

# OBE for FET applied accounting: a logical approach level 3 lecturer's guide

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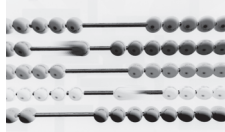
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## introduction

*introduction*

This series for the subject Applied accounting offers a Lecturer's Guide, a Student's Book and a Workbook for the National Certificate/Vocational (Finance, Economics and Accounting) Level 3 in the Further Education and Training (FET) Colleges. The content of the Lecturer's Guide and Student's Book has been divided into four chapters, with each chapter dealing with a particular topic and its Subject Outcome (SO). Assessment standards (AS) have also been integrated within Applied accounting and with certain other subjects. Remember that an Assessment Standard cannot be integrated without linking it to its particular Subject Outcome.

## How to use this Lecturer's Guide

Possible solutions to questions in the Student's Book are provided for most of the activities. Although you will find these suggestions useful when preparing a lesson, you can choose to adapt these methods or use your own, since you know what will work best for your students.

Assessment should be continuous. At the end of each unit in the Student's Book, there is an opportunity for students to assess their own progress and do an end of unit test. The assessment questions at the end of each unit are directly linked to the Subject Outcomes and could be used as questions in tests and examinations. Where applicable, specific guidance is provided for inclusive education and LSEN.

In each unit in this Lecturer's Guide, guidance has been given on assessment for the activities in the Student's Book. Some additional assessment opportunities are included. Rubrics and checklists have been prepared to assist you with assessment. You can choose to use these assessment tools as they are or adapt them to suit your specific needs. At the end of each chapter in this Lecturer's Guide, there is a grid that summarises the assessment for each activity. This could be used or adapted for Portfolio of Evidence assessment purposes for each student.

## Using this Lecturer's Guide with the Student's Book

Icons have been used throughout the Student's Book to consolidate and facilitate the learning process, and to promote an interactive approach between the student and the text. The icons indicate different types of activity – for example, a group or a question or feedback activity. The icons are also used to indicate what is being dealt with – for example, outcomes, assessment or a cross-reference to something else.

	<b>Cross-reference</b> This icon shows forward or backward links or references to other sections in the book.
	<b>Outcomes</b> Outcomes appear in the outcomes table at the beginning of each unit. The students should achieve these unit outcomes, which are derived from the Subject Outcomes and the Learning Outcomes in the National Certificate (Finance, Economics & Accounting) Applied accounting Subject Guidelines.
	<b>Minds-on</b> This icon indicates knowledge outcomes that students will acquire.
	<b>Hands-on</b> This icon shows skills-based outcomes that students will acquire.
	<b>Hearts-on</b> This icon shows values-based outcomes that will assist the students to express or develop particular values (or attitudes) to the issues raised.
	<b>Individual</b> This icon indicates that students should work on their own.
	<b>Pair work</b> This icon indicates that the students should work in pairs.
	<b>Group work</b> This icon indicates that the students should work in groups. Groups of four or five students are usually ideal, but this depends on the type of activity.
	<b>Time</b> This icon suggests the time it should take a student to complete the activity. Students should time themselves to see whether they are able to complete the activity within the suggested time.
	<b>End of unit revision questions</b> This icon provides the student with opportunities for self-assessment and ensures that the learning process has taken place. Tests at the end of each unit form part of your summative assessment and assist the students to reflect on what they have learned.
	<b>Assessment</b> This icon shows an activity that could be used as part of the internal continuous assessment (ICASS) process, which should take place throughout the year. All ICASS evidence is contained in a Portfolio of Evidence (PoE), and must be readily available for monitoring, moderation and verification purposes.

We have used the following margin boxes in the Student's Book to highlight different kinds of information:

<b>Career corner</b>	These margin boxes provide the student with an opportunity to investigate or think about careers in the Applied accounting field.
<b>Word bank</b>	New or difficult terms are explained or defined in these margin boxes. The aim is to extend the students' use of English and their Applied accounting terminology.
<b>Fact file</b>	These margin boxes provide references to websites and other sources of information to extend the students' knowledge.

We have included the following types of activities in the Student's Book:

<b>Getting started</b>	These discussions can be found at the beginning of each chapter. They introduce students to the subject matter of the chapter and allow the lecturer to assess the students' prior knowledge.
<b>Daily tasks</b>	This gives students the opportunity of doing daily activities to apply their knowledge, skills and values.
<b>Activities</b>	The activities give the students the opportunity to apply their knowledge, skills and values to accounting documents and books.
<b>Summative activities</b>	These summative activities at the end of each unit allow students to practise all the accounting procedures learned in that unit.

## Abbreviations

AG	Assessment guidelines
CCO	Critical cross-field outcomes
DoE	Department of Education
FET	Further Education and Training
GET	General Education and Training
HET	Higher Education and Training
ICASS	Internal continuous assessment
IKS	Indigenous knowledge systems
LB	Student's Book
LG	Lecturer's Guide
LP	Learning Programme
LSEN	Students with Special Education Needs
LTSM	Learning and teaching support materials
NC	National Certificate
NSC	National Senior Certificate
NQF	National Qualifications Framework
OBE	Outcomes-based education
SAG	Subject assessment guidelines
SO	Subject Outcome

## The new curriculum

A process of transforming education and training to realise the aims of our democratic society and of the Constitution has been under way since 1994. As part of this process, the Outcomes-based curriculum (OBE) was developed as one united curriculum for all school students in the General Education and Training (GET) and Further Education and Training (FET) bands.

The OBE curriculum was designed to be student-centred, integrated and holistic, relevant to students' lives and the needs of the country, and to promote critical and creative thinking.

### Subject Outcomes and Learning Outcomes

Outcomes-based education calls for lifelong learning by demonstrating nine critical cross-field outcomes (CCOs).

Applied accounting Level 3 has six topics linked to Subject Outcomes (SOs) together with corresponding Assessment Standards (ASs) and Learning Outcomes (LOs) that are derived from the CCOs and which describe the knowledge, understanding, skills and values that students should demonstrate and be able to do at the end in Applied accounting for the National Certificate Level 3 in the FET Colleges band.

The six topics and the SOs, together with their ASs and LOs, are outlined in the table below:

### Topic 1: Administration of cash-related income and other receipts

Subject Outcomes	Assessment Standards	Learning Outcomes
1.1 Identify and complete the appropriate source and supporting documents	<ul style="list-style-type: none"> <li>Documents used for a specific organisation to administer income or and adjustment/reduction of income are identified correctly. <i>Range: following documents can include, but not limited to:</i> <ul style="list-style-type: none"> <li>cash invoice,</li> <li>General journal vouchers,</li> <li>cash register slips,</li> <li>deposit slips,</li> <li>debit and credit card vouchers,</li> <li>receipts,</li> <li>cheques,</li> <li>electronic funds transfer confirmation slip,</li> <li>bank statement.</li> </ul> </li> <li>Authorisations for the return of goods, allowances and discounts required for the adjustment of income are obtained and an indication is given for non-compliance with obtaining authorisation.</li> <li>Documents for income and income reduction adjustment transactions completed accurately. <i>Range: documents included, but not limited to:</i> <ul style="list-style-type: none"> <li>returns of cash sales voucher,</li> <li>additional discount allowed,</li> <li>discount allowed,</li> <li>damaged goods,</li> <li>goods charged for but not ordered/delivered,</li> <li>credit notes.</li> </ul> </li> <li>The document flow is explained and illustrated graphically.</li> </ul>	<p>The student should be able to:</p> <ul style="list-style-type: none"> <li>identify documents used to administer incomes correctly</li> <li>identify documents used for income reduction or adjustment</li> <li>complete documents used to administer incomes and income reduction correctly</li> <li>explain the flow of documents used to administer incomes correctly</li> </ul> <p>Documents include:</p> <ul style="list-style-type: none"> <li>cash invoice</li> <li>General journal vouchers</li> <li>cash register slips</li> <li>deposit slips</li> <li>debit and credit card vouchers</li> <li>receipts</li> <li>cheques</li> <li>electronic funds transfer confirmation slip</li> <li>bank statement</li> <li>returns of cash sales voucher</li> <li>additional discount allowed</li> <li>discount allowed</li> <li>damaged goods</li> <li>goods charged for but not ordered/delivered</li> <li>credit notes</li> </ul>
1.2 Record routine income transactions in relevant journals or cash book	<ul style="list-style-type: none"> <li>Source documents are sequentially batched according to company policy.</li> <li>Source documents are accurately entered in the relevant journals.</li> <li>The various columns in the journals are totalled accurately. <i>Range: includes but not limited to</i> <ul style="list-style-type: none"> <li>VAT,</li> <li>Sales,</li> <li>Income,</li> <li>Contribution,</li> </ul> </li> </ul>	<p>The student should be able to:</p> <ul style="list-style-type: none"> <li>identify and sort source documents for routine income transactions</li> <li>enter transactions from source documents in journals or cash books</li> <li>archive source documents correctly</li> </ul> <p>Routine income transactions include:</p> <ul style="list-style-type: none"> <li>VAT</li> <li>sales</li> <li>income</li> <li>contribution</li> <li>cost of sales in the continuous inventory system</li> </ul>



Subject Outcomes	Assessment Standards	Learning Outcomes
1.2 Record routine income transactions in relevant journals or cash book (cont.)	<ul style="list-style-type: none"> <li>– <i>Optional inclusion of cost of sales column if the continuous stock system is used.</i></li> <li>• Source documents are archived correctly and indication is given of the consequences if documents are incorrectly archived or missing.</li> </ul>	
1.3 Record non-routine income transactions in relevant journals or cash book	<ul style="list-style-type: none"> <li>• Transactions to be recorded in the relevant journals or cash book are classified correctly.</li> <li>• Source documents relating to non-routine transactions are completed correctly.</li> <li>• Source documents are correctly recorded in the journal or cash book.</li> <li>• Source documents are archived correctly and indication is given of the consequences if documents are incorrectly archived or missing.</li> </ul>	<p>The student should be able to:</p> <ul style="list-style-type: none"> <li>identify and sort source documents for non-routine income transactions</li> <li>enter transactions from source documents in journals or cash books</li> <li>archive source documents correctly</li> </ul> <p>Non-routine income transactions include:</p> <ul style="list-style-type: none"> <li>investment</li> <li>rental</li> <li>interest</li> <li>recovery of bad debts</li> <li>receipt of insurance payout/proceeds</li> <li>cash donations received</li> </ul>
1.4. Receive and record receipts	<ul style="list-style-type: none"> <li>• Receipts are checked against relevant supporting information. <i>Range: includes, but not limited to:</i> <ul style="list-style-type: none"> <li>– cash,</li> <li>– cheques,</li> <li>– automated payments,</li> <li>– deposits.</li> </ul> </li> <li>• Receipts are entered in appropriate accounting records.</li> <li>• Appropriate source documents are correctly prepared and reconciled to relevant records.</li> <li>• Discrepancies are identified and either resolved or referred to the delegated person. <i>Range: Includes, but not limited to:</i> <ul style="list-style-type: none"> <li>– incomplete/incorrect, cheques,</li> <li>– stale cheques,</li> <li>– expired or blocked credit and debit cards,</li> <li>– limits exceeded,</li> <li>– disagreement with supporting documentation,</li> <li>– under payments,</li> <li>– over payments,</li> <li>– cheques returned to drawer.</li> </ul> </li> </ul>	<p>The student should be able to:</p> <ul style="list-style-type: none"> <li>identify and verify receipts against supporting documents or information</li> <li>enter transactions from receipts in journals or cash book</li> <li>do reconciliation of receipts and identify discrepancies</li> </ul> <p>Supporting documents include:</p> <ul style="list-style-type: none"> <li>cash</li> <li>cheques</li> <li>automated payments</li> <li>deposits</li> </ul> <p>Discrepancies include:</p> <ul style="list-style-type: none"> <li>incomplete/incorrect cheques</li> <li>stale cheques</li> <li>expired or blocked credit and debit cards</li> <li>limits exceeded</li> <li>disagreement with supporting documentation</li> <li>underpayments</li> <li>overpayments</li> <li>cheques returned to drawer</li> </ul>

## Topic 2: Administration of cash-related expenses and other payments

Subject Outcomes	Assessment Standards	Learning Outcomes
2.1 Identify and complete the appropriate source and supporting documents	<ul style="list-style-type: none"> <li>• Documents used for purchases and purchases returns/allowances are identified for a specific organisation. <i>Range: following documents can include, but not limited to:</i> <ul style="list-style-type: none"> <li>– cash invoice,</li> <li>– General journal vouchers,</li> <li>– cash register slips,</li> <li>– deposit slips,</li> <li>– debit and credit card vouchers,</li> <li>– receipts,</li> </ul> </li> </ul>	<p>The student should be able to:</p> <ul style="list-style-type: none"> <li>identify documents used to administer purchases and returns correctly</li> <li>identify documents used for payment reduction or adjustment</li> <li>complete documents used to administer purchases and purchases returns/allowances correctly</li> <li>explain the flow of documents used to administer various purchases and returns/allowances transactions correctly</li> </ul>

