



3055 BA SANGAM COLLEGE

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WORKSHEET 10

School: Ba Sangam College
Subject: Commercial Studies

Year: 10

Name: _____

Strand 2	Business Information 1
Sub Strand 2.4	Measuring Periodic Income
Content Learning Outcome C.10.2.4	Analyse and prepare final account from the Trial Balance

Profit and Loss Account

Profit and Loss Account is prepared to determine the net profit or loss for the financial year. Profit or Loss is then transferred to Capital section of the balance sheet. The two accounts recorded in the Profit and Loss Account are Revenue and Expenses.

Profit/Loss = Revenue – Expenses

Example

From the following information, prepare a Profit and Loss Account of Mrs. R. Raibe for the year ended 31st December, 2014

	\$
Gross Profit	14 138
Commission Received	130
Discount Received	230
Rent for Premises	2 200
Wages and Salaries	5 200
Telephone Expenses	241
Office Expenses	312
Advertising	400

Profit and Loss Account of Mrs. R. Raibe for the year ended 31st December, 2014					
Expenses			Revenue		
Rent for Premises	2 200		Gross Profit	14 138	
Wages and Salaries	5 200		Commission Received	130	
Telephone Expenses	241		Discount Received	<u>230</u>	
Office Expenses	312				14498
Advertising	<u>400</u>				
		8353			
Net Profit transferred to capital a/c		<u>6145</u>			
		<u>\$14498</u>			\$14498

Activity

1. Why is a Profit and Loss Account prepared?

(1 mark)

2. The two accounts recorded in the Profit and Loss Account are _____ and _____

(2 marks)

3. Profit and Loss Account Talei operates a grocery shop in Oru. She provided the following information for her business for the year ended 31st July, 2014.

Ledger Accounts	Amount (\$)
Salaries and wages	9 800
Telephone and Internet	899
Car fuel	300
Cartage outwards	699
Rent received	600
Electricity and water	1 256
Discount received	54
Discount allowed	87
Motor Vehicle Expenses	150
Advertisement	80
Gross Profit	31 787

Use the information given above to prepare the Profit and Loss Account of Talei's Grocery Shop for the year ended 31st July, 2014.

Profit and Loss Account of Talei's Grocery Shop for the year ended 31st July, 2014.					

(12 marks)

The End