

3.1

Rent Receivable Account			
20X1	£	20X1	£
Jan 1	Balance b/f £12,000 ÷ 3	Jan 2	Bank
Dec 31	Profit and loss	Mar 1	Bank
	Balance c/d £15,000 ÷ 3 × 2	Jun 6	Bank
		Oct 15	Bank
		Dec 13	Bank
			15,000
			<u>15,000</u>
			<u>66,000</u>
		20X2	
		Jan 1	Balance b/d
			10,000

3.2

Electricity			
20X4	£	20X4	£
Mar 22	Cash	Jan 1	Accrued b/f
May 31	Cash	Dec 31	Profit and loss
Nov 10	Cash		5,690
Dec 29	Cash		
Dec 31	Accrued c/f		
			<u>5,990</u>

(b)

**Profit and Loss Account for the year ended 31 December 20X4 (Extract)**

Less: Expenses	£
Electricity	5,690

(c)

**Balance Sheet at 31 December 20X4 (Extract)**

Less: Current Liabilities	£
Accrued expenses	1,300

3.3

**Rent**

20X5	20X6	31	£
Feb 1	Bank	Profit and loss	14,400
Jul 28	Bank	£(3,600 × 4)	
			<u>3,600</u>

Nov 11	Bank	3,600
20X6		
Jan 31	Accrued c/d	<u>3,600</u>
		<u>14,400</u>

**Raymond**

20X6	20X6	1	£
Feb 10	Bank	Accrued b/d	3,600
			<u>3,600</u>

**Raymond**

**Profit and Loss Account for the year ended 31 January 20X6 (Extract)**

Less: Expenses	£
Rent	14,400

**Raymond**

**Balance Sheet at 31 January 20X6 (Extract)**

Less: Current Liabilities	£
Accrued expenses	3,600

3.4 Note: In this question, accruals and prepayments occur at the same time. Their figures can NOT cancel with each other in order to reflect the truth.

**Raymond**

**Rent Received**

20X4	£	20X4	£
Jan 1	Accrued b/f	Jan 1	Prepaid b/f
Dec 31	Profit and loss	Dec 31	Bank
	Prepaid c/f	31	Accrued c/f
			<u>54,482</u>

**Rates**

20X4	£	20X4	£
Jan 1	Prepaid b/f £(1,260 ÷ 3)	Dec 31	Profit and loss £(1,260 × 4)
Feb 2	Bank		5,040
May 15	Bank		
Jul 21	Bank		
Dec 31	Accrued c/f		
			<u>5,040</u>

Note: For the rates paid in advance on 31 Oct 20X3, it covered Nov, Dec in 20X3 and Jan 20X4. So  $\frac{1}{3}$  of its amount should be charged in 20X4.

**3.5**

(a)

Office Rent			
20X5	£	20X5	£
Jan 1	Prepaid b/f	Dec 31	Profit and loss
	22,500		£(2,500 × 12)
Dec 31	Bank		
	5,000		
	Accrued c/f		
	<u>30,000</u>		<u>30,000</u>

Entertainment Expenses			
20X5	£	20X5	£
Dec 31	Bank	Jan 1	Accrued b/f
	1,897	Nov 30	Profit and loss
	<u>1,897</u>		<u>1,897</u>

Staff Salaries			
20X5	£	20X5	£
Dec 31	Bank	Jan 1	Accrued b/f
	16,495	Nov 30	Profit and loss
	Accrued c/f		
	3,045		
	<u>19,540</u>		<u>19,540</u>

Telephone Expenses			
20X5	£	20X5	£
Jan 1	Prepaid b/f	Dec 31	Profit and loss £(1,456 × 4)
	380		5,824
Dec 31	Bank		Prepaid c/f
	7,000		1,556
	<u>7,380</u>		<u>7,380</u>

Insurance			
20X5	£	20X5	£
May 1	Bank	Dec 31	Profit and loss £(8,400 × $\frac{8}{12}$ )
	13,000		5,600
			Prepaid c/f
	<u>13,000</u>		<u>7,400</u>
			<u>13,000</u>

Commissions Received			
20X5	£	20X5	£
Dec 31	Profit and loss	Jan 1	Prepaid b/f
	69		19
	Prepaid c/f		
	93		
	<u>162</u>	Dec 31	Bank
			143
			<u>162</u>

(b)

Dorothy

Profit and Loss Account for the year ended 31 December 20X5 (Extract)			
Add:	Revenue	£	£
	Commissions received		69

Less:

Expenses	30,000
Office rent	1,407
Entertainment expenses	16,723
Staff salaries	5,824
Telephone expenses	5,600
Insurance	<u>59,554</u>

(c)

