

Max is the sole owner of Pink Bull Information from the accounts of the business for the year ended 31 March 2023 was as follows.

1. On 1 April 2022, the rental income receivable account had a balance of \$51 600.
2. The business received cheques of \$24 000 for rental income during the year.
3. Annual rental income for the year ended 31 March 2023 amounted to \$21 000.

(a) Prepare the journal entries to account for rental income, including the closing entry, for the financial year ended 31 March 2023. Narrations are not required.

Journal[illegible]

(b) State the effect and amount on the following if the rental income is **not adjusted** for the year ended 31 March 2023.

	Profit	Current Liability	Current Asset
Effect			
Amount			

(c) State the accounting theory applied to the adjustments of rental income.

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