Ledger Interpretation

* not easy to interpret

Basic

- ❖ Chp 4: Trade Receivables / Trade Payables / Cash at Bank
- ❖ Chp 6/7*: Income / Expense
- ❖ Chp 9: Inventory
- ❖ Chp 10: Trade Receivables (Allowance / Impairment Loss of Trade Receivables)
- ❖ Chp 11: Sale of Non-Current Assets / Disposal
- ❖ Chp 13: Long-Term Borrowings
- ❖ Chp 14:
  - Capital / Drawings
  - Issued Share Capital/ Dividends / Retained Earnings

How to interpret the ledger from Chp 6/7?

Date	Particulars	Dr	Cr	Bal
2025		$	$	$
Jan 1	a) Rent Income Receivable (Reversal)	100		100 Dr
Apr 1	b) Cash at Bank (Payment)		4000	3900 Cr
Dec 31	c) Rent Income Received in Advance (Adjust)	200		3700Cr
Dec 31	d) Income Summary (Close)		3700	-

Interpretations:

a) The business reversed $100 of rent income receivable, as this amount was earned in the previous year but not yet received.

b) The business received $4,000 of rent income by cheque.

c) The business adjusted $200 of rent income received in advance, as it was received this year but not yet earned.

d) The business transferred $3700 of rent income to the income summary

How to interpret the ledger from Chp 11?

Date	Particulars	Dr	Cr	Bal
2026		$	$	$
Mar 11	Motor Vehicle (NCA you are selling)	150000		150000 Dr
11	a) Accumulated Depreciation (total depreciation of NCA sold)		10000	50000 Dr (NBV)
11	b) Cash at Bank (amount of $$ you get from selling NCA)		70000	20000 Dr
11	Income Summary (transfer profit if loss to Income Summary)	20000		-

a) The business removed Accumulated Depreciation of $100000 from its books.

b) The business made a gain on the sale of NCA of $20000 and transferred to the Income Summary.