

Penang Sangam High School

Accounting-Year 11

Lesson Notes- Week 9

Strand 4: Measuring Periodic Income 1

Sub-strand: Balance Day Adjustments

Greetings students

(Copy the 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.

3. Income Accrued

It is the income that is earned during the accounting period but not received on balance day. It is also known as income in arrears, income due, income receivable, etc.

Rules for Posting

Date	Particulars	Debit \$	Credit \$
	Income due	XX	
	Related income account		XX

- Add the amount to the income due to the related income account on the credit side of profit and loss account
- Record the amount of income due under current assets in the balance sheet.

Example 1

Trial Balance

	\$		\$
		Interest on deposit	300

Additional Information

1. Interest on deposit due on balance day \$30

Solution:

General Journal Entry

Date	Particulars	Debit \$	Credit \$
	Interest on deposit due	30	
	Interest on deposit		30
	(To record interest due but not received)		

Profit And Loss (extract)

	\$		\$
		Interest on deposit (300 + 30)	330

Balance sheet (extract)

	\$		\$
<u>Current Assets</u>			
Interest on deposit due	30		

- ❖ Students go through the notes and examples.
- ❖ Activities will be given once all the notes are done.

Stay safe.