

Penang Sangam High School

Lesson Notes - Accounting-Year 11 -Week 12

Strand 4: Measuring Periodic Income 1

Sub-strand: Balance Day Adjustments

Greetings students

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

(Mark the attempted activity and do corrections)

Activity 4.1.1

Solutions

A. Multiple Choices

1. D

2. C

3. A. Accrual basis - means that revenue is recognized when earned and expenses when incurred, irrespective of whether they are cash or credit transaction.

B. Unexpired cost- also known as prepayments. They represent expenses which are paid during the year but relates to next accounting period.

C. Unearned revenue-also known as revenue received in advance. This represents the income that is not earned but received in advance on the balance day.

4.

General Journal

Date	Particulars	Dr (\$)	Cr (\$)
	Wages	48	
	Wages due		48
	Insurance prepaid	87	
	Insurance		87
	Rent due	158	
	Rent		158
	Interest on investment	500	
	Interest on investment received in advance		500

B.

Profit And Loss Account

	\$		\$
Wages (190 + 48)	238	Rent (1100 + 158)	1258
Insurance (1230 – 87)	1143	Interest on investment (2500 – 500)	2000

C.

Balance Sheet

	\$		\$
<u>Current Assets</u>		<u>Current Liabilities</u>	
Insurance prepaid	87	Wages due	48
Rent due	158	Interest on investment received in advance	500

Now you can review your work to improve on the areas of weakness.

Stay Safe.....

*****THE END*****