

Advanced Bookkeeping

Accruals and Prepayments

Exam Format Exercise 2

This activity is about accounting for accruals and prepayments.

You are working on the accounts of a business for the financial year ended 31/05/14. You should ignore VAT.

You have been provided with the following information:

Balances as at:	01/06/13
Accrual for Heat and Light	£550
Prepayment for Rent Received	£925

Task 1

The bank summary for the year shows payments for heat and light of £4,670. In June 2014, £185 was paid in respect of electricity used in May 2014.

You should prepare the Heat and Light account for the year ended 31/05/14 and close it off by showing the transfer to the Statement of Profit or Loss.

Heat and Light			
Details	£	Details	£

Task 2

The bank summary for the year shows rent received of £11,265. This includes a payment for rent received for the period 01/04/14 to 31/07/14 of £840. Additionally, in June 2014 we received rent of £600 in respect of May 2014 which had not previously been included in the books of the business.

You should prepare the Rent Received account for the year ended 31/05/14 and close it off by showing the transfer to the Statement of Profit or Loss.

<i>Rent Received</i>			
<i>Details</i>	<i>£</i>	<i>Details</i>	<i>£</i>