**Accrued Expenses**

These are expenses the business has incurred but must be internally recognized or “accrued” by the business to property state expenses and liabilities. These expenses have accrued but are not yet paid as of the date of the financial stmts.

**Interest**

Companies borrow from banks to expand their business by buying high dollar value items such as equipment. Interest on loans accumulates daily. The interest on a loan must be recognized in order for all expenses associated with earning revenue is recorded as of the F/S date. Interest is calculated as follows:



The journal entry would be:

Interest Expense (I/S) 50

 Interest Payable (B/S) 50

**Salaries and Wages**

A company must recognize the amount of salaries and wages used to generate revenue but not yet paid as of the date of the financial statements.

The calculation is to determine the daily amount of salaries and wages and multiply this amount by the number of days between the last pay day and the date the F/S will be prepared.

Example: Salaries and Wages are $70 per day and there are three days between the last paycheck and the date of the F/S. Thus, the company must recognize a salary expense of $210 and salaries payable of $210. The AJE would be:

Salary Expense (I/S) 210

 Salaries Payable (B/S) 210