Subject Outcomes	Assessment Standards	Learning Outcomes
2.1 Identify and complete the appropriate source and supporting documents (cont.)	<ul style="list-style-type: none"> <li>– <i>cheques,</i></li> <li>– <i>cheque counterfoils,</i></li> <li>– <i>electronic funds transfer confirmation slip,</i></li> <li>– <i>bank statement.</i></li> <li>• Authorisations are received for the return of goods, allowances and discounts are obtained and an indication is given for non-compliance.</li> <li>• Documents for various purchases and returns/allowances transactions completed accurately. <i>Range: the following documents are to be covered, but not limited to:</i> <ul style="list-style-type: none"> <li>– <i>returns of cash purchases voucher,</i></li> <li>– <i>additional discount allowed,</i></li> <li>– <i>discount allowed,</i></li> <li>– <i>damaged goods,</i></li> <li>– <i>goods charged for but not ordered/delivered</i></li> </ul> </li> <li>• The document flow is explained and illustrated graphically.</li> </ul>	<p>Documents include:</p> <p>cash invoice</p> <p>General journal vouchers</p> <p>cash register slips</p> <p>deposit slips</p> <p>debit and credit card vouchers</p> <p>receipts</p> <p>cheques and cheque counterfoils</p> <p>electronic funds transfer confirmation slip</p> <p>bank statement</p> <p>returns of cash purchases voucher</p> <p>additional discount allowed</p> <p>discount allowed</p> <p>damaged goods</p> <p>goods charged for but not ordered or delivered</p>
2.2 Record routine purchases/expense transactions in relevant journals or cash book	<ul style="list-style-type: none"> <li>• Source documents are sequentially batched according to company policy. <i>Range: alphanumerical, monthly, pay point's vendor, employer.</i></li> <li>• Source documents are accurately entered in the appropriate journals.</li> <li>• The various columns in the journals are totalled accurately. <i>Range: includes but not limited to VAT, purchases.</i></li> <li>• Source documents are archived correctly and indication is given of the consequences if documents are incorrectly archived or missing.</li> </ul>	<p>The student should be able to:</p> <p>identify and sort source documents for routine expense transactions</p> <p>enter transactions from source documents in journals or cash book</p> <p>archive source documents correctly</p> <p>Routine income transactions include:</p> <p>VAT</p> <p>purchases</p>
2.3 Record non-routine purchases/expense transactions in relevant journals or cash book	<ul style="list-style-type: none"> <li>• Transactions to be recorded in the relevant journals or cash book are classified correctly.</li> <li>• Source documents relating to non-routine transactions are completed correctly.</li> <li>• Source documents are correctly recorded in appropriate journals or cash book.</li> <li>• Source documents are archived correctly according to company policy and indication is given of the consequences if documents are incorrectly archived or missing.</li> </ul>	<p>The student should be able to:</p> <p>identify and sort source documents for non-routine and non-routine expense transactions</p> <p>enter transactions from source documents in journals or cash book</p> <p>archive source documents correctly</p> <p>Non-routine income transactions include:</p> <p>loans</p> <p>rental</p> <p>interest</p> <p>cash donations paid</p> <p>general operating expenses</p> <p>automated payments</p> <p>deposits</p>
2.4 Make and record payments	<ul style="list-style-type: none"> <li>• Payments are checked against relevant supporting information. <i>Range: includes, but not limited to: cash, cheques, automated payments, deposits.</i></li> <li>• Payments are entered in appropriate accounting records.</li> <li>• Appropriate source documents are correctly prepared and reconciled to relevant records.</li> </ul>	<p>The student should be able to:</p> <p>identify and verify payments against supporting documents or information</p> <p>enter payment transactions from documents in journals or cash book</p> <p>do reconciliation of payments and identify discrepancies</p> <p>Supporting documents include:</p> <p>cash</p> <p>cheques</p>

Subject Outcomes	Assessment Standards	Learning Outcomes
2.4 Make and record payments (cont.)	<ul style="list-style-type: none"> <li>Discrepancies are identified and either resolved or referred to the delegated person.</li> </ul> <p><i>Range: includes, but not limited to:</i></p> <ul style="list-style-type: none"> <li>incomplete/incorrect cheques,</li> <li>stale cheques,</li> <li>credit and debit cards,</li> <li>limits exceeded,</li> <li>disagreement with supporting documentation,</li> <li>under payments,</li> <li>over payments,</li> <li>cheques returned to drawer.</li> </ul>	<p>Supporting documents include (cont.):</p> <p>automated payments</p> <p>deposits</p> <p>Discrepancies include:</p> <p>incomplete/incorrect cheques</p> <p>stale cheques</p> <p>credit and debit cards</p> <p>limits exceeded</p> <p>disagreement with supporting documentation</p> <p>underpayments</p> <p>overpayments</p> <p>cheques returned to drawer</p>

### Topic 3: Credit sales transactions

Subject Outcomes	Assessment Standards	Learning Outcomes
3.1 Identify and complete the appropriate Source documents	<ul style="list-style-type: none"> <li>Source documents to be used for sales and sales returns/allowances are identified correctly.</li> </ul> <p><i>Range: following documents to be covered:</i></p> <ul style="list-style-type: none"> <li>debit invoice,</li> <li>debit notes,</li> <li>General journal vouchers.</li> </ul> <ul style="list-style-type: none"> <li>Appropriate authorisations are obtained for the return of goods, allowances, discounts and credit limits.</li> </ul> <ul style="list-style-type: none"> <li>Source documents for various sales and returns/allowances transactions are completed correctly.</li> </ul> <p><i>Range: following documents to be covered:</i></p> <ul style="list-style-type: none"> <li>credit sales,</li> <li>returns of credit sales,</li> <li>additional discount allowed,</li> <li>discount disallowed,</li> <li>damaged goods,</li> <li>goods charged for but not ordered/delivered.</li> </ul> <ul style="list-style-type: none"> <li>Source documents for various transactions are distributed correctly.</li> </ul>	<p>The student should be able to:</p> <p>identify documents used for sales and sales returns/allowances correctly</p> <p>complete documents for various sales and returns/allowances transactions correctly</p> <p>explain the flow/distribution of documents used to administer various sales and returns/allowances transactions correctly</p> <p>Documents include:</p> <p>debit invoice</p> <p>debit notes</p> <p>General journal vouchers</p> <p>Transactions include:</p> <p>credit sales</p> <p>returns of credit sales</p> <p>additional discount allowed</p> <p>discount disallowed</p> <p>damaged goods</p> <p>goods charged for but not ordered or delivered</p>
3.2 Record routine (credit sales) transactions in the relevant journals <i>Range: inclusive of the control account system</i>	<ul style="list-style-type: none"> <li>Source documents are sequentially batched according to company policy.</li> <li>Source documents are accurately entered in the appropriate journals.</li> <li>Value Added Tax and sales columns in the journals are totalled accurately.</li> </ul> <p><i>Range: optional inclusion of cost of sales column if continuous stock system is used.</i></p> <ul style="list-style-type: none"> <li>Source documents are archived correctly.</li> </ul>	<p>The student should be able to:</p> <p>identify and sort Source documents for routine credit sales transactions</p> <p>enter transactions from Source documents in appropriate journals</p> <p>archive Source documents correctly</p> <p>Routine sales transactions include:</p> <p>VAT</p> <p>sales</p> <p>cost of sales in the continuous inventory system</p>
3.3. Record non-routine (credit-related) transactions in relevant journals <i>Range: inclusive of the control account system</i>	<ul style="list-style-type: none"> <li>Credit transactions in the General journal are identified correctly.</li> </ul> <p><i>Range: following transactions are to be covered:</i></p> <ul style="list-style-type: none"> <li>bad debts,</li> <li>interest on overdue accounts of debtors,</li> </ul>	<p>The student should be able to:</p> <p>identify and sort source documents for non-routine credit sales transactions</p> <p>enter transactions from source documents in appropriate journals</p> <p>archive source documents correctly</p> <p>Non-routine credit transactions include:</p> <p>bad debts</p>

Subject Outcomes	Assessment Standards	Learning Outcomes
3.3 Record non-routine (credit-related) transactions in relevant journals (cont.) <i>Range: inclusive of the control account system</i>	<ul style="list-style-type: none"> <li>– <i>cancellation of discount on dishonoured cheques,</i></li> <li>– <i>correction of errors related to credit transactions.</i></li> <li>• Source documents are completed correctly.</li> <li>• Source documents are correctly recorded in the General journal.</li> <li>• Source documents are archived correctly.</li> </ul>	The student should be able to (cont.): interest on overdue accounts of debtors cancellation of discount on dishonoured cheques correction of errors related to credit transactions
3.4 Maintain debtors' accounts <i>Range: inclusive of the control account system</i>	<ul style="list-style-type: none"> <li>• Transactions from the journals are accurately posted to the relevant debtors accounts.</li> <li>• Credit documents are reconciled with statements received from debtors. <i>Range: credit documents are listed in the above specific outcome.</i></li> <li>• Debtors accounts are reconciled with the debtors control account.</li> <li>• Age analysis for the current month is prepared accurately.</li> <li>• Monthly statements are prepared accurately.</li> <li>• Investigate and resolve discrepancies.</li> </ul>	The student should be able to: post transactions from journals to the debtors' accounts reconcile credit documents with statements of debtors reconcile debtors' accounts with debtors control account prepare age analysis for the current month prepare monthly statements investigate and resolve discrepancies

#### Topic 4: Credit purchases transactions

Subject Outcomes	Assessment Standards	Learning Outcomes
4.1 Identify and complete the appropriate source documents	<ul style="list-style-type: none"> <li>• The source documents to be used for purchases and purchases returns/allowances are identified correctly. <i>Range: following documents to be covered:</i> <ul style="list-style-type: none"> <li>– <i>credit invoice,</i></li> <li>– <i>credit notes,</i></li> <li>– <i>General journal vouchers.</i></li> </ul> </li> <li>• Appropriate authorisations are obtained for the return of goods and credit limits.</li> <li>• Source documents for various purchases and returns/allowances transactions are completed correctly. <i>Range: following documents to be covered:</i> <ul style="list-style-type: none"> <li>– <i>credit purchases,</i></li> <li>– <i>returns of credit purchases,</i></li> <li>– <i>allowances for additional discount received,</i></li> <li>– <i>damaged goods,</i></li> <li>– <i>goods charged for but not ordered/ delivered</i></li> </ul> </li> <li>• Source documents for various transactions are distributed correctly.</li> </ul>	The student should be able to: identify documents used for purchases and purchases returns/allowances correctly complete documents for various purchases and returns/allowances transactions correctly explain the flow/distribution of documents used to administer various purchases and returns/allowances transactions correctly Documents include: credit invoice credit notes General journal vouchers Transactions include: credit purchases returns of credit purchases allowances for additional discount received damaged goods goods charged for but not ordered or delivered
4.2 Record routine (credit purchases) transactions in the relevant journals <i>Range: inclusive of the control account system</i>	<ul style="list-style-type: none"> <li>• Source documents are sequentially batched according to company policy.</li> <li>• Source documents are accurately entered in the appropriate journals.</li> <li>• Analysis columns in the journals are totalled accurately.</li> <li>• Source documents are archived correctly.</li> </ul>	The student should be able to: identify and sort source documents for routine credit purchases transactions enter transactions from source documents in appropriate journals archive source documents correctly Routine sales transactions include: VAT Purchases

Subject Outcomes	Assessment Standards	Learning Outcomes
4.3 Record non-routine (credit-related) transactions in relevant journals <i>Range: inclusive of the control account system</i>	<ul style="list-style-type: none"> <li>Credit transactions to be recorded in the General journal are identified correctly. <i>Range: following transactions are to be covered:</i> <ul style="list-style-type: none"> <li>interest on overdue accounts,</li> <li>reversal of discount,</li> <li>correction of errors.</li> </ul> </li> <li>Source documents relating to interest on overdue accounts, reversal of discount and correction of errors are completed accurately.</li> <li>Source documents are correctly recorded in the General journal.</li> <li>Source documents are archived correctly.</li> </ul>	The student should be able to: identify and sort source documents for non-routine credit purchases transactions enter transactions from source documents in appropriate journals archive source documents correctly Non-routine credit transactions include: interest on overdue accounts reversal of discount correction of errors
4.4 Maintain creditors' accounts <i>Range: inclusive of the control account system</i>	<ul style="list-style-type: none"> <li>Transactions from the journals are accurately posted to the relevant creditors accounts.</li> <li>Credit documents are reconciled with statements received from creditors. <i>Range: credit documents are listed in the above specific outcome.</i></li> <li>Creditors accounts are reconciled with the creditors.</li> </ul>	The student should be able to: post transactions from journals to the creditors' accounts reconcile credit documents with statements of creditors reconcile creditors' accounts with creditors control account investigate and resolve discrepancies

