

**Penang Sangam High School**

**Accounting-Year 11**

**Lesson Notes- Week 8**

**Strand 4: Measuring Periodic Income 1**

**Sub-strand: Balance Day Adjustments**

Greetings students

(Copy the strand, sub-strand and notes in your note book)

**Learning outcome:** Examine balance day adjustments and account for them in the financial records of the business.

Students lets continue with the next balance day adjustments.

**2. Accrued Expenses**

- Are expenses which has been incurred but not yet paid.
- Also known as expenses due, unpaid expense, expired cost.

Rules for Posting

<b>Date</b>	<b>Particulars</b>	<b>Debit \$</b>	<b>Credit \$</b>
	Related expense account	XX	
	Expense due		XX

- Add the unpaid amount to the related expense figure on the debit side of profit and loss account.
- Record the amount of expense due under current liabilities in the balance sheet.

Example 1

Trial Balance

	\$		\$
Interest	325		

Additional Information

1. Interest unpaid on balance day amounted to \$75

Solution:

General Journal Entry

<b>Date</b>	<b>Particulars</b>	<b>Debit \$</b>	<b>Credit \$</b>
	Interest	75	
	Interest due		75
	(to record interest due but not paid)		

Profit And Loss Account (extract)

	<b>\$</b>		<b>\$</b>
Interest (325 + 75)	400		

Balance Sheet (extract)

	<b>\$</b>		<b>\$</b>
		<u>Current Liability</u>	
		Interest due	75