

The Coveted Bookshelf

Its March 21 and its your birthday! Fortunately you were paid today in cash, and you have a fortnight's pay of \$1000 in your purse. On the way home, you see that nice little bookshelf, the one you have admired for months. You know that the monthly household rent of \$1000 is due in two weeks (April 1), there is food in the fridge, and there are no bills on the kitchen bench. Your regular birthday money from Grandma hasn't arrived, but it is due any day and she has sent you \$250 each year for the past 10 years! You see that the bookshelf has been reduced to \$400.... You are very tempted, (little knowing that there is a \$300 telephone bill for the month in the mail heading towards you!) The bookshelf is a bargain! Should you buy it?

Cash Accounting

My Personal Statement
Statement of Financial Performance
Fortnight Ended 31 March 20XX

Income

Wages
Birthday money
Total Income

Expenditure

Rent
Telephone Bill
Food
Bookshelf
Delivery
Total Expenditure

Net Surplus

Accrual Accounting

My Personal Statement
Statement of Financial Performance
Fortnight Ended 31 March 20XX

Income

Wages
Birthday money
Total Income

Expenditure

Rent
Telephone Bill
Food
Bookshelf
Delivery
Total Expenditure

Net Surplus

The Month of October

Imagine your organisation receives its quarterly grant instalment for the period October-December. You also receive a number of bills in September and October. Below is a list of the activities for the **month of October...**

Advice Received	Income received		
1 October	5 October	Quarterly Grant	\$15,000
Bills received	Date Paid		
25 September	8 October	Electricity	\$400
29 September	12 October	Phone	\$300
30 September	15 October	Photocopy Lease Quarterly in Advance	\$900
28 October	3 November	Electricity	\$350
30 October	6 November	Phone	\$500

The bookkeeper enters all the purchases into the accounts, however, the bills are **not actually paid until October**.

Cash Accounting		
Way Forward Inc		
Statement of Financial Performance		
Month ended 31 Oct 20XX		
<u>Income</u>		
Grant Received		
Total Income		
<u>Expenditure</u>		
Electricity		
Phone		
Photocopy Lease		
Total Expenditure		
Net Surplus		

Accrual Accounting		
Way Forward Inc		
Statement of Financial Performance		
Month ended 31 Oct 20XX		
<u>Income</u>		
Grant Received		
Total Income		
<u>Expenditure</u>		
Electricity		
Phone		
Photocopy Lease		
Total Expenditure		
Net Surplus		