## Topic 5: The General ledger and Trial balance

Subject Outcomes	Assessment Standards	Learning outcomes
5.1 Prepare ledger accounts	<ul style="list-style-type: none"> <li>Ledger accounts are correctly opened in the General ledger. <i>Range: Balance sheet and Nominal accounts.</i></li> <li>Transactions from books of first entry are posted to the correct accounts. <i>Range: following books of first entries are required, but not limited to:</i> <ul style="list-style-type: none"> <li>Cash receipts and cash payment journal/cash book,</li> <li>Petty cash journal/petty cash book,</li> <li>Debtor/sales and creditor/purchases journals,</li> <li>Wage and salaries journals,</li> <li>General journal,</li> <li>Debtors allowances/sales returns and</li> <li>Creditors allowances/purchases returns journals.</li> </ul> </li> </ul>	The student should be able to: open General ledger accounts correctly post transactions from all journals to correct General ledger accounts Journals will include: cash receipt and cash payment journals/ cash book Petty cash journal/cashbook debtors/sales journal creditors/purchases journal wage and salaries journal General journal debtor allowances/sales returns journal creditors allowances/purchases returns journal
5.2 Prepare ledger balance and control accounts	<ul style="list-style-type: none"> <li>All ledger accounts are totalled and/or balanced accurately.</li> <li>Control accounts are reconciled as required by a specific organisation.</li> <li>Discrepancies arising from the reconciliations are either resolved in terms of own mandate and indication is given when it is necessary to refer the discrepancy to a higher authority.</li> </ul>	The student should be able to: total/balance/close off General ledger accounts correctly reconcile control accounts and resolve discrepancies
5.3 Draft initial Trial balance	<ul style="list-style-type: none"> <li>Balances and totals are correctly transferred from General ledger and/or cash book to the Trial balance.</li> </ul>	The student should be able to: transfer balances or totals from the General ledger or cash book to the Trial balance resolve any discrepancies

Subject Outcomes	Assessment Standards	Learning outcomes
5.3 Draft initial Trial balance (cont.)	<ul style="list-style-type: none"> <li>Discrepancies arising from the reconciliations are either resolved in terms of own mandate and indication is given when it is necessary to refer the discrepancy to a higher authority.</li> </ul> <p><i>Range: Incorrect double entries, missing entries or incorrect calculations.</i></p>	Discrepancies will include: incorrect double entries missing entries incorrect calculations

## Topic 6: Financial year-end procedures

Subject Outcomes	Assessment Standards	Learning Outcomes
6.1 Explain the concept of profit	<ul style="list-style-type: none"> <li>The concept of gross profit is explained.</li> <li>The concept of net profit is explained.</li> </ul>	The student should be able to: explain the concept of profit explain the concept of gross profit explain the concept of net profit
6.2 Explain closing transfers of the nominal accounts	<ul style="list-style-type: none"> <li>The closing transfers are done in the General journal. <i>Range: practical exercises – from the Trial balance to General journal.</i></li> <li>The closing transfers are posted to the General ledger. <i>Range: practical exercises – from the General journal to General ledger.</i></li> </ul>	The student should be able to: calculate the amounts of the gross and the net profit or loss correctly record the closing transfers correctly in the General journal post to correct accounts in the General ledger according to GAAP in a continuous inventory system
6.3 Prepare the basic income statement. <i>Range: Use the continuous inventory system</i>	<ul style="list-style-type: none"> <li>The purpose of the income statement is explained.</li> <li>The income statement is prepared.</li> </ul>	The student should be able to: explain the concept of financial year end explain the concept and framework of the income statement identify the items from a Trial balance to be used on the income statement use the relevant information to complete a basic income statement according to Generally Accepted Accounting Practice to calculate the gross and the net profit or loss
6.4 Prepare a basic balance sheet	<ul style="list-style-type: none"> <li>The purpose of the balance sheet is explained.</li> <li>The balance sheet is prepared. <i>Range: notes are limited to non-current assets, cash and cash equivalents and capital</i></li> </ul>	The student should be able to: identify the items from a Trial balance to be used on the balance sheet write down the framework of the balance sheet use the relevant information to complete the balance sheet according to Generally Accepted Accounting Practice The notes to the balance sheet will include: non-current assets cash and cash equivalents capital

The Critical Outcomes are laid down by the DOE and have been adapted in the Applied accounting Curriculum as follows:

1. Identify problems using creative thinking to manage finances and to determine progress in a business venture.
2. Work effectively with others as a member of a team, group organisation and community while performing accounting and financial procedures in a small business venture.
3. Organise and manage oneself and one's activities responsibly and effectively through various activities to be done in a small business venture.

4. Collect, analyse, and organise information to simplify decision-making in a small business environment.
5. Communicate effectively using mathematical and/or language skills in the modes of written presentation of elementary management information.
6. Be culturally sensitive across a range of social contexts in determining factors influencing and contributing to local economy.
7. Demonstrate an understanding of the world as a set of related systems by recognising that current economic affairs impact the individual and business venture.
8. Exploring career and entrepreneurial opportunities by using a variety of strategies to learn more effectively, regarding elementary finances, recording of elementary accounting transactions and elementary economics.
9. The student is able to participate as a responsible citizen in the community by using accounting, financial and economic concepts as means to manage him/herself and plan for future needs.

### The interrelationship of topics and Subject Outcomes

In the Student's Book you will find that each chapter has been primarily based on a topic in the curriculum and that units within each chapter are based on the SOs. This is indicated in the table below and in the detailed year plan on pages 18 to 22 of this Lecturer's Guide.

Chapter in the Student's Book	Topic in the curriculum
Chapter 1	Topic 1: Administration of cash-related income and other receipts
Chapter 2	Topic 2: Administration of cash-related expenses and other payments
Chapter 3	Topic 3: Credit sales transactions
Chapter 4	Topic 4: Credit purchases transactions
Chapter 5	Topic 5: The General ledger and Trial balance
Chapter 6	Topic 6: Financial year-end procedures
Chapter 7	Consolidated assignment covering all the topics

### Learning Outcomes

Each SO has its own ASs and LOs. LOs describe the level at which students should demonstrate their achievement of the SOs. The LOs:

- are level specific
- give more detail to SOs
- serve as a benchmark to be achieved by the student in a specific level
- describe ways of achieving the SOs
- define the levels of progression within and across each level in the FET band
- change from level to level

The Applied accounting ASs have been designed in such a way that there is natural progression within and across levels.

In the Student's Book, the ASs have been used to develop sections within the units of each chapter. See the detailed year plan on pages 18 to 22 of this Lecturer's Guide.

## Applied accounting and the principles of the curriculum

The National Curriculum Statement (NCS) follows the principles, purpose and thrust of Curriculum 2005, including OBE.

There is an emphasis on the key principles and values of social transformation; progression; articulation and portability; human rights, inclusivity, environmental and social justice; and valuing indigenous knowledge systems.

OBE, integration and applied competence; progression, credibility, quality and efficiency; high knowledge and high skills underpin the curriculum and are all covered within the purpose, scope and the five topics.

### Social transformation

The NCS builds on the visions and values of the Constitution. The Constitution expresses the nation's social values and the roles, rights and responsibilities of citizens in a democratic South Africa. In promoting the students' personal development, we should ensure that we build a national South African identity.

### Valuing indigenous knowledge systems

The rich history and heritage of South Africans need to be recognised as important contributors to the values contained in the Constitution. Indigenous and endogenous local communities need to be included in our economic actions and thinking.

### Human rights, inclusivity, environmental and social justice

The NCS reflects the principles and practice of social justice, and respect for the environment and human rights, as defined in the Constitution. In particular, the curriculum attempts to be sensitive to issues of poverty, inequality, race, gender, age, disability and challenges such as HIV/Aids. Students are encouraged to develop an awareness and understanding of the rich diversity of cultures, beliefs and world views within the unity of South Africa.

The Bill of Rights places great value on equality, human dignity, life, freedom and security. These and other rights to freedom of religion and belief, expression and association, exist alongside socio-economic rights. Each person has a right to freedom from poverty, homelessness, poor health and hunger.

In Applied accounting we have endeavoured to build these principles into the text and the activities. Items directly or implicitly included in the ASs regarding human rights, inclusivity, HIV/Aids, environmental sustainability and socio-economic justice are listed.

i	Global economic arrangement and its impact on human rights and the environment
ii	Industrialisation and the promotion and violation of human rights and the environment
iii	National macro-economic policy and service delivery with regard to socio-economic rights, education, health, environment, social security
iv	Labour movements and labour rights (South African labour rights framework)
v	Workers' rights and responsibilities
vi	Conventions and declarations of the International Labour Organisation
vii	Convention on the rights of the child



viii	Agenda 21 (Global partnership agreement to meet the challenges of environment and development, Rio Earth Summit 1992)
ix	Mobilisation of indigenous knowledge in relation to indigenous economic systems and practices (past and contemporary)
x	Employment equity and basic condition of employment
xi	Empowerment and government tender regulations
xii	Black economic empowerment
xiii	Patterns of unequal distribution (income, land, wealth, access to natural and other resources, etc.)
xiv	Taxation and compensation for human rights abuses
xv	Land restitution
xvi	Food distribution, hunger and starvation
xvii	Trade relations, exports, imports and treaties
xviii	Economic activity and the degradation of the environment
xix	Environmental impact assessment, environmental management practices, and economic and industrial development
xx	Community participation in local economic planning and activities
xxi	The role of marginalised groups in the economy (women, refugees, etc.)
xxii	Access of marginalised groups to participate in the economy
xxiii	The structure of economy and exclusion
xxiv	Discrimination in service provisioning (such as financing) and access to economic opportunity (affirmative action, redress, etc.)
xxv	Economic exploitation, slavery, colonialism and imperialism

## Outcomes-based Education

Outcomes-based education forms the foundation of the South African curriculum. The SOs and ASs have been derived from the CCOs which were inspired by the Constitution, will ensure that knowledge, skills and values are articulated.

## High knowledge and high skills

The NCS sets standards in the learning areas and specifies the minimum knowledge and skills to be achieved by students in each level. In this way, the NCS provides direction on how to develop a high level of skills and knowledge in all students. In Applied accounting the necessary knowledge and skills have been built into the text and the activities.

## Integration and applied competence and progression

Integration both within and across learning areas is central to OBE, because of the belief that fields of knowledge are connected. Some of the skills taught in one subject may also be needed to achieve a learning outcome in another subject.

Because of this a list of integration possibilities is provided at the start of each chapter. Achieving an optimal relationship between progression and integration is central to this curriculum. Within each subject, the NCS sets out progressively more complex expectations of students from level to level. This is called conceptual progression, and the NCS describes this progression through the SOs. Integration is

about making links within and across learning areas, through related SOs and ASs. It is also about students developing skills, attitudes and values, as well as acquiring knowledge by integrating theory and practice.

Complexity and depth in learning increases from the beginning to the end of a level (vertical progression) and from level to level (horizontal progression).

The table below shows some examples where Applied accounting has clear links with other subjects.

Subject	Possible areas of integration
Economic Environment	<ul style="list-style-type: none"> <li>Contemporary socio-economic issues that impact on business</li> <li>Savings and investment</li> </ul>
New Venture Creation	<ul style="list-style-type: none"> <li>Principles of operating a small business</li> </ul>
Mathematical Literacy	<ul style="list-style-type: none"> <li>Numerical calculations</li> <li>Numerical relationships</li> <li>Mathematical knowledge and skills to plan personal finances to be an effective economic participant</li> <li>Data handling</li> </ul>
Language	<ul style="list-style-type: none"> <li>Communication skills (e.g. oral presentations, formal debates, comprehension tests, research activities)</li> </ul>
Financial Management	<ul style="list-style-type: none"> <li>Access to financial information</li> <li>Procedures, books and accounts</li> </ul>
Life Orientation	<ul style="list-style-type: none"> <li>Acquisitions of IT skills specific to Applied accounting</li> </ul>

The shift in content and the method of presentation are captured in the SOs at levels suited to the cognitive ability of students in each level.

### Credibility, quality and efficiency

Articulation refers to the relationship between qualifications in the different NQF bands (GET/FET) and portability to the extent to which parts of a qualification are transferred to another qualification in a different learning pathway of the same NQF band. This allows for mobility across and within the FET band and recognition of prior learning.

