





**12 OTHER PAYABLES AND RECEIVABLES**

**7 a** Identify the section of the statement of financial position in which rent received in advance would appear. [1 mark]

.....

**b** Identify the accounting principle being applied when an adjustment is made for a prepaid expense. [1 mark]

.....

**c** Richard is a sole trader. His general expenses account for the year ended 31 December 2018 showed the following:

2018		\$
Jan 1	Opening balance	2 690(cr)
Jan 1–Dec 31	Cash payments made	10 900
Dec 31	Closing balance	2 500 (cr)

Calculate the amount of general expenses to be shown in Richard’s income statement for the year ended 31 December 2018. Show your workings. [4 marks]

Richard’s nominal (general) ledger					
General expenses account					
Date	Details	\$	Date	Details	\$

**8** Vijay, a sole trader, provided the following information regarding his stationery expenses for the year ended 31 May 2019.

Vijay					
Stationery account					
Date	Details	\$	Date	Details	\$
2018			2018		
Jun 1	J.B. Office Supplies	560			
2019			2019		
			May 31	Income statement	480
				Balance c/d	<u>80</u>
		<u>560</u>			<u>560</u>
Jun 1	Balance b/d	80			

**a** Identify the amount paid for stationery during the year. [1 mark]

.....

**b** Identify the amount recorded as stationery expenses in the income statement for the year ended 31 May 2019. [1 mark]

.....

c State what is represented by the closing balance of \$80 at the end of the financial year. [1 mark]

.....

d Identify the financial statement in which the \$80 will be recorded. Give a reason for your answer.

Name of the financial statement: [1 mark]

.....

Reason: [1 mark]

.....

.....

9 Complete the following sentences with the following words: added; understated; overstated; prepaid; sales; matching; income. [7 marks]

When a customer has not received the goods or services by the end of the financial year, but has already paid for them, it is called \_\_\_\_\_ in the books of the supplier. Due to the \_\_\_\_\_ principle, only those expenses incurred during the year should be included in the income statement. Accrued expenses should be included in the income statement or else the profit will be \_\_\_\_\_. Accrued income from \_\_\_\_\_ is already represented by trade receivables in the trial balance. If income is owing at the end of the current financial year, it should be \_\_\_\_\_ to the amount already received, before being transferred to the income statement to ensure that profits are not \_\_\_\_\_.

10 Daniel started his business on 1 January 2017, when he paid \$1 500 for insurance for the 15 months to 31 March 2018.

During his first year of trading he received commission of \$17 100. Of this, \$2 000 was received in advance for work being done during 2018.

a Prepare the journal entry to record the transfer of the insurance expense for the year ended 31 December 2017 to the income statement. A narrative is **not** required. [2 marks]

General journal			
Date	Details	Debit	Credit
		\$	\$

**13 IRRECOVERABLE DEBTS AND PROVISION FOR DOUBTFUL DEBTS**

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- b** Prepare the journal entry to record the transfer of the commission receivable for the year ended 31 December 2017 to the income statement. A narrative is **not** required.

[2 marks]

General journal			
Date	Details	Debit	Credit
		\$	\$