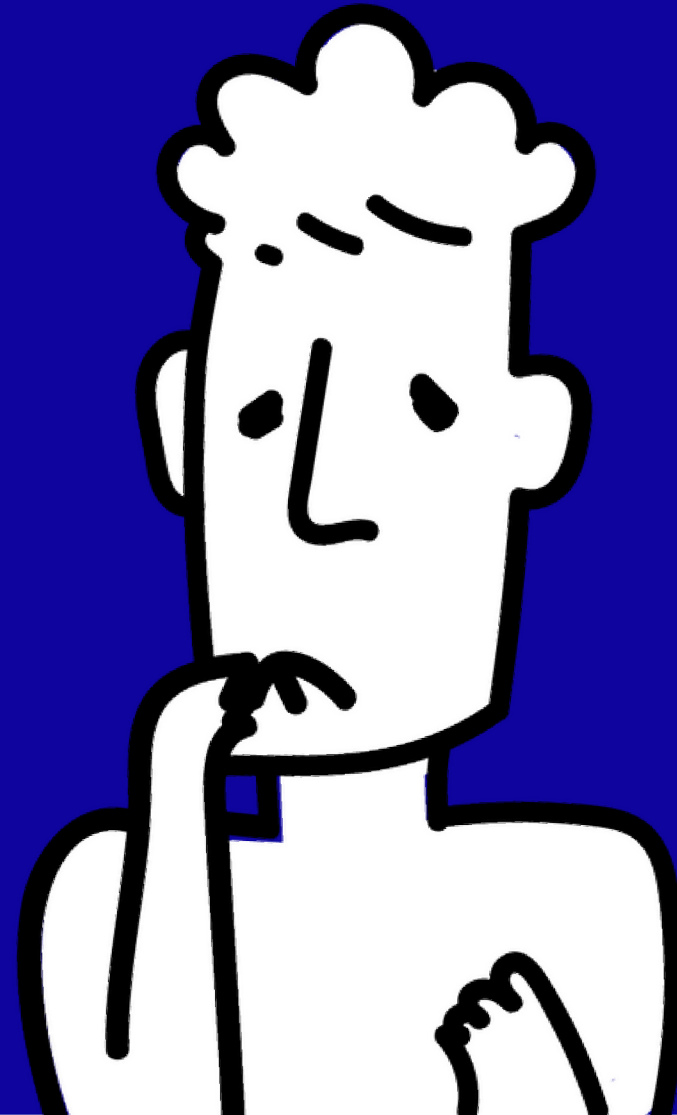


INTERPRETATION OF LEDGERS

FOR STUDENTS TAKING 7086/7087 EXAMS (FROM 2021)



HOW TO INTERPRETE?

3 Ws and 2 Hs

When it happened? Date

What happened?	Describe transaction
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Who is involved?	Name
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How much?	Amount
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How was it paid?	Cash, bank or on credit
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CASH AT BANK

	PARTICULARS	DR	CR	BAL	
		\$	\$	\$	
1 ———	Balance b/d			1000 Dr	
2 ———	Sales revenue	1000		2000 Dr	
3 ———	Commission income	900		2900 Dr	
	Utilities expense		800	2100 Dr	4 ———
	Motor vehicle		1500	600 Dr	5 ———
	Inventory		250	350 Dr	6 ———
	Cash in hand		150	200 Dr	7 ———
	Trade receivables		90	110 Dr	8 ———
	Balance b/d			110 Dr	9 ———

- 1** Balance of \$1000 in the business bank account was brought down from the previous financial year/month.
- 2** Business made cash sales and received a cheque of \$1000.
- 3** Business received a cheque of \$900 for commission income.

- 4** Business paid utilities expenses by cheque of \$800.
- 5** Business bought motor vehicles and paid by cheque of \$1500.
- 6** Business bought inventory and paid by cheque of \$250.
- 7** Business transferred \$200 from the business bank account to the office.
- 8** Business transferred \$150 from the office to the business bank account.
- 9** Balance of \$110 was brought down to the next financial year/month

TRADE RECEIVABLE

PARTICULARS		DEBIT	CREDIT	BALANCE	
		\$	\$	\$	
1 ———	Balance b/d			500 Dr	
2 ———	Sales revenue	1,000		1,500 Dr	
	Sales returns		95	1,410 Dr	3 ———
	Discount allowed		50	1,360 Dr	4 ———
	Cash at bank		70	1,290 Dr	5 ———
	Cash in hand		35	1,255 Dr	6 ———
	Allowance for impairment of trade receivables		40	1,215 Dr	7 ———
8 ———	Cash at bank (dishonoured cheque)	60		1,275 Dr	
	Balance b/d			1,270 Dr	9 ———

1 Balance of \$500 of trade receivables was brought down from the previous year/month.

2 Business made credit sales of \$1,000

3 Credit customer returned \$95 worth of credit sales back to the business

4 Business allowed cash discount of \$50 to credit customer.

5 Business received cheque of \$70 from credit customer.

6 Business received cash of \$35 from credit customer.

7 Business wrote off \$40 of trade receivables from credit customer.

8 Cheque of \$60 was dishonoured by the bank.

9 Balance of \$1,270 was brought down to the next financial year/month.

TRADE PAYABLE - MICKEY

	PARTICULARS	DEBIT \$	CREDIT \$	BALANCE \$
1	———— Balance b/d			1 300 Cr
2	———— Cash at bank	1 200		100 Cr
3	———— Discount received	100		0
4	———— Inventory		2 760	2 760 Cr
5	———— Balance b/d			2 760 Cr

- 1** Balance of \$1 300 worth of trade payable was brought down from the previous financial year/month.
- 2** Business paid \$1 200 to credit supplier Mickey by cheque in settlement of amount owed previously.
- 3** Business received a cash discount of \$100 from credit supplier Mickey.
- 4** Business bought \$2 760 worth of goods from credit supplier on credit.
- 5** Balance of \$2 760 worth of trade payable was brought down to the next financial year/month.

SALES REVENUE

PARTICULARS		DEBIT \$	CREDIT \$	BALANCE \$
2020				
1 ———	Jun 8 Cash at bank		50 400	50 400 Cr
2 ———	28 Trade receivables		57 600	108 000 Cr

1 Customer bought goods by cheque of \$50 400.

2 Customer bought goods by credit of \$57 600.