### Planning for the Applied accounting curriculum

It is imperative that lecturers plan ahead. Students will not be able to attain the SOs prescribed by the LOs for a specified level if the lecturer does not plan adequately. Planning could be summarised as follows:

- a three-year subject framework (*macro planning*)
- a one-year work schedule that sets out the pace and sequence of teaching and learning activities, and assessment. This work schedule will spell out term plans of work to be covered in a particular term (*meso planning*)
- weekly and daily planning (lesson plans or learning experiences) specifying activities (*micro planning*)

## A suggested work schedule and assessment plan for *OBE for FET Colleges* *Applied Accounting Level 3*

Term	Week	SO	AS	Chapter, Unit and Section in the Student's Book	Assessment activity and page number in the Student's Book
1	1	1	1.1	<b>Chapter 1: Administration of cash-related income and other receipts</b>	Getting started group (p. 4)
			1.2		
			1.3		
	2–3	2	1.4	<b>Unit 1: Administer income and receipts</b>	
				1. The difference between receipts and income	Daily task 1 (p. 6) Activity 1 (p. 6)
			2.1	2. Cash-related income transactions related to VAT	Daily task 2 (p. 9)
			2.2		Daily task 3 (p. 12)
			2.3		Daily task 4 (p. 13)
			2.4		Daily task 5 (p. 15) Activity 2 individual (p. 16)
				3. Other cash-related income transactions recorded in the CRJ	Daily task 6 (p. 18) Daily task 7 (p. 19) Activity 3 individual (p. 20)
	4	3	3.1	4. Other non-income transactions related to receipts	Daily task 8 (p. 23)
			3.2		Activity 4 individual (p. 24)
			3.3		Daily task 9 (p. 24)
	5–6	4	3.4		Activity 5 individual (p. 24) Activity 6 individual (p. 25)
					Assess your progress (p. 28) Questions for revision Unit 1 (p. 28)
			4.1	<b>Unit 2: Reconciliation of receipts</b>	Daily task 1 (p. 32)
			4.2		Activity 1 individual (p. 32)
			4.3		
			4.4	1. Archiving source documents for receipts	Daily task 2 (p. 33) Activity 2 individual (p. 33)
				2. Verification of daily receipts by cashiers	Daily task 3 pairs (p. 34) Daily task 4 (page 35) Activity 3 pair (p. 37)
					Assess your progress (p. 37) Questions for revising Unit 2 (p. 38) Chapter challenge (p. 38)
	7	1	1.1	<b>Chapter 2: Administration of cash-related expenses and other payments</b>	Getting started group (p. 42)
			1.2		
			1.3		
			1.4	<b>Unit 1: Administer expenses and payments</b>	
				1. Difference between payments and receipts	Daily task 1 (p. 44) Activity 1 pairs (p. 44)
	8–9	2	2.1	2. Payment transactions related to VAT	Daily task 2 pairs (p. 52)
			2.2		Daily task 3 (p. 55)
			2.3		Activity 2 pairs (p. 56)
			2.4		

Term	Week	SO	AS	Chapter, Unit and Section in the Student's Book	Assessment activity and page number in the Student's Book
	10–11	3	3.1 3.2 3.3 3.4	3. Other payment transactions recorded in the Cash payments journal	Daily task 4 (p. 60) Activity 3 individual (p. 60)
				4. Payments related to wages and salaries	Daily task 5 (p. 68)
				5. Petty cash payments	Activity 4 individual (p. 70) Activity 5 individual (p. 71)
					Assess your progress (p. 72) Questions for revising Unit 1 (p. 73)
				<b>TEST</b>	
2	1–2	4	4.1 4.2 4.3 4.4 4.5	<b>Unit 2: Reconciliation of payments</b>	
				1. Archiving source documents for payments.	Daily task 1 (p. 76) Activity 1 group (p. 76) Daily task 2 (p. 77) Activity 2 group (p. 77) Daily task 3 (p. 77) Activity 3 group (p. 77)
				2. Bank reconciliation	Daily task 4 (p. 80) Activity 4 group (p. 81) Daily task 5 (p. 81) Daily task 6 (p. 84) Activity 5 group (p. 84) Daily task 7 (p. 88) Activity 6 individual (p. 88) Activity 7 group (p. 89) Assess your progress (p. 92) Questions for revising Unit 2 (p. 93) Chapter challenge (p. 93)
	3	1	1.1 1.2 1.2 1.4	<b>Chapter 3: Credit sales transactions</b>	Getting started group (p. 100)
				<b>Unit 1: Credit sales, returns and payments</b>	
				1. Source document for credit sales	Daily task 1 (p. 104) Activity 1 individual (p. 104)
				2. Source document for credit sales returns or allowances	Daily task 2 (p. 106) Activity 2 individual (p. 106)
	4–5	2	2.1 2.2 2.3 2.4	3. Recording credit sales of a business concern	Daily task 3 (p. 109) Activity 3 individual (p. 109) Activity 4 individual (p. 110) Daily task 4 (p. 110) Activity 5 individual (p. 110)
				4. Recording receipts and discount allowed	Daily task 5 (p. 112) Activity 6 individual (p. 113)
	5–6	3	3.1 3.2 3.3 3.4	5. Cancellation of discount allowed and dishonoured cheques	Daily task 6 (p. 115) Activity 7 individual (p. 115)
				6. Errors linked to credit sales	Daily task 7 (p. 116) Activity 8 individual (p. 117) Activity 9 individual (p. 117) Activity 10 individual (p. 118) Activity 11 pair (p. 118) Activity 12 pair (p. 118) Activity 13 individual (p. 119) Activity 14 individual (p. 119) Assess your progress (p. 120) Questions for revising Unit 1 (p. 120)

Term	Week	SO	AS	Chapter, Unit and Section in the Student's Book	Assessment activity and page number in the Student's Book
	7–8	4	4.1 4.2 4.3 4.4 4.5 4.6	<i>Unit 2: managing debtors' accounts and preparing monthly statements</i>	
				1. Drawing up the Debtors ledger	Daily task 1 (p. 125)
				2. Drawing up a debtors list	Daily task 2 (p. 127) Activity 1 individual (p. 127) Activity 2 individual (p. 127) Activity 3 individual (p. 128)
				3. Reconciling the debtors' accounts	Activity 4 individual (p. 137) Daily task 3 (p. 137) Activity 5 individual (p. 137) Activity 6 individual (p. 138) Activity 7 individual (p. 138)
		3	3.1 3.2 3.3 3.4	4. Bad debts and interest on overdue accounts	Daily task 4 (p. 141) Activity 8 individual (p. 141) Activity 9 individual (p. 142) Activity 10 individual (p. 142) Daily task 5 (p. 142) Activity 11 individual (p. 143) Daily task 6 (p. 144) Activity 12 individual (p. 144) Activity 13 individual (p. 145) Activity 14 individual (p. 145) Activity 15 individual (p. 146) Assess your progress (p. 148) Questions for revising Unit 1 (p. 148) Chapter challenge (p. 150)
	9–10			<i>MID YEAR EXAMS</i>	
3	1	1	1.1 1.2 1.3 1.4	<b>Chapter 4: Credit purchases transactions</b> <i>Unit 1: Credit purchases, returns and payments</i>	Getting started group (p. 156)
	2–3	2	2.1 2.2 2.3 2.4	2. Recording credit purchases of a business concern	Daily task 1 (p. 160) Activity 1 individual (p. 160) Daily task 2 (p. 164) Activity 2 individual (p. 164) Activity 3 individual (p. 164) Activity 4 individual (p. 165) Daily task 3 (p. 165)
	4–5	3	3.1 3.2 3.3 3.4	3. Interest on overdue accounts	Daily task 4 (p. 167)
		2	2.1 2.2 2.3 2.4	4. Payments and discount received	Activity 5 individual (p. 169)
		3	3.1 3.2 3.3 3.4	5. Reversals and corrections	Activity 6 individual (p. 172) Daily task 5 (p. 173) Activity 7 individual (p. 173) Activity 8 individual (p. 173) Activity 9 individual (p. 174) Activity 10 individual (p. 174) Daily task 6 (p. 176) Activity 11 individual (p. 176) Assess your progress (p. 176) Questions for revising Unit 1 (p. 176)

Term	Week	SO	AS	Chapter, Unit and Section in the Student's Book	Assessment activity and page number in the Student's Book
	6	4	4.1 4.2 4.3 4.4	<i>Unit 2: managing creditors' accounts</i>	
				1. Drawing up a creditors list	Daily task 1 (p. 181) Activity 1 individual (p. 181) Activity 2 individual (p. 181)
				2. Reconciling the creditors' accounts	Daily task 2 (p. 188) Activity 3 individual (p. 188) Activity 4 individual (p. 189) Activity 5 individual (p. 190) Activity 6 individual (p. 190) Activity 7 individual (p. 190) Daily task 3 (p. 191) Activity 8 individual (p. 191) Activity 9 individual (p. 191) Activity 10 individual (p. 191) Activity 11 individual (p. 192) Activity 12 individual (p. 193) Activity 13 individual (p. 194) Assess your progress (p. 195) Questions for revising Unit 2 (p. 196) Chapter challenge (p. 197)
	7–8	1	1.1 1.2	<b>Chapter 5: The General ledger and Trial balance</b>	Getting started group (p. 202)
				<i>Unit 1: Posting books of first entry to the General ledger and closing off accounts</i>	
				1. Preparing General ledger accounts	Daily task 1 (p. 206)
				2. Posting transactions to the General ledger accounts	Daily task 2 (p. 221) Activity 1 pairs (p. 221)
	9	2	2.1 2.2 2.3	3. Reconciling control accounts	Daily task 3 (p. 230) Activity 2 individual (p. 230) Activity 3 individual (p. 232) Assess your progress (p. 233) Questions for revising Unit 1 (p. 234)
	10	3	3.1 3.2	<i>Unit 2: Prepare a Trial balance</i>	
				1. Prepare the initial Trial balance	Daily task 1 (p. 240) Activity 1 pairs (p. 240) Activity 2 individual (p. 240)
				2. Opening balances and totals in the General ledger	Activity 3 individual (p. 243)
				3. Errors in the Trial balance	Activity 4 pairs (p. 246) Daily task 2 (p. 246)
				4. Resolving discrepancies in the Trial balance	Daily task 3 (p. 247) Activity 5 individual (p. 247) Activity 6 individual (p. 248) Assess your progress (p. 249) Questions for revising Unit 2 (p. 250) Chapter challenge (p. 252)
				<b>TEST</b>	

Term	Week	SO	AS	Chapter, Unit and Section in the Student's Book	Assessment activity and page number in the Student's Book
4	1–2	1	1.1	<b>Chapter 6: Financial year-end procedures</b>	Getting started group (p. 258)
			1.2	<i>Unit 1: Closing transfers</i>	
				1. The concept of profit	Daily task 1 (p. 261) Activity 1 individual (p. 262)
		2	2.1	2. Closing transfers	Daily task 2 (p. 274)
			2.2		Activity 2 individual (p. 274)
	3–4	3		3. The Post-closing trial balance	Daily task 3 (p. 276) Activity 3 individual (p. 276) Activity 4 individual (p. 276) Assess your progress (p. 277) Questions for revising Unit 1 (p. 277)
			3.1	<i>Unit 2: Prepare financial statements</i>	
			3.2	1. Generally accepted accounting practices	Daily task 1 (p. 281) Activity 1 individual (p. 281)
				2. Accounting concepts	
				3. Main groups of activities of a business	Daily task 2 (p. 283) Activity 2 individual (p. 283)
	5–6	4		4. The Income statement	Daily task 3 (p. 286) Activity 3 individual (p. 286) Activity 4 individual (p. 287)
			4.1	5. The Balance sheet	Daily task 4 (p. 290)
			4.2		Activity 5 individual (p. 290) Activity 6 individual (p. 291) Activity 7 individual (p. 291) Activity 8 pairs (p. 291) Assess your progress (p. 292) Questions for revising Unit 2 (p. 293) Chapter challenge (p. 294)
	7	All	All	<b>Chapter 7: Consolidated assignment</b>	p. 298
	8–10			<b>YEAR END EXAMS</b>	

A number of activities, projects and assignments are available in the Student's Book and can be used for the internal assessment component of the Student's mark. Note that the Chapter challenges at the end of each chapter in the Student's Book are also well suited as recorded assessment tasks for your internal assessment mark.



# assessment

Assessment is part of the learning process in OBE and should not be seen as a separate activity. Assessment is done to:

- determine what students know and at what point to start with the new learning experience
- identify and diagnose any barriers to learning
- provide information for reviewing and evaluating learning programmes
- encourage students to participate in the learning process
- apply and use knowledge in real-life contexts

The following aspects are assessed:

- SOs
- ASs
- LOs
- Knowledge, skills, values and abilities
- Metacognition
- Integrated assessment tasks

**Baseline assessment** takes place *at the beginning* of an activity or a learning process so that lecturers and students find out what students already know. The recording of baseline assessment is usually informal.

**Diagnostic assessment** takes place *throughout* the learning process and is used to identify and diagnose barriers that students may have so that lecturers can plan to overcome these. It includes extended opportunities and activities for gifted students.

**Formative assessment** is used *throughout* the learning process to inform whether teaching and learning is successful in achieving the outcomes. Any form of assessment that gives feedback to the student fulfils a formative purpose.

