

22.1 Drills to compare P&L Account and Income Statement formats

Present the information in each P&L Account or Income Statement below in its alternative format

Business A

A: PROFIT & LOSS ACCOUNT			
purchases	20 900	sales	30 000
opening stock	2 250	closing stock	2 150
c/f	9 000		
	<u>32 150</u>		<u>32 150</u>
wages	1 400	b/f gross profit	9 000
electricity	600		
insurance	300		
advertising	200		
c/f	6 500		
	<u>9 000</u>		<u>9 000</u>
interest payable	150	b/f operating profit	6 500
c/f	6 350		
	<u>6 500</u>		<u>6 500</u>
to capital	<u>6 350</u>	b/f net profit	<u>6 350</u>

A: INCOME STATEMENT		
	£	£
Sales		30 000
purchases	20 900	
opening stock	2 250	
closing stock	(2 150)	
Cost of Sales		<u>(21 000)</u>
Gross Profit		9 000
wages	1 400	
electricity	600	
insurance	300	
advertising	200	
		<u>(2 500)</u>
Operating Profit		6 500
interest payable		<u>(150)</u>
Net Profit		<u>£6 350</u>

Business B

B: PROFIT & LOSS ACCOUNT			
purchases	11 000	sales	14 800
opening stock	1 200	closing stock	1 700
c/f	4 300		
	<u>16 500</u>		<u>16 500</u>
wages	2 400	b/f gross profit	4 300
rent	1 000		
transport	800		
c/f	100		
	<u>4 300</u>		<u>4 300</u>
interest payable	125	b/f operating profit	100
		c/f	25
	<u>125</u>		<u>125</u>
b/f net loss	<u>25</u>	to capital	<u>25</u>

B: INCOME STATEMENT		
	£	£
Sales		14 800
purchases	11 000	
opening stock	1 200	
closing stock	(1 700)	
Cost of Sales		<u>(10 500)</u>
Gross Profit		4 300
wages	2 400	
rent	1 000	
transport	800	
		<u>(4 200)</u>
Operating Profit		100
interest payable		<u>(125)</u>
Net Loss		<u>£(25)</u>

Business C

C: INCOME STATEMENT			C: PROFIT & LOSS ACCOUNT			
	£	£				
Sales		50 000	purchases	36 000	sales	50 000
purchases	36 000		opening stock	4 000	closing stock	5 000
opening stock	4 000		c/f	15 000		
closing stock	<u>(5 000)</u>			<u>55 000</u>		<u>55 000</u>
Cost of Sales		<u>(35 000)</u>	wages	10 000	b/f gross profit	15 000
Gross Profit		15 000	rent	2 000		
wages	10 000		insurance	1 000		
rent	2 000		advertising	500		
insurance	1 000		c/f	1 500		
advertising	<u>500</u>			<u>15 000</u>		<u>15 000</u>
		(13 500)	interest payable	2 000	b/f operating profit	1 500
Operating Profit		<u>1 500</u>		<u>2 000</u>	c/f	500
interest payable		<u>(2 000)</u>		<u>2 000</u>		<u>2 000</u>
Net Loss		<u>£(500)</u>	b/f net loss	500	to capital	500

Business D

D: PROFIT & LOSS ACCOUNT				D: INCOME STATEMENT		
				£	£	
purchases	32 000	sales	46 600	Sales		46 600
opening stock	3 600	closing stock	4 000	purchases	32 000	
c/f	15 000			opening stock	3 600	
	<u>50 600</u>		<u>50 600</u>	closing stock	<u>(4 000)</u>	
wages	11 350	b/f gross profit	15 000	Cost of Sales		<u>(31 600)</u>
rent	2 650	c/f	900	Gross Profit		15 000
insurance	1 900			wages	11 350	
	<u>15 900</u>		<u>15 900</u>	rent	2 650	
b/f operating loss	900	interest receivable	1 200	insurance	<u>1 900</u>	
interest payable	100					(15 900)
c/f	200			Operating Loss		(900)
	<u>1 200</u>		<u>1 200</u>	interest payable		(100)
to capital	200	b/f net profit	200	interest receivable		1 200
				Net Profit		<u>£ 200</u>

Business E

E: INCOME STATEMENT			E: PROFIT & LOSS ACCOUNT			
	£	£				
Sales		87 400	purchases	65 500	sales	87 400
purchases	65 500		opening stock	5 700	closing stock	4 200
opening stock	5 700		c/f	20 400		
closing stock	<u>(4 200)</u>			<u>91 600</u>		<u>91 600</u>
Cost of Sales		<u>(67 000)</u>	wages	12 150	b/f gross profit	20 400
Gross Profit		20 400	electricity	1 850		
wages	12 150		transport	4 400		
electricity	1 850		c/f	2 000		
transport	<u>4 400</u>			<u>20 400</u>		<u>20 400</u>
		<u>(18 400)</u>			b/f operating profit	2 000
Operating Profit		2 000	interest payable	3 000	interest receivable	700
interest payable		<u>(3 000)</u>			c/f	300
interest receivable		700		<u>3 000</u>		<u>3 000</u>
Net Loss		<u>£(300)</u>	b/f net loss	300	to capital	300