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Lifeline for Learning

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The forms and formats include:

- trading and profit and loss account of a sole trader
- balance sheet of a sole trader
- trading and profit and loss account of a limited company
- balance sheet of a limited company
- cash budget
- ledger accounts

SOLE TRADER: TRADING AND PROFIT AND LOSS ACCOUNT

TRADING AND PROFIT AND LOSS ACCOUNT OF FOR THE YEAR/PERIOD ENDED

| | £ | £ | £ |
|--------------------------------------------|--------------|--------------|------------------|
| Sales |  |  | ..... |
| Less Sales returns | | | <u>.....</u> |
| Net sales | | | (a) |
| Opening stock |  | ..... |  |
| Purchases | ..... |  |  |
| Carriage in | ..... |  |  |
| Less Purchases returns | <u>.....</u> | | |
| Net purchases | | <u>.....</u> | |
| | | | |
| Less Closing stock | | <u>.....</u> | |
| Cost of sales | | | <u>.....</u> (b) |
| Gross profit (a) – (b) | | | (c) |
| Add income: | | | |
| eg Discounts received |  |  | ..... |
| Reduction in provision for doubtful debts |  |  | ..... |
| Bad debts recovered |  |  | ..... |
| Profit on sale of fixed assets | | | <u>.....</u> |
| (c) + (d) | | | (e) |
| Less expenses: | | | |
| eg Vehicle running expenses |  | ..... |  |
| Rent |  | ..... |  |
| Rates |  | ..... |  |
| Heating and lighting |  | ..... |  |
| Telephone |  | ..... |  |
| Salaries and wages* |  | ..... |  |
| Discounts allowed |  | ..... |  |
| Carriage out |  | ..... |  |
| Provision for depreciation of fixed assets |  | ..... |  |
| Loss on sale of fixed assets |  | ..... |  |
| Bad debts written off |  | ..... |  |
| Increase in provision for doubtful debts | | <u>.....</u> | |
| | | | <u>.....</u> (f) |
| Net profit (e) – (f) | | | <u>.....</u> (g) |

* Wages are sometimes listed as an expense in the trading account

SOLE TRADER: BALANCE SHEET

| BALANCE SHEET OF | AS AT | | | (a) – (b) |
|--------------------------------------------------------|--------------|---------------|-------------------------|-----------|
| | Fixed Assets | Cost (a) £ | Prov for dep'n (b) £ |  | Net book value £ |
| Premises | | | | |
| Equipment | | | | |
| Vehicles | | | | |
| etc | | | | |
| | | | | (c) |
| Current Assets | | | | |
| Stock | | | | |
| Debtors | | | | |
| Less provision for doubtful debts | | | | |
| | | | | |
| Prepayment of expenses | | | | |
| Accrual of income | | | | |
| Bank/cash | | | | |
| | | | | (d) |
| Less Current Liabilities | | | | |
| Creditors | | | | |
| Accrual of expenses | | | | |
| Prepayment of income | | | | |
| Bank overdraft | | | | |
| | | | | (e) |
| Net Current Assets or Working Capital (d) – (e) | | | | (f) |
| (c) + (f) | | | | (g) |
| Less Long-term Liabilities | | | | |
| Loans | | | | (h) |
| NET ASSETS (g) – (h) | | | | (i) |
| FINANCED BY | | | | |
| Capital | | | | |
| Opening capital | | | | |
| Add Net profit (from profit and loss account) | | | | |
| | | | | |
| Less Drawings | | | | |
| | | | | (i) |
| <i>Note: balance sheet balances at points (i)</i> | | | | |

Practical point: When preparing handwritten final accounts it is usual practice to underline all the headings and sub-headings shown in bold print in the example layout.

LIMITED COMPANY: TRADING AND PROFIT AND LOSS ACCOUNT

| LIMITED | |
|---------------------------------------------------------------|-----------------|
| TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR/PERIOD ENDED | |
| | £ |
| Sales/turnover | (a) |
| Opening stock | ..... |
| Purchases | ..... |
| | |
| Less Closing stock | ..... |
| Cost of sales | (b) |
| Gross profit (a) – (b) | (c) |
| Less expenses: | |
| eg Selling and distribution costs | ..... |
| Administration costs | ..... |
| | (d) |
| Operating profit (c) – (d) | (e) |
| Less finance costs | (f) |
| Net profit before taxation (e) – (f) | (g) |
| Less corporation tax | (h) |
| Profit for year after taxation (g) – (h) | (i) |
| Less interim dividends paid | |
| ordinary shares | ..... |
| preference shares | ..... |
| final dividends proposed | |
| ordinary shares | ..... |
| preference shares | ..... |
| | (j) |
| | (i) – (j) |
| Less transfer to general reserve | (k) |
| Retained profit for year (i) – [(j) + (k)] | (l) |
| Add balance of retained profits at beginning of year | (m) |
| Balance of retained profits at end of year (l) + (m) | ..... |

Note:

- directors' remuneration and debenture interest is included in the expenses

LIMITED COMPANY: BALANCE SHEET

LIMITED BALANCE SHEET AS AT

| Fixed Assets | Cost/Reval'n (a) £ | Prov for dep'n (b) £ | Net book value (a) – (b) £ | |
|----------------------------------------------------------------------------|-----------------------|-------------------------|-------------------------------|-----|
| <i>Intangible</i> | | | | |
| Goodwill | | | | |
| <i>Tangible</i> | | | | |
| Freehold land and buildings | | | | |
| Machinery | | | | |
| Fixtures and fittings | | | | |
| etc | | | | |
| | | | | (c) |
| Current Assets | | | | |
| Stock | | | | |
| Debtors | | | | |
| Bank | | | | |
| Cash | | | | |
| | | | | (d) |
| Less Current Liabilities | | | | |
| Creditors | | | | |
| Bank overdraft | | | | |
| Proposed dividends | | | | |
| Corporation tax | | | | |
| | | | | (e) |
| Net Current Assets or Working Capital (d) – (e) | | | | (f) |
| (c) + (f) | | | | (g) |
| Less Long-term Liabilities | | | | |
| Debentures | | | | (h) |
| NET ASSETS (g) – (h) | | | | (i) |
| FINANCED BY | | | | |
| Authorised Share Capital | | | | |
| x (number) preference shares of £x (nominal value) each | | | | |
| x (number) ordinary shares of £x (nominal value) each | | | | |
| | | | | |
| Issued Share Capital | | | | |
| x (number) preference shares of £x (nominal value) each, fully/partly paid | | | | |
| x (number) ordinary shares of £x (nominal value) each, fully/partly paid | | | | |
| | | | | |
| Capital Reserves | | | | |
| Share premium account | | | | |
| Revaluation reserve | | | | |
| Revenue Reserves | | | | |
| General reserve | | | | |
| Profit and loss account | | | | |
| SHAREHOLDERS' FUNDS | | | | (i) |

Note: balance sheet balances at points (i)

LEDGER ACCOUNTS

Dr

Cr

| Date | Details | Amount | Date | Details | Amount |
|------|---------|--------|------|---------|--------|
| | | £ | | | £ |

Dr

Cr

| Date | Details | Amount | Date | Details | Amount |
|------|---------|--------|------|---------|--------|
| | | £ | | | £ |

Dr

Cr

| Date | Details | Amount | Date | Details | Amount |
|------|---------|--------|------|---------|--------|
| | | £ | | | £ |