**Summative assessment** takes place *over time and at the end* of a learning experience. It can occur at the end of a single learning activity, a unit, a cycle, a term, a semester or a year.



Methods of assessment (Who carries out the assessment?)	
Self-assessment Peer assessment	Group assessment Lecturer assessment
Assessment forms	
Presentation Debate or argument Interview Demonstration Questionnaire Role-play Test	Examination Project Simulation Research or investigation Assignment Case study Practical task
Tools for assessing student performance	
Rubric Rating scale Checklist	Observation sheet Marking memorandum Assessment grid, etc.
Recording tools	
Class list Mark sheet	Day-by-day assessment sheet Promotion schedule, etc.
Reporting tools	
Report card using national codes and comments on competence Lecturer–parent interview	Lecturer–student interview Written comments in student’s workbook Day-by-day assessment sheet, etc.

The table below can be used as a checklist to determine whether the assessment target meets the method. For example if you want to assess skills, performance-based and observation-based assessment are the best methods to do this (check that they both have a rating of 5).

	Objective	Exercise/ Activity	Performance based (Individual)	Oral questions	Observation	Self- assessment
<b>Knowledge</b>	5	4	3	4	3	2
<b>Reasoning</b>	2	5	4	4	2	2
<b>Skills</b>	1	3	5	2	5	3
<b>Product</b>	1	1	5	2	4	4
<b>Values and attitudes</b>	1	2	4	4	4	5

Note: Higher numbers indicate better matches (e.g. 5 = high, 1 = low). Table adapted from McMillan (1997) *Classroom Assessment: Principles and Practice for Effective Instruction*.

## Assessment methods

Some of the assessment methods used in OBE and other education systems are explained.

- **Self-assessment.** Students assess themselves against given criteria (skills that are important for lifelong learning), which may be reflected on a checklist. Students reflect on their own performance and recognise the limitations of their work.

- **Peer assessment.** Students assess each other in pairs or groups and may use checklists to do this. Peer assessment should not be interpreted as students marking each other's work and/or counting the marks.
- **Three-way assessment.** This provides an opportunity for students, lecturers and caregivers to acknowledge a student's progress and achievement. Students take work home that has been assessed by the lecturer and by themselves. Caregivers respond with a comment on the student's achievement and progress.
- **Test-based assessment.** The same evidence is gathered for all students in the same way and at the same time. It is far more rigid process. A mark or a score verifies tests and examinations. In the past, too much emphasis was placed on tests and examinations.
- **Task-based assessment.** These include well-structured assessment activities that show whether students are competent at applying the skills and knowledge they have learned to unfamiliar contexts or contexts outside the classroom. Task-based assessment has its own range of scoring instruments in a marking memorandum. Criteria or standards have to be carefully selected (and sometimes negotiated with the students) and should be described in a rubric.
- **Performance-based assessment.** This is a direct or systematic observation of a student's performance or an examination. Performance-based assessment requires students to engage in activities where they demonstrate specific skills or develop specified tasks (e.g. projects, debates, assignments, speeches and presentations).

All ICASS evidence is contained in a Portfolio of Evidence (PoE), and must be readily available for monitoring, moderation and verification purposes.

ICASS:

- allows lecturers to use any planned learning experience to assess student achievements and progress
- is a necessary feature of the total evaluation of every student
- takes place over a long period
- is diagnostic and allows the lecturer to monitor strengths
- assists in addressing the needs of the student
- enables lecturers to pace students and provide enrichment
- sets well-defined outcomes for the students to achieve
- ensures that the learning programme is significant for the student, and prevents 'teaching for a test'
- covers a wide spectrum of learning activities and tasks
- is transparent as students are aware of the assessment criteria
- develops a sound assessment record to track the learning progress
- provides useful data for reporting and progression
- involves assessment of knowledge, skills, values and attitudes
- encourages lecturers and students to appraise their own work

A compulsory component of ICASS is the Integrated Summative Assessment Task (ISAT), which is a major assessment task that draws on the students' cumulative learning achieved throughout the full year. The task requires integrated application

of competence and is executed under strict assessment conditions. The duration of the task should aim to equate a 4–7 hour work session and should take place in a simulated or structured work environment. This is the most significant test of the students' ability to apply the knowledge acquired. The integrated assessment approach allows for the student to be assessed in more than one subject within the same ISAT.

### Number and forms of assessment for Level 3 assessment programme

At Level 3, an internal assessment component counts 50% of the final assessment mark. An example of the requirements of the internal assessment programme for Level 3 is summarised as follows:

Term 1	Term 2	Term 3	Total
1 x task e.g. Assignment	1 x task e.g. Project	1 x task e.g. Presentation (oral and written)	3 x tasks
1 x test		1 x test	2 x tests
	June or September examination		1 x exams
			6

**Please note:** See pages 18 to 22 of this Lecturer's Guide for a detailed summary of all the tasks in the Student's Book. A number of activities, projects and assignments are available in the Student's Book and can be used for the internal assessment component of the Student's mark. Note that the Chapter Challenges at the end of each chapter in the Student's Book are also well-suited as recorded assessment tasks for your internal assessment mark.

**Examinations** should conform to the requirements set by the Department of Education. They should be carefully designed and weighted to cover all the ASs of Applied accounting.

The tasks should be carefully designed and give the students opportunities to research and explore the subject in a focused and exciting manner. Examples of assessment forms are debates, presentation, projects, simulations, assignments, models, case studies, long essays and research projects.

### Instrument 1: Control tests (2 per year) and examinations (1 per year)

The following conditions apply to control tests:

- All classes in the same level write the same test at the same time.
- The tests should be based on accumulative work.
- Moderation of the question paper and answer scripts should take place at school level (internal school moderation).
- Tests should be written under examination conditions.
- Questions should comply with the end-of-year examination standards.
- Where there is more than one lecturer teaching the subject, agreement should be reached on the scope, date and time of the test.

The structure and mark allocation should be similar to the final National Senior Certificate (NSC) Level 3 examination.

**Instrument 2: Research assignment (minimum of 1 per year)**

For assignments, students are required to investigate and report on certain issues. Ideally the task should be phrased as a question so that the students can form their own opinions based on acquired subject knowledge. Assignments may also be in the form of practical research.

**Instrument 3: Project (minimum of 1 per year)**

- A project is a learning activity involving investigation and solving problems by an individual or small group of students. It could consist of a task in which the student sets out to attain some definite goal of real personal value.
- Students should be encouraged to develop research, critical thinking and problem-solving skills.
- Projects should be tackled without close supervision, but with assessor (lecturer) guidance and support.
- Students should be given the assessment criteria before starting the project.
- Students will need to complete at least one project according to CASS requirements. The lecturer can decide whether to give the students a range of topics to choose from or select only one topic for all the students to do.
- It is suggested that projects are dealt with in the first term.
- The project should consist of 4–10 handwritten pages, excluding pictures, graphs, displays etc.

When preparing a project, these minimum requirements should be met:

- a title page
- a table of contents
- text divided into paragraphs
- references for sources
- the text could include pictures, photos, diagrams, graphs, etc.
- the project should be presented in an acceptable way (bound or stapled)

**Instrument 4: Oral presentation (minimum of 1 per year)**

Presentations allow students to demonstrate manual and/or behavioural skills. The assessment may be based on the end result of the activity (the product), or the carrying out of the activity (the process), or a combination of both.

Presentations can be based on a project, but also given as separate tasks or assignments. The presentation can be written or oral, but proof of the presentation must be included in the portfolio. All criteria used to assess the presentation must be discussed with the students before they start.

**Day-by-day assessments: Practical application****Simulations**

Simulations mirror actual activities or conditions. They are suitable for assessments where demonstrations and observation will provide reliable and valid results, but where, for a number of reasons, it is difficult or impractical to assess under actual conditions.

### Scenario/Case study

Students are presented with a real-life situation, a problem or an incident related to the learning outcome and expected to assume a particular role in articulating the position. They could draw on their own experiences, the experiences of peers or prior learning to interpret, analyse and solve problem. Solutions/recommendations related to the case study/scenario are then made and presented.

### Role-plays

Students are presented with a situation, often a problem or an incident, to which they have to respond by assuming a particular role. The enactment may be unrehearsed, or the student may be briefed in the particular role to be played. Such assessments are open-ended and are person-centred.

### Oral questions

These are mainly used to generate evidence of a student's ability to listen/sign, interpret, communicate ideas and sustain a conversation in the language of assessment. Oral questions include oral examinations, interviews, conferences and other conversations in which information is obtained about a student's learning.

### Observations

This is the type of assessment that is commonly used by lecturers without consciously thinking about it. Lecturers constantly observe students informally to assess their understanding and progress. They watch students as they respond to questions or as they study. The lecturer listens to students as they speak and discuss issues with others. Observation is also used extensively in performance-based assessment and other formal techniques.

### Class tests

Educators design their own diagnostic tests and conduct these during instruction time and at their discretion according to the needs of the class.

- Objective tests could include multiple choice, matching, true or false, and short answer completion, and used to assess the theory parts of the subject.
- Class tests should cater for the multiple intelligences of the students, and appropriate rubrics could be used for assessment.

### Debates

Topics for debates should relate to the ASs and be formulated as contentious statements. Students should be given sufficient time to research their topics and prepare their arguments. Students should not exceed a time limit of three minutes per speaker. Students engage in a formal debate in groups not larger than eight.

### Portfolios

Lecturers and students should have portfolios in which they collect evidence of school-based learning and assessment. Portfolios facilitate moderation and verification processes, and should be readily available for this purpose. The lecturer's portfolio should contain all the instructions, assessment criteria and rubrics relating the Annual Assessment Plan given to the students. Each student should have a

student's portfolio that contains assessed items as evidence used to calculate their internal assessment mark. Portfolios should have a clear intent and purpose that is linked to AS.

## Grading students' work

Applied accounting, as is the case for all the other vocational subjects, will be assessed according to five levels of competence. Each level description is contained in the table below

### Scale of achievement for the vocational component

RATING CODE	RATING	MARKS (%)
5	Outstanding	80–100
4	Highly competent	70–79
3	Competent	50–69
2	Not yet competent	40–49
1	Not achieved	0–39

Subject competencies have been described to distinguish the level expectations of what students must know and be able to achieve. The descriptions for Applied accounting are outlined in the Subject Assessment Guidelines for Applied accounting (National Certificate Level 3 – Finance, Economics and Accounting).

Both college-based and external assessment should be criterion-referenced. Marks could be used to evaluate specific assessment tasks, but the tasks should be assessed against rubrics. Tasks or questions should address an aspect of a particular outcome and the AS should be used when creating a rubric for assessing that task or question.

### Assessment in Applied accounting

External assessment in Level 3 Applied accounting will count 50% and college-based assessment or internal assessment counts 50% towards the progression mark of the student. The college-based assessment (ICASS) component, in turn, has a summative component (internal examinations and standardised tests) and a formative component (assignments and tasks to develop subject skills: such as monitoring and research activities, presentations, debating, numerical calculations, summarising, memorising.)

Tests and examinations will focus on assessing knowledge and understanding, through mainly the application of the acquired subject-specific knowledge and skills of the student (case studies, analysis and interpretation of economic data, critical discussion of economic issues, numerical calculations of economic data).

### Summative assessment

The summative component of college-based assessment comprises 50% of the total for the year. At Level 3, the summative component of ICASS includes standardised tests.

Questions typically start with command or key words. These words indicate which skills are required when answering the question. If candidates are asked to

evaluate a problem, but only show knowledge and understanding, they will lose most of the marks for that question. The meanings of the most frequently used verbs are listed.

Knowledge and understanding	
Define	Give the exact meaning of a term or concept using words or mathematical symbols. (e.g. Define assets.)
Describe	Give an account. (e.g. Describe the double entry principle.)
Identify	Single out from other information. (e.g. Identify the assets, liabilities, expenses and income from the following list of items.)
Illustrate	Use examples to explain a point. (e.g. Illustrate by means of an example the double entry principle.)
List	State briefly. (e.g. List three possible sources of capital for a new business.)
Outline	Give a short description of the main aspects or features. (e.g. Outline by means of a diagram the 8 steps in the accounting cycle.)
State	Give or say. (e.g. State three reasons why the bank can dishonour a cheque.)
Summarise	Bring out the main points from a complex set of data (e.g. Draw a mind map that summarises the nine different types of businesses.)
What	Clarify a point. (e.g. What are the main characteristics of a company?)
Application	
Apply	Use knowledge of Applied accounting to understand an issue or to solve a problem. (e.g. Apply your knowledge on equity to identify whether the following transactions would have a positive or a negative effect on equity.)
Calculate	Use mathematics to work out an answer. (e.g. Calculate the cost price of a T-shirt if the selling price is R150 and the profit mark-up is 25%.)
Distinguish between	Identify the characteristics that make two or more ideas, concepts, issues, etc. different. (e.g. Distinguish between the characteristics of a Partnership and a Close Corporation.)
Explain	Make clear. (e.g. Explain the two main sections that the General ledger is divided into.)
Suggest	Give possible reasons or ideas that are plausible but not necessarily correct. 'Suggest' may require candidates to analyse a problem and not just apply Applied accounting problems. (e.g. Suggest reasons why a business would sell to customers on credit.)
Analysis	
Analyse	Break down into constituent parts in order to be able to understand an issue or problem. Analysis involves recognising what is important, and applying knowledge and understanding of Applied accounting. (e.g. Analyse the following transactions using the basic accounting equation.)
Compare and contrast	Show similarities and differences between two or more ideas or problems (e.g. Compare by tabulating the similarities and differences between a partnership and a close corporation.)
Examine	Break down an issue or problem to understand it. (e.g. Examine the following ledger account and point out the possible errors.)
Investigate	Look for evidence to explain and analyse. (e.g. Investigate the initial problems when starting a business by interviewing the owner of a small business and present your findings in a report.)
Evaluation	
Assess	Analyse an accounting issue or problem, and then weigh up the relative importance of different strands. (e.g. Assess the success of the different methods used by the business to encourage debtors to pay their accounts on time.)
Comment on	Invites students to make judgements based upon the evidence they have presented. (e.g. Comment on why good management is the key to a successful business.)