Dorothy

Balance Sheet at 31 December 20X5 (Extract)			
Current Assets	£	£	£
Prepaid expenses	£(1,556 + 7,400)		8,956
Less: Current Liabilities			
Prepaid revenue		93	
Accrued expenses	£(5,000 + 3,045)	8,045	8,138

3.6

(a)

Rent Payable			
20X7	£	20X7	£
Jun 1	Bank	Jun 1	Accrued b/f
	6,720	20X8	2,240
Nov 1	Bank	Jun 30	Profit and loss
	6,720		13,660
20X8			Prepaid c/d £3,690 + 3
Apr 1	Bank		1,230
	3,690		<u>17,130</u>
	<u>17,130</u>		
20X8			
Jul 1	Prepaid b/d		1,230

Light and Heat			
20X7	£	20X8	£
Jun 1	Prepaid b/f	May 31	Profit and loss
	4,400		5,258
20X8			
Feb 1	Bank		
	378		
May 31	Bank		
	410		
	Accrued c/d		
	70		
	<u>5,258</u>		<u>5,258</u>
		20X8	
		Jun 1	Accrued b/d
			70

Rent Receivable			
20X7	£	20X7	£
Jun 1	Accrued b/f	Jul 1	Bank
	2,000	Aug 31	Bank
20X8			3,000
			<u>6,000</u>

May 31	Profit and loss	14,600	20X8	Jan 1	Bank	6,000
	Prepaid c/d $\pounds 9,600 \times \frac{5}{6}$	8,000		May 31	Bank	9,600
		<u>24,600</u>				<u>24,600</u>
			20X8	Jun 1	Prepaid b/d	8,000

		<b>Stationery</b>			
20X7		£	20X8	£	
Jun 1	Prepaid b/f	77	May 31	Profit and loss	135
30	Bank	66		Prepaid c/d	23
Dec 1	Bank	15			
		<u>158</u>			<u>158</u>
20X8					
Jun 1	Prepaid b/d	23			

(b)

		<b>Bobby</b>	
<b>Profit and Loss Account for the year ended 31 May 20X8 (Extract)</b>			
	Other revenue	£	£
	Rent receivable		14,600

Less: Expenses

Rent payable	13,660
Light and heat	5,258
Stationery	135
	<u>19,053</u>

(c)

		<b>Bobby</b>	
<b>Balance Sheet at 31 May 20X8 (Extract)</b>			
	Current Assets	£	£
	Prepaid expenses $\pounds 1,230 + 23$		1,253
	Less: Current Liabilities		
	Prepaid revenue	8,000	
	Accrued expense	70	8,070

3.7

(a) (i)

		<b>Rent Payable</b>	
20X6	£	20X6	£
May 2	Bank	Apr 1	Balance b/f
	3,900	Sep 30	Profit and loss
Aug 1	Bank		
	3,900		
Sep 30	Balance c/d $\pounds 4,200 \div 3 \times 2$		
	<u>2,800</u>		<u>2,600</u>
	<u>10,600</u>		<u>8,000</u>
			<u>10,600</u>

Nov 6	Bank	4,200	Oct 1	Balance b/d	2,800
Dec 20	Bank	4,200	20X7		
20X7			Mar 31	Profit and loss	8,500
Mar 31	Balance c/d $\pounds 4,350 \div 3 \times 2$	2,900			
		<u>11,300</u>			<u>11,300</u>
			Apr 1	Balance b/d	2,900

(ii)

		<b>Rates</b>	
20X6	£	20X6	£
Apr 1	Balance b/f	Sep 30	Profit and loss
	291		589
Jul 1	Bank		Balance c/d $\pounds 1,248 \div 12 \times 3$
	610		312
	<u>901</u>		<u>901</u>
20X6		20X7	
Oct 1	Balance b/d	Mar 31	Profit and Loss
	312		Balance c/d $\pounds 624 \div 6 \times 3$
20X7			624
Feb 5	Bank		312
	624		<u>936</u>
	<u>936</u>		
Apr 1	Balance b/d		
	312		

(iii)

		<b>Insurance</b>	
20X6	£	20X6	£
Apr 1	Balance b/f	Sep 30	Profit and loss
	540		860
Sep 30	Balance c/d $\pounds 1,920 \div 12 \times 2$		860
	320		<u>860</u>
	<u>860</u>		
Oct 17	Bank	Oct 1	Balance b/d
	1,920	20X7	
		Mar 31	Profit and loss
			Balance c/d $\pounds 1,920 \div 12 \times 4$
			640
			<u>1,920</u>
20X7			
Apr 1	Balance b/d		
	640		

(b)

		<b>Wharf Co.</b>	
<b>Balance Sheet at 30 September 20X6 (Extract)</b>			
	Current Assets	£	£
	Prepayment $\pounds 312 + 640$		952
	Less: Creditors falling due within one year		
	Accruals		2,900