

# Section 2 – Extending the trial balance using accounting adjustments

## Task 2.1

This task is about accounting for accruals and prepayments and preparing a trial balance.

You are working on the final accounts of a business for the year ended 31 October 20X5. In this task, you can ignore VAT.

You have the following information:

Balances as at:	1 November 20X4 £
Prepayment of insurance expenses	200
Accrual of telephone charges	194

The bank summary for the year shows payments for insurance of £2700. This included insurance of £225 for November 20X5.

- (a) Prepare the insurance expense account for the year ended 31 October 20X5 and close it off by showing the transfer to the profit and loss account

### Insurance expense

Details	£	Details	£

The bank summary for the year shows payments for telephone charges of £1460. In December 20X5, an invoice for £378 was received in respect of calls for the quarter ended 30 November 20X5.

- (b) Prepare the telephone expense account for the year ended 31 October 20X5 and close it off by showing the transfer to the profit and loss account. Include dates.

### Telephone expense

Date	Details	£	Date	Details	£

You have the following extract of balances from the general ledger.