Critically analyse	Analyse an issue/problem and weigh up the relative importance. (e.g. Critically analyse the three options to obtain capital to start a new business.)
Do you think	Invites students to give their own opinions about an issue or problem. However, marks will always be awarded for the quality of the argument and not for any individual opinions. (e.g. Do you think it is better for a business to sell on credit than only for cash?)
Discuss	Compare a number of possible views about an issue and weigh up their relative importance. A conclusion is essential. (e.g. Discuss the importance of screening customers before allowing them to buy on credit.)
Evaluate	Similar to discuss; to compare a number of possible views. A final judgement is essential. (e.g. Evaluate the advantages and disadvantages of buying on credit.)
To what extent	Explain and analyse and then comment upon the relative importance of the arguments. (e.g. To what extent should a owner make use of loans to finance his/her business?)

Summative assessment involves a minimum of three control tests (at least one per term for the first three terms).

### Formative assessment

Formative assessment informs the lecturer and the student of the student's progress. It contributes towards the formation and the development of the student's formative years. The formative component of college-based assessment comprises 50% of the total for the year. The formative component of ICASS must include various activities. For example:

- research and monitoring of relevant, contemporary economic issues
- other ongoing tasks to develop skills that are necessary for successful functioning within the subject
- creative responses to problems within the subject field
- more informal assessment of day-to-day knowledge and skills acquired through creative class tests, presentations of the previous day's work, class quizzes, etc.

The formative component should cater for the multiple intelligences (i.e. verbal-linguistic, interpersonal, intra-personal, musical-rhythmic, bodily-kinaesthetic, mathematical-logical, spatial) in an inclusive education context.

A performance assessment is a direct observation of an actual student performance or an examination of products created. During a performance assessment, students are engaged in activities that require the demonstration of specific skills or the development of specific products. The demonstrations can take place in a controlled environment (such as laboratory or a classroom), or in a real-life environment, where the complexities faced by the students are much higher. In the latter case, the performance assessment is also called an 'authentic assessment'. Students are expected to demonstrate complex learning that integrates knowledge, skills and values in a single performance.

Characteristics of performance assessments:

- Students are expected to perform, produce, create or do something.
- The skills are those displayed by individuals outside the classroom (i.e. in society or in the workplace).
- Higher-order thinking processes and problem-solving skills are required for these tasks.
- They provide opportunities for students to present and explain their work.



The following steps are suggested in developing a performance assessment:

- Clearly identify the outcome(s) to be assessed (i.e. create a clear and appropriate target for the students).
- Determine the purpose of the assessment and the use of the results.
- Design a performance task that will elicit the expected outcome(s).
- Specify the assessment criteria.
- Select and construct the storing and recording instrument(s).

Performances include everyday teaching and learning activities such as projects, debates, assignments and speeches. When performing, students are applying their skills in a way that is integral to the teaching and learning process.

### The external assessment component (50%) – Level 3

External assessment is conducted by an entity such as a provincial examining body, a national agency, or a private agency that is not directly involved with the instruction of the students. It consists of a written examination paper that is externally set, marked and moderated.

An example of a typical Applied accounting Level 3 examination which is externally set, marked and moderated is outlined below:

A typical Applied accounting Level 3 examination (external assessment) question paper	
Number of papers	1
Time	3 hours
Marks	200
Format	
Section A (compulsory):	This section will include different types of objective questions, i.e.
	Q1 Multiple choice (30)
	Q2 Short theoretical questions (20)
	Q3 Calculations (30)
<b>Subtotal = 80</b>	
Section B (compulsory):	Q1 Journals (40)
	Q2 Posting to General ledger (30)
	Q3 Final accounts and Balance sheet (30)
	Q4 Influence on accounting equation (20)
<b>Subtotal = 120</b>	

Suggested guidelines for the distribution of the levels of questioning are indicated in the table below.

Level of questioning	Percentage
Level 1 – Knowledge and comprehension	40%
Level 3 – Application	20%
Level 3 – Analysis, synthesis and evaluation	10%

The total mark obtained in the examination paper is then converted into an appropriate rating and code on the five-point scale.

## National examination

A formal theory examination is conducted in October/November each year by means of a paper set externally and marked and moderated externally. The following distribution of cognitive application should be followed:

Knowledge and comprehension	Application	Analysis, synthesis and evaluation
40%	40%	20%

The following guidelines are offered for the setting of Applied accounting Level 3 exam:

- Nature of paper: External
- Number of papers: 1
- Duration: 3 hours
- Total mark allocation: 200 marks
- Number of sections: 2 sections
- Compulsory sections: Both sections
- Total number of questions: 7 questions

### Mark allocation per question:

#### Section 1: Compulsory (must cover all topics):

Two questions of 25 marks each, covering short questions, e.g. true/false, missing words, monkey puzzle, etc.

**Total marks for Section 1: 50 marks**

#### Section 2: Compulsory

Five compulsory application questions:

Question 1: VAT transactions: 25 marks

Question 2: Salaries and wages: 20 marks

Question 3: Petty cash: 20 marks

Question 4: Reconciliation statements: 50 marks

Question 5: Asset disposal: 35 marks

**Total marks for Section 2: 150 marks**

### Action verbs according to the cognitive level of Bloom's taxonomy

Knowledge	Understanding	Application	Analysis	Synthesis	Evaluation
define	compare	adapt	categorise	combine	appraise
describe	define	compute	classify	compose	critique
identify	describe	discover	compare	create	decide
label	distinguish	draw	contrast	depict	evaluate
locate	explain	gather	deduce	design	judge
name	generalise	graph	differentiate	develop	justify
recognise	illustrate	modify	distinguish	incorporate	recommend
select	infer	operate	explain	integrate	consider
state	interpret	prepare	generalise	invent	support
memorise	match	revise	infer	organise	relate
	summarise	show	predict	plan	summarise
	rewrite	solve	relate	predict	
	paraphrase	survey	solve	produce	
	express	use	modify	structure	

## Assessment tools (rubrics and checklists)

**Rubrics** are a combination of rating codes and descriptions of standard. They consist of a hierarchy of standards with benchmarks that describe the range of acceptable performance in each code band. Rubrics require lecturers to know exactly what is required by the outcome. Rubrics can be holistic, giving a global picture of the standard required, or analytical, giving a clear picture of the distinct features that make up the criteria, or can combine both.

Holistic rubrics score the overall process, while analytical rubrics score the individual parts. It is important to note that:

- the student is only assessed once for each criterion within a rubric
- the comments column should be completed as this makes the moderation process easier
- rubrics can be used individually or combined with others
- rubrics may be joined together for ease of marking
- lecturers are encouraged to formulate rubrics in consultation with other lecturers at cluster or school level
- working in clusters and setting up collaborative rubrics would bring about comparable standards.

The following steps may help you in drawing up a rubric:

- Step 1: Examine the AS that describes the task.
- Step 2: Specify the skills, knowledge and attitudes to be evaluated.
- Step 3: Identify the observable attributes.
- Step 4: Identify the attributes that you do not wish to see.
- Step 5: Brainstorm the characteristics that describe each attribute and how they can be described so that they can be classified into average, above average and below average.
- Step 6: Write descriptions for excellent and poor performances.
- Step 7: Write descriptions for other levels.
- Step 8: Collect samples of work that represent each level.

The following section includes 16 sample tables or rubrics that can be adapted where necessary for particular activities. These are referred to throughout the Lecturer's Guide.

### RUBRIC 1

Criteria	Not achieved (0–39%)	Not yet competent (40–49%)	Competent (50–69%)	Highly competent (70–79%)	Outstanding (80–100%)
<b>CONTENT</b> Range Coverage Relevance					
<b>CONTEXT</b> Command word requirements					

Criteria	Not achieved (0–39%)	Not yet competent (40–49%)	Competent (50–69%)	Highly competent (70–79%)	Outstanding (80–100%)
<b>SKILLS and VALUES</b> Skills Values					
<b>MECHANICS</b> Subject terms Language Format					

The following checklist may be used to evaluate a rubric.

	Yes	No
Does the rubric emphasise the most important content and skills of the SO/AS/LO?		
Are the criteria used in the rubric of appropriate importance?		
Are there sufficient levels of performance to discriminate between the quality of students and work?		
Are the levels clearly described in terms of performance?		
Do the levels accommodate students' diversity?		
Does the rubric distinguish between content and skills as well as the communication thereof?		
Does the rubric contribute to an efficient marking process?		
Was a careful decision made between using marks and level descriptors or letter symbols?		
Does the rubric offer appropriate guidance to the students?		

## Checklists

**Checklists or task lists** show what has to be done. Marks given are assigned to the most important parts of a task.

Checklists list a number of predetermined criteria against which the lecturer or student makes a tick to indicate that the student is able to do what is stated or that the work complies with the criteria. Checklists differ from rubrics in that they do not use a set of standards or a scoring scale.

Checklists can be devised by the lecturer and then used by the students to assess how well they coped with a particular task or activity. Alternatively, the Lecturer, together with the students, can list the criteria before the task is undertaken and then the students can use this checklist to assess their performance. The criteria should be stated in such a way that the students can respond by ticking the 'yes' or the 'not yet' column, or simply using a tick to show that they can do or have done what is stated.

## Reflective self-assessment checklist

Individual projects are very personal and more difficult to assess. They are also process-orientated rather than product-orientated.

## RUBRIC 2

Amount of time spent on project (time scale to be determined)	less than	1	2	3	4	5	or more
Number of family members spoken to							
Do you feel you learned anything about yourself when doing this project?	Yes			no			
Comment:							
Do you feel the project helped you understand yourself?	Yes			no			
Comment:							
Did you think you expressed this information about your- self in an interesting and exciting way?	Yes			no			
Comment:							
Do you think you put a lot of effort into this project?	Yes			no			

### Group work and group assessment

Teamwork is an important part of learning skills and constructing knowledge. Sharing the workload and being aware of personal contributions to the community is important for every student. In a group, the roles and responsibilities are essential to the success of the activity. Evaluating students in different roles assists in their awareness of management processes and effective co-ordination. The lecturer or the students may use this instrument for evaluating each member of the group or to evaluate each other's contributions. This rubric should have space for comments on how the students in the group experience group work, and how they are able to improve or change the roles they play within the group.

Roles within the group should be rotated to allow each student to develop or become aware of their different capabilities.

**T**ogether  
**E**ach  
**A**chieves  
**M**ore

Different group/team roles include:

- timekeeper
- team leader/chairperson/manager
- resources manager
- scribe/note taker/record keeper
- reporter
- motivator
- assessor
- peace maker.

Each member of the group can assess all the roles except the one that he or she performed. The mark for each criterion within a role can be added to give a total score for the role.

Students can also decide which roles are required for a particular activity, mark them off and assign the roles before continuing with the activity.

	Voice monitor
	Motivator
	Assessor
	Peacemaker

	Time keeper
	Record keeper
	Chairperson/manager
	Reporter

### RUBRIC 3 Group skills rubric

Group Name/Number: _____			
NAMES: _____			
	YES	NO	Comment
Did our group members:			
Listen to each other?			
Talk about the task?			
Co-operate within the group?			
Suggest good ideas?			
Encourage each other?			
Achieve the outcomes?			
What went well? _____			
What could we have done better? _____			
Signed: _____ Date _____			

### RUBRIC 4 Co-operative group skills assessment sheet

TASK SKILLS	Student #	Student #	Student #	Student #	Student #	Student #
Gives ideas						
Asks questions						
Stays on task						
Follows directions						
Checks the understanding of others						
Gets group back on track						
<b>SOCIAL SKILLS</b>						
Encourages others						
Explains ideas						
Discusses						
Listens well						
Resolves conflict						
Praises others						

\* Add the names of each student in the group under 'Student' and enter a tick ✓ (Yes) or an X (No) under the name of each student for each of the criteria.

