</u>		<u>325</u>
to capital	<u>25</u>	b/f profit	<u>25</u>

Stock	
from P&L	25