

Did the florist have a good year?

Student tasks | Original TBS lesson for Pearson BTEC Level 3 National Extended Certificate in Business, Unit 3 Personal and Business Finance (content area F1 Statement of comprehensive income, with C3 Types of expenditure)

Rosa Evans is a sole trader. She runs Stem & Petal, a florist with a delivery van, selling bouquets, wedding flowers and plants. Her financial year ended on 31 March 2026. Sort her spending, complete her statement of comprehensive income, make one adjustment for an accrual and judge whether her business did well.

Before you start you should know: cost of goods sold = opening inventory + purchases - closing inventory. Gross profit = revenue - cost of goods sold. Profit for the year = gross profit + other income - expenses. Straight-line depreciation here = cost x the yearly percentage. An accrual is an expense that belongs to this year but has not yet been paid; a prepayment is an amount paid now that belongs to next year. These formulas are not given in the external assessment, so learn them.

You need a calculator. All figures exclude VAT. This is original classroom practice, not an exam paper. Rosa, her shop and every figure are fictional.

Starter: capital or revenue expenditure?

These are items from the florist year. Seven were paid for; item (viii) is not a payment, because no money goes out. For each one, write capital or revenue, and say whether it appears in the statement of comprehensive income (yes or no).

Item	Capital or revenue?	In the statement? (yes or no)
(i) A delivery van, £18,000		
(ii) Fitted shelving and a shop sign, £2,000		
(iii) Flowers and wrapping bought to sell, £38,600		
(iv) Rent for the shop, £14,400		
(v) Wages for her part-time assistant, £18,000		
(vi) Electricity for the shop (heating and lighting), £2,600		
(vii) Insurance for the shop and van, £1,800		
(viii) Straight-line depreciation of the van		

Task 1: cost of goods sold and gross profit

Rosa's records for the year ended 31 March 2026: revenue from selling flowers and plants £96,000; inventory of flowers, plants and wrapping on 1 April 2025 £2,400; purchases £38,600; inventory on 31 March 2026 £1,800. Inventory is valued at cost.

a. Complete the top part of Rosa's statement of comprehensive income.

Statement of comprehensive income for the year ended 31 March 2026 (top part)	£
Revenue	
Opening inventory	
Add purchases	
Less closing inventory	
Cost of goods sold	
Gross profit	

Working space:

b. Rosa's closing inventory (£1,800) is very small compared with her purchases (£38,600). Suggest why, for a florist.

Task 2: depreciation

On 1 April 2025, the first day of the year, Rosa bought a delivery van for £18,000 and fitted shelving and a shop sign for £2,000. She uses straight-line depreciation: the van at 20% of cost a year and the fittings at 10% of cost a year. Because both were bought on the first day, charge a full year.

a. Calculate this year's depreciation on the van.

b. Calculate this year's depreciation on the fittings.

Task 3: profit for the year

Rosa's other records for the year. Gross profit is £56,800 and depreciation is £3,600 on the van and £200 on the fittings: check these against your Tasks 1 and 2.

Item	£	Item	£
Assistant's wages	18,000	Drawings (money Rosa took for herself)	18,000
Commission received from a wedding venue	600	Bank charges	300
Marketing	1,200	Delivery van bought	18,000
Heating and lighting	2,600	Telephone and internet	600
Shop rent	14,400	Insurance	1,800

a. Complete the bottom part of the statement. Two items in the records do not belong in it.

Statement of comprehensive income (bottom part)	£
Gross profit	56,800
Add other income: commission received	
Less expenses:	
Rent	
Wages	
Heating and lighting	
Insurance	
Marketing	
Telephone and internet	
Bank charges	
Depreciation: van	
Depreciation: fittings	
Total expenses	
Profit for the year	

Task 3: profit for the year (continued)

Working space for the total expenses and profit for the year:

b. Which two items from Rosa's records did you leave out of the statement? Explain why for each.

Task 4: an adjustment for an accrual

After drafting the statement, Rosa finds that she has not yet received or paid the electricity bill for March 2026. It will be £400. The heating and lighting figure of £2,600 does not include it. Before the adjustment, total expenses were £42,700 and profit for the year was £14,700 (check against your Task 3).

a. Complete the table to show the effect of the accrual.

Item	Before the adjustment (£)	After the adjustment (£)
Heating and lighting	2,600	
Total expenses	42,700	
Profit for the year	14,700	

Working space:

b. Explain why the £400 belongs in this year's statement even though Rosa has not paid it yet.

c. Where will the unpaid £400 appear in Rosa's statement of financial position on 31 March 2026?

Task 5: did the business do well?

Last year Rosa had no van of her own: she hired one for £2,000, which is included in last year's expenses, and she had no depreciation. This year's figures are after the accrual (check them against your Tasks 1 and 4).

Item	Last year, to 31 March 2025 (£)	This year, to 31 March 2026 (£)
Revenue	88,000	96,000
Cost of goods sold	35,200	39,200
Gross profit	52,800	56,800
Other income	0	600
Expenses	37,400	43,100
Profit for the year	15,400	14,300
Drawings (money Rosa took for herself)	15,000	18,000

a. Calculate each margin to one decimal place. Gross profit margin = gross profit / revenue x 100. Profit margin = profit for the year / revenue x 100.

Measure	Last year (%)	This year (%)
Gross profit margin		
Profit margin		

Working space:

Task 5: did the business do well? (continued, pairs)

Figures (check against your Task 5a): revenue £88,000 last year, £96,000 this year; gross profit £52,800 and £56,800; expenses £37,400 and £43,100; profit for the year £15,400 and £14,300; gross profit margin 60.0% and 59.2%; profit margin 17.5% and 14.9%; drawings £15,000 and £18,000.

b. With a partner, find two signs that Rosa's year went well and two signs of concern. Use a figure in each.

Went well (1):

Went well (2):

Concern (1):

Concern (2):

Task 6: your judgement

Figures: revenue £88,000 last year, £96,000 this year; gross profit £52,800 and £56,800; expenses £37,400 and £43,100, including £3,800 depreciation and the £400 accrual this year; profit for the year £15,400 and £14,300; gross profit margin 60.0% and 59.2%; profit margin 17.5% and 14.9%; drawings £18,000 this year.

Write about 100 words: did Rosa's business do well this year? Use at least three figures, explain the effect of the depreciation or the accrual, give a clear judgement and suggest one thing Rosa should do next year.

Exit ticket

a. Sam, another sole trader, pays £3,600 on 1 January 2026 for 12 months' rent of a workshop. His financial year ends on 31 March 2026. How much of the rent is an expense for this year, and how much is a prepayment?

b. Rosa took £18,000 from the business for herself. Explain why drawings are not an expense in the statement of comprehensive income.