## RUBRIC 5

Process	Everyone took part equally.	Not yet	1	2	3	4	5	Yes
	The group held a meeting to plan.	Not yet	1	2	3	4	5	Yes
	Each student did what they were supposed to do.	Not yet	1	2	3	4	5	Yes
	Everyone in the group feels happy about the project.	Not yet	1	2	3	4	5	Yes
	The project offers a lot of information.	Not yet	1	2	3	4	5	Yes
	The group explored the following sources: school library, public library, internet, people, newspapers, clinics, advice offices, other.	Give one mark for each source explored (up to five marks).						
Product	The information is set out in a way that is clearly understood.	Not yet	1	2	3	4	5	Yes
	There are interesting drawings and illustrations.	Not yet	1	2	3	4	5	Yes
	Written information is easy to read and to follow; ideas are described well.	Not yet	1	2	3	4	5	Yes
	The ideas are shown in an unusual and interesting way.	Not yet	1	2	3	4	5	Yes
	There are a lot of the students' own ideas – not only copied materials.	Not yet	1	2	3	4	5	Yes
	Information is presented clearly; you know what the message is.	Not yet	1	2	3	4	5	Yes
Presentation	The group uses drama, speaking, music, singing, pictures, objects to help the presentation.	Give two marks for each thing used (up to six marks).						
	All group members took part in the presentation.	Not yet	1	2	3	4	5	Yes
	The presentation is interesting and unusual.	Not yet	1	2	3	4	5	Yes
	You can hear what everyone is saying.	Not yet	1	2	3	4	5	Yes

## Assessing a research project

The following marking grid could be used where marks allocated are circled according to the sub-criteria (below the grid) and are then transferred to this grid by the different persons assessing the project.

## RUBRIC 6

	MARK AWARDED			
	Self	Peer/group	Consensus	Educator
Criteria				
1. Planning				
2. Quality of research				
3. Continuous collection of information and material				
4. Final product: creativity				
5. Final product: quality of contents				
6. Technical quality				
7. Oral presentation				
8. Individual/group role				
Converted to				

## General guideline

- 5 Excellent
- 4 Exceeds the requirement
- 3 Meets the requirement
- 2 Does not meet the requirement – student needs support
- 1 Made very little effort – student needs substantial support
- 0 Student made no/almost no effort – student needs substantial support and guidance

## Planning

- 5 Most practicable planning schedule, independently drawn up by student
- 4 Very good, practicable planning schedule, with only minor adjustments by lecturer needed
- 3 Good planning schedule, with a only a number of small adjustments by lecturer needed
- 2 Planning schedule not totally practicable – a substantial degree of adjustments needed
- 1 Planning schedule totally impracticable – totally new planning necessary
- 0 Planning schedule not handed in at all

## Quality of research

- 5 Wide variety of sources used
- 4 More than required number of sources used
- 3 Adequate number of sources used
- 2 Less than adequate number of sources used
- 1 No recognised resources used; no research done

## Continuous collection of information and material

- 5 A lot of information collected continuously/submitted before due dates
- 4 More than adequate information collected/submitted before/on due dates
- 3 Adequate information collected continuously/submitted on due dates
- 2 Less than adequate information collected/some due dates missed
- 1 Very little information collected/seldom met due dates; no information collected or handed in at all

## Final project: Originality/creativity

- 5 Unique presentation of extremely high quality
- 4 Original presentation – however, based upon existing ideas
- 3 Standard presentation – content is relevant and interesting
- 2 Requirements have been met, and no more
- 1 Content entirely/almost entirely copied directly from sources; no effort made

## Final project: Quality of content

- 5 In-depth presentation pertaining to real-world practice/evidence is shown of insight into relationship between subject theory and real-world practice
- 4 Relevant and well-researched presentation – student demonstrates very good insight
- 3 Relevant content shows good insight, area of research well covered.



- 2 Some part of content is relevant – partly copied directly from sources – insight lacking
- 1 Very little effort made – content largely copied directly from sources; content only slightly in line with topic – copied directly from sources

### Technical quality

- 5 Proof of pride and very hard work – impressive final product
- 4 Excellent presentation – made full use of available sources/technology
- 3 Good final project
- 2 Minimal effort made – presentation still acceptable.
1. Very little trouble taken – untidy, shabby presentation; project not handed in/ unacceptable presentation and/or appearance of content

### RUBRIC 7 Analytical rubric

	Inadequate	Not yet competent	Competent	Highly competent	Outstanding
<b>Knowledge and understanding</b>	Demonstrates little understanding of some concepts, principles and theories	Demonstrates understanding of ordinary concepts, principles and theories	Demonstrates good understanding of advanced concepts, principles and theories	Demonstrates very good understanding of advanced concepts, principles and theories	Demonstrates complete understanding of all concepts, principles and theories
	Demonstrates little command of relevant factual knowledge	Demonstrates general command of relevant factual knowledge	Demonstrates good command of relevant factual knowledge	Demonstrates comprehensive command of relevant factual knowledge	Demonstrates complete command of relevant factual knowledge
	Shows little understanding of composition and structure	Shows general understanding of composition and structure	Shows good understanding of composition and structure	Shows comprehensive understanding of composition and structure	Shows complete understanding of composition and structure
<b>Context</b>	Shows little ability to mould content in the required context	Shows general ability to mould content in the required context	Shows good ability to mould content in the required context	Shows comprehensive ability to mould content in the required context	Shows complete ability to mould content in the required context
<b>Skills</b>	Shows little ability to construct tables and present data graphically	Shows a general ability to construct tables and present data graphically	Shows good ability to construct tables and present data graphically	Shows comprehensive ability to construct tables and present data graphically	Shows a general ability to construct tables and present data graphically
	Makes inadequate interpretations based on data and other evidence	Makes reasonable interpretations and conclusions based on data and other evidence	Uses a variety of means to analyse and present data and draws defensible conclusions	Uses a variety of means to analyse and present data and draws defensible conclusions	Uses a variety of means to analyse and present data and draws valid conclusions
<b>Attitudes/values</b>	Demonstrates wrong attitudes/values	Demonstrates appropriate attitudes/values adequately	Demonstrates appropriate attitudes/values exceptionally well	Demonstrates good attitudes/values exceptionally well	Demonstrates significant attitudes/values exceptionally well

	Inadequate	Not yet competent	Competent	Highly competent	Outstanding
Communication	Shows a limited Applied accounting vocabulary and no ability to use linguistic principles.	Uses standard Applied accounting terminology and 'good practice' linguistic principles.	Uses advanced Applied accounting terminology and 'best practice' linguistic principles	Uses very advanced Applied accounting terminology and 'best practice' linguistic principles	Shows exceptional command of advanced Applied accounting terminology and 'best practice' linguistic principles

## Assessing oral presentation

Some examples of rubrics to assess oral presentations (assignments, project, essays and journals) are supplied. These were designed to assess specific tasks or processes. They could be adapted to assess similar tasks or processes, but are primarily meant to illustrate how rubrics can be designed.

### RUBRIC 8

Circle the number indicating the rating, where 1 is the lowest rating and 5 is the highest rating					
Location	1	2	3	4	5
Appeal	1	2	3	4	5
Neatness/tidiness	1	2	3	4	5
Communication	1	2	3	4	5
Variety	1	2	3	4	5
Appropriateness	1	2	3	4	5
Content	1	2	3	4	5
Technique	1	2	3	4	5
Total	...../40			.....%	

The following assessment grid was designed for an Economics presentation, but may be used or adapted for Applied accounting.

**Explanation and example:** Relate the activity/work to the skills areas and rate that skill on a rating scale of 1–5, e.g. if observation and recording is achieved adequately, tick the appropriate cell:

<b>Name:</b>					
Skills areas	Not achieved	Not yet competent	Competent	Highly competent	Outstanding
Observation					
Recording					
Inference					
Investigative					
Evaluation					
Marks	0	0	70	100	80
Total			70	100	80
					$\frac{250}{400} = 62,5\%$ Competent

## RUBRIC 9

Name:					
Skills areas	Not achieved	Not yet competent	Competent	Highly competent	Outstanding
Observation					
Recording					
Inference					
Investigative					
Evaluation					
Marks					
Total					

## ASSESSMENT

**Observation skills** are demonstrated when students are able to:

- match, classify and identify items
- interpret drawings, diagrams, graphs, figures and written passages
- observe features and characteristics

**Recording skills** are demonstrated when students are able to:

- record information exposed to by reading, observation and interaction
- summarise written and/or spoken and/or demonstrated or acted information
- present data graphically, i.e. draw curves and other presentations such as charts and histograms, scale axes and label appropriate components meaningfully

**Skills of inference** are demonstrated when students are able to:

- calculate data correctly and accurately (averages, percentages and fractions)
- recognise patterns and trends in raw or ordered data, extract information from results, interpolate and extrapolate
- distinguish between observations (statements describing what has been seen, heard, etc., whether qualitative or quantitative) or from inferences
- make plausible generalisations from observations

**Investigative skills** are demonstrated when students are able to:

- identify aspects of a problem that can be investigated
- formulate the aim and a general strategy for an investigation
- write a research outline, and collect relevant data and other information
- make valid observations, deductions and interpretations, and argue soberly
- proof or reject hypotheses convincingly
- show a clear understanding of the three basic methods used in research

**Evaluation of processes** are demonstrated when students are able to:

- identify weaknesses and strong points (e.g. in arguments and policies)
- recognise that results may be incomplete or inconclusive
- formulate constructive criticisms and appraisals

## RUBRIC 10 Verbal presentation rubric

ASSESSMENT CRITERIA		ACHIEVEMENT				
CONTENT	Development: Structure; Organisation; Support material	5	4	3	2	1
	Effectiveness: Purpose; Interest; Reception	5	4	3	2	1
	Value: Ideas; Logic; Originality	5	4	3	2	1
	Content sub-total	5	4	3	2	1
DELIVERY	Physical: Appearance; Body language	5	4	3	2	1
	Voice: Flexibility; Volume	5	4	3	2	1
	Manner: Directness; Assurance; Enthusiasm	5	4	3	2	1
	Delivery sub-total	5	4	3	2	1
COMMUNICATION	Appropriateness: To purpose and audience	5	4	3	2	1
	Correctness: Grammar; Punctuation; Word selection	5	4	3	2	1
	Language sub-total	20				
TOTAL MARKS:						

## RUBRIC 11 Values assessment

5	<b>Excellent</b> Comprehensive understanding and implementation of all instructions; consistently produces exemplary and neat work. Exceptionally polite and respectful. Participates with enthusiasm, listens well; does more work than expected. Sets an excellent example and commands others to behave well. Can confidently/with conviction express opinions, even against popular opinion.
4	<b>Exceeds the requirement</b> Understands and implements all instructions; can be depended upon to produce neat/thorough work. Respectful towards peers and others. Sets a good example and encourages others to behave. Regularly shows interest; asks questions and show a willingness to learn. Can express opinions even against popular opinion.
3	<b>Meets the requirement</b> Follows instructions regularly; makes an effort to produce neat work. Shows acceptable level of respect and courtesy. Well behaved and not disruptive. Can answer questions, even if unsure; expresses opinions.
2	<b>Does not meet the requirement – needs support</b> Instructions often not followed; work untidy and rushed. Shows respect towards some; disrespectful to others. Sometimes disrupts and distracts; need to focus more on work. Only does the minimum work required; erratic interest shown. Hesitant to express self in class; needs to be drawn out.

