

**5.8 | Matching concept**

- Matching concept and relevance
- Application of the concept in preparing financial statements

**Matching concept**

When preparing the financial results of a business, it is necessary to match the income earned during the period to the expenses incurred in earning that income, as per the matching concept.

**Application of the concept in preparing financial statements**

Matching closing inventory	DR Stock a/c CR Trading a/c (should be matched to correct COS amount as per sales in that period)
Making provisions	DR Staff compensation a/c CR Provision for staff compensation a/c
Damaged inventory	DR Damaged goods a/c CR Purchases a/c  All expenses that are not incurred in generating income in the future is considered an expense in the current period
Provision for doubtful debts	DR Doubtful debts a/c CR Provision for doubtful debts a/c
Writing off bad debts	DR Bad debts a/c CR Debtors control a/c
Provision for depreciation	DR Depreciation a/c CR Provision for depreciation a/c

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