

Larkmoor Toys: the statement of comprehensive income

Learner workbook | Pearson BTEC Level 3 National Extended Certificate in Business, Unit 3: Personal and Business Finance | Original TBS three-lesson case for classroom practice

Over three lessons you will build, correct and interpret the statement of comprehensive income of a small business owned by one person. Lesson 1: revenue, inventories, cost of goods sold and gross profit. Lesson 2: expenses, other income, depreciation and profit for the year. Lesson 3: prepayments and accruals, amending a draft statement, and advising the owner.

Larkmoor Toys, the town of Ottersby and every person, figure and comment in this case are fictional. Amounts are simplified for teaching. You need a calculator. This is original classroom practice; it is not a Pearson assessment task and is not endorsed by Pearson.

The business

Larkmoor Toys is an independent toy shop on Church Row in Ottersby, a market town in the English Midlands. Rosa Whitlock opened it in 2019. She is a sole trader: the business is not a separate company, she keeps its records, and she takes money out of the business for her own living costs. Money a sole trader takes out for personal use is called drawings. Two part-time assistants, Dev and Mia, are paid wages. The shop rents its unit from a landlord. It sells to families in the shop and online, and on account to local nurseries and schools, which get a small discount if they pay early.

In January 2025 Rosa borrowed £16,000 from a bank at 6% interest a year. She used it to pay £4,800 for new window display units and to carry more stock. A drinks company pays her £200 a month to run a hot drinks kiosk in one corner of the shop. Rosa's accountant has asked for a statement of comprehensive income for the year ended 31 December 2025. Dev has written a first draft, which you will meet in Lesson 3.

Key facts

Item	Figure or fact
Owner	Rosa Whitlock, sole trader (opened 2019)
Staff	Dev and Mia, part time, paid wages
Financial year	1 January to 31 December 2025 (year ended 31 December 2025)
Bank loan	£16,000 received on 1 January 2025; interest 6% a year, paid in full in 2025
Other income	Rent received: £200 a month from the drinks kiosk
Drawings	Rosa takes £1,800 a month for her living costs

Simplifications: the year runs from 1 January to 31 December 2025; amounts are in pounds with VAT left out; there were no prepayments or accruals at 1 January 2025; tax on a sole trader's profit is not an expense of the business and is not shown.

Free sample

Larkmoor Toys: the statement of comprehensive income

Contents of the full pack

Lesson 1: What did the toys cost, and what was left?

Lesson 2: Where did the gross profit go?

Lesson 3: Is the draft right, and what should Rosa do?

Learner workbook and teacher guide, as PDF and as editable Word files.

The teacher guide has lesson plans, full worked answers and indicative guidance.

This sample is the cover and the first two pages of Lesson 1 of the learner workbook. It contains no answers. The pages that follow are exactly as in the full pack.

Lesson 1: What did the toys cost, and what was left?

Today you will work out how much the toys Larkmoor Toys sold in 2025 cost, and how much gross profit was left. Layout and formulas for this pack: cost of goods sold = opening inventories + purchases - closing inventories. Gross profit = revenue - cost of goods sold. Profit for the year = gross profit + other income - expenses.

Starter: what is the statement for?

A statement of comprehensive income shows a business's performance over a period of time, such as a year. Rosa will give hers to her accountant and her bank.

Write one sentence saying what the statement tells Rosa. Then name one other person or organisation that might read it, and say what they want to know.

Task 1: key terms (pairs)

Match each description to a term. Use each term once. Word bank: revenue; opening inventories; purchases; closing inventories; cost of goods sold; gross profit.

Description	Term
1. The toys on the shelves and in the stockroom on 1 January 2025	
2. The money the shop earned from selling toys during the year	
3. The toys Rosa bought during the year to sell	
4. The cost of the toys that were sold during the year	
5. The toys still unsold on 31 December 2025, valued at what Rosa paid for them	
6. Revenue minus cost of goods sold	

Task 2: counting the closing inventories

On 31 December 2025, Mia and Dev counted every toy. The sheet shows the units in stock and what Rosa paid for one unit. Closing inventories are valued at cost (what Rosa paid), not at the selling price.

Complete the last column (units x cost of one unit). Then add up the column to find the closing inventories.

Type of toy	Units in stock	Cost of one unit (£)	Value at cost (£)
Board games	420	11.00	
Building sets	260	18.00	
Soft toys	640	7.00	
Dolls and figures	510	9.00	
Outdoor toys	180	25.00	
Puzzles	880	6.50	
Craft kits	310	8.00	
Pocket-money toys	1,710	3.00	
Closing inventories			

Check: if your total is not £36,200, find the line that is wrong before you go on.

Task 3: cost of goods sold and gross profit

Givens: revenue for 2025 £226,400; opening inventories £31,500; purchases £124,300; closing inventories £36,200 (Task 2).

Complete the statement. Write the amounts in the right-hand column where the line is blank.

Larkmoor Toys: year ended 31 December 2025	£	£
Revenue		226,400
Opening inventories	31,500	
Add: purchases	124,300	
Opening inventories plus purchases		
Less: closing inventories		
Cost of goods sold		
Gross profit		