1	<b>Makes very little effort</b> Does not follow instructions; work always untidy and incomplete. Ill-mannered; sometimes rude. Disruptive and distracts others. Shows very little interest; passive towards schoolwork. Seems shy/reluctant to answer questions; never expresses an opinion.
---	---

Mark allocation	Self		Lecturer		Final mark	
		5		5		5

## RUBRIC 12 Poster communication skills assessment

Criteria	Range			Comments
	0	1	2	
<b>Content</b> Main points Facts/concepts Expressing facts	Points irrelevant Facts incorrect Poorly expressed	Some points irrelevant Some facts incorrect Partially expressed	Main points selected All facts correct Clearly expressed	
<b>Presentation</b> Size of poster (A3) Headings Font/print size  Organisation/layout  Use of colour Public appeal Personal information	Incorrect size Not descriptive All too small  Muddled  Poor Not eye-catching Not included	Correct size Partially descriptive Some large enough  Organisation clear and logical Good Eye-catching Included	Correct size Descriptive Large enough to read at one metre Organisation clear and logical Good Eye-catching Included	

## RUBRIC 13 Interview skills assessment

Criteria	Performance indicator			Comments
	0	1		
Prior research knowledge	Not visible	Visible		
Suitable environment/conditions	Not considered	Considered		
Comfortable voice, tone and pitch	Too loud/too soft	Appropriate		
Body language and manner of interviewer	Not acceptable	Acceptable		
Pacing of interactions/interview	Too fast/too slow	Appropriate		
Focus of questions asked	Not focused on the topic	Focused on the topic		
Clarity of questions asked	Not understandable/ clear to the person being interviewed	Understandable/clear to the person being interviewed		
Value to community	Not obtained through the questions	Obtained through the questions		
Written/oral report of interview	Not brief, focused and integrated	Brief, focused and integrated		

## RUBRIC 14 Mind map construction assessment

Criteria	Range				
	0	1	2	3	Comment
Use of concepts/ key words	More than four errors	3–4 errors	1–2 errors	All correct	
Use of linking words	More than four errors	3–4 errors	1–2 errors	All correct	
Layout and spatial organisation	Too small and cramped	Cramped	Clearly laid out		
Use of highlighting and focal points	Not used	Colours used, but not in a logical way	Colours used are linked to the logic		
Neatness	Untidy	Neat			

## RUBRIC 15 Assessment of questionnaire development and conducting a survey

Criteria	Range				
	0	1	2	3	Comment
Questionnaire clarity and relevance	Confusing and irrelevant	Not clear or relevant	Clear and relevant		
Questionnaire brevity and focus	Too long/too short	Sufficient length			
Sensitivity to responses/ person being interviewed (gender/age/race/disability)	Insensitive	Only sensitive towards one or two aspects	Sensitive towards three aspects	Shows sensitivity towards all categories	
Representative sample (sufficient responses)	Insufficient/ Too few responses	Sufficient number of responses			

## Portfolio assessment

Students look through written assignments in their portfolios and reflect on the changes they see over a period of time.

## RUBRIC 16

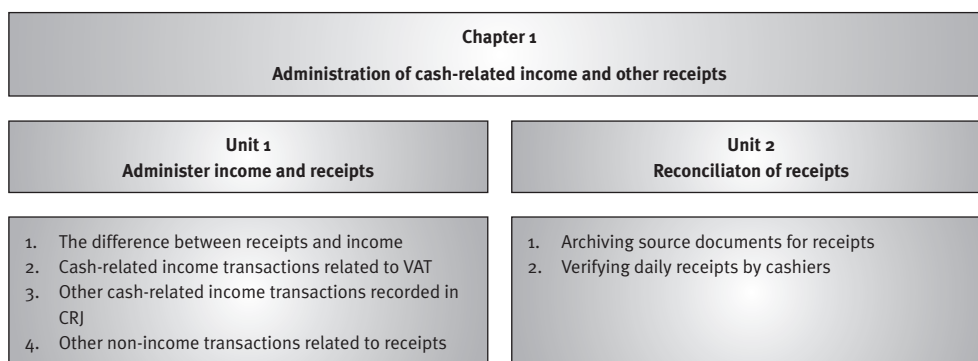
Name	Level
What do you know now that you did not know before?	
What do you do better now?	
What improvements would you still like to make?	
Write a short paragraph reflecting on your progress.	



# chapter 1

## the administration of cash-related income and other receipts

This diagram summarises the work covered in Chapter 1.



### This chapter and the curriculum

This chapter addresses Topic 1: Administration of cash-related income and other receipts

Topic and Subject Outcomes	Assessment Standards	Units
1.1 Identify and complete the appropriate source and supporting documents	<ul style="list-style-type: none"><li>• Documents used for a specific organisation to administer income or and adjustment/reduction of income are identified correctly. <i>Range: following documents can include, but not limited to:</i><ul style="list-style-type: none"><li>– cash invoice,</li><li>– General journal vouchers,</li><li>– cash register slips,</li><li>– deposit slips,</li><li>– debit and credit card vouchers,</li><li>– receipts,</li><li>– cheques,</li><li>– electronic funds transfer confirmation slip,</li><li>– bank statement.</li></ul></li><li>• Authorisations for the return of goods, allowances and discounts required for the adjustment of income are obtained and an indication is given for non-compliance with obtaining authorisation.</li><li>• Documents for income and income reduction adjustment transactions completed accurately.</li></ul>	Unit 1



Topic and Subject Outcomes	Assessment Standards	Units
	<ul style="list-style-type: none"> <li>Range: documents included, but not limited to:               <ul style="list-style-type: none"> <li>returns of cash sales voucher,</li> <li>additional discount allowed,</li> <li>discount allowed,</li> <li>damaged goods,</li> <li>goods charged for but not ordered/delivered,</li> <li>credit notes.</li> </ul> </li> <li>The document flow is explained and illustrated graphically.</li> </ul>	Unit 1
1.2 Record routine income transactions in relevant journals or cash book	<ul style="list-style-type: none"> <li>Source documents are sequentially batched according to company policy.</li> <li>Source documents are accurately entered in the relevant journals.</li> <li>The various columns in the journals are totalled accurately.</li> <li>Range: includes but not limited to               <ul style="list-style-type: none"> <li>VAT,</li> <li>Sales,</li> <li>Income,</li> <li>Contribution,</li> <li>Optional inclusion of cost of sales column if the continuous stock system is used.</li> </ul> </li> <li>Source documents are archived correctly and indication is given of the consequences if documents are incorrectly archived or missing.</li> </ul>	Unit 1
1.3 Record non-routine income transactions in relevant journals or cash book	<ul style="list-style-type: none"> <li>Transactions to be recorded in the relevant journals or cash book are classified correctly.</li> <li>Source documents relating to non-routine transactions are completed correctly.</li> <li>Source documents are correctly recorded in the journal or cash book.</li> <li>Source documents are archived correctly and indication is given of the consequences if documents are incorrectly archived or missing.</li> </ul>	Unit 1
1.4 Receive and record receipts	<ul style="list-style-type: none"> <li>Receipts are checked against relevant supporting information.</li> <li>Range: includes, but not limited to:               <ul style="list-style-type: none"> <li>cash,</li> <li>cheques,</li> <li>automated payments,</li> <li>deposits.</li> </ul> </li> <li>Receipts are entered in appropriate accounting records.</li> <li>Appropriate source documents are correctly prepared and reconciled to relevant records.</li> <li>Discrepancies are identified and either resolved or referred to the delegated person.</li> <li>Range: includes, but not limited to:               <ul style="list-style-type: none"> <li>incomplete/incorrect, cheques,</li> <li>stale cheques,</li> <li>expired or blocked credit and debit cards,</li> <li>limits exceeded,</li> <li>disagreement with supporting documentation,</li> <li>under payments,</li> <li>over payments,</li> <li>cheques returned to drawer.</li> </ul> </li> </ul>	Unit 2

## Getting started (Student's Book, page 4)

### Suggested answers

Students should work in pairs to complete this introductory activity. They should place their answers in their student portfolios. This activity will give you a good idea of students' prior knowledge about entrepreneurship and businesses.

Here is an article that you could use:

## ONE-MAN CASHLESS SOCIETY

<http://money.guardian.co.uk/creditanddebt/creditcards/story/0,,2044811,00.html>

### How will I cope?

Talk of a cashless society brings me out in hives – I feel nude without some notes and coins in my pocket. Naked and covered in weals – it's not a pretty image.

I have a debit card with my HSBC bank account, but it's generally only used to withdraw money. I've always used cash – it feels real. You take out £40 and see it dwindle before your eyes. You know how long it's got to last, you see what you're spending it on, you're occasionally distressed at how fast it goes, but at least you're in the know.

I also like the freedom it gives me to buy something when I want it – a magazine, some chewing gum – and I remain frustrated when caught out by the £10 minimum in a pub. I don't really want that appletini chaser, barman, but if it takes me over the threshold I'll have it. It's no coincidence that the only time I use my card is for big items – my monthly travel pass, clothes, internet shopping, train tickets. Then I don't have to admit it's gone until I check my statement online. I don't think I'd do it if I had to hand over that much in cash.

I suffered the ignominy of having my card cut up in front of me in an off-licence at university – one too many Switch transactions apparently. It always did feel like I wasn't really spending anything. That remains my biggest fear over the next week. Maybe I'll keep my receipts this time round.

### Monday

Sunday evening was a bottle of wine over Point Break, which left me a touch dry this morning (the wine, not the film). I realise I can't stop in the newsagent on the way to work for a can of Coke, and that the cash-only canteen and the office trolley man are also out of bounds for the next week. This is bad. I head out to the local market for lunch but realise all the stalls are out of bounds, as is Greggs, the deli, and the chippy. There's a Sainsbury's at the end of the road, which will surely take my custom. It does indeed, with no amount deemed too small. One average sandwich later and I resolve to buy enough food on my way home to make my lunches for the rest of the week. I go to Tesco and buy some baps, tins of tuna, a load of fruit and some crisps. I even get enough food for my tea over the next few nights and hand over my card to cover the £30 bill. Plastic has brought out the planner in me. Had I been using cash I would have balked at spending that much on food. As it is, I don't even blink.

### Tuesday

I swoosh into work on a prepaid bus. I have a mountain of fruit at my desk that I merrily munch on all day. Lunch is a pre-prepared tuna sandwich with crisp accompaniment and more fruit. I swoosh home on another prepaid bus. I eat my tea, which was bought last night. I go to bed. I haven't spent a penny – utterly unheard of. I marvel at the efficiency of my plastic world and go to bed, perchance to dream of a brand new chip and pin card.

### Wednesday

Plastic may have brought the planner out in me, but it's done little for my creativity. Lunch is tuna sandwiches, a bag of crisps and fruit. Again. I go to a gig in the evening – Tilly and the Wall, pop fans – and get accused of being cheap when I have to decline buying a round in the

pub beforehand because I don't make the minimum spend. I rebuff this slur and am later vindicated, if a little peeved, when the bar at the gig venue charges me a whopping £14.40 for four cans of Red Stripe, easily surpassing the £10 minimum. The receipt is filed and I manage not to spend anything further that night. But only because kebab shops don't take Switch.

### Thursday

I must hold my hands up. I had a meeting over lunchtime that left me no time to nip out and buy something to eat (I couldn't face another day of homemade tuna sandwiches), so instead I went to the cash machine and headed down to the cafeteria. Curry day has never been so good, but my standards have admittedly been lowered by successive tuna lunches. I go to the theatre this evening – Boeing Boeing, these fans – where a friend is left buying the pre-show and interval drinks because they don't take cards. If this had been a date she'd have every right never to see me again. Come to think of it, she hasn't called me since. I partially redeem myself by finding a bar for a post-show drink that has no quarrel with card transactions.

### Friday

I bin the bread I bought for the week, and the tuna stays in the cupboard. I'm eating out today. Lunch is sushi and salad from Tesco, which like Sainsbury's lets you put any amount on card. God bless the faceless multinationals! I go to a friend's leaving do in the evening in a pub. I invite trouble by putting my card behind the bar and starting a tab. As I leave I only half look at what I'm signing for. It's best that way. I'm also beginning to lose the paper battle – the receipts are pouring out of my pockets – and I've a terrible feeling I'm haemorrhaging cash.

### Saturday

I now realise that if I spend my entire time in a pub with three mates buying rounds I can forever hurdle the £10 minimum. The Man United-Liverpool game causes me no problems – average pub fare and a couple of shandies (this is a midday kick-off after all) are all paid for successfully. Heading out in the evening for a friend's birthday we go for a curry. Again, this is successfully navigated – restaurants are no strangers to splitting a bill over several cards. I've no idea how much I've spent today.

### Sunday

A day of rest. The local shop takes Switch at £5 and over, so the paper and some eggs, bacon and orange juice get me over the hump. I toast the end of a cash-free week later by heading to the supermarket for steak and wine. I'll count the receipts up later.

### How did it go?

The first thing I noticed was how constraining it is to have to spend on card – you're forced towards the big chain shops that have the technology in place to handle plastic transactions. I couldn't spend any money with the people I usually would – small, independent stores that tend to be cash-only outlets. I don't know if I spent more than I usually would, but I felt less in control of my money. Just handing over a card each time isn't real enough for me. Even though I kept the receipts this time, I still didn't really look at them in any meaningful way. I need the reminder of having to go to the cash machine to make me feel like I'm spending anything. Of course, a mix of cash and plastic is the ideal, and as we stand we're definitely not equipped to be a wholly cashless society.

1. The definition should make it clear that cash includes coins and notes, but also other means of payment that result in funds being transferred to the business's bank account.

Notes and coins	Payment with debit card	Payment with credit card	Payment by cheque	Payment via bank direct transfer, internet payment, debit order and stop order
A	B	C	D	E

2.
  - a) A, B, C, D, E
  - b) A, B, C, D, E
  - c) A
  - d) A, D, E
  - e) A, B, C, D, E
  - f) A
3.
  - a) Various arguments are possible with good motivation. 2012 is a bit early to expect this in South Africa. There are more and more indications of the importance of coins and notes in the economy. Also many problems being experienced with theft, fraud, changes in currency, etc.
  - b) Advantages: eliminate theft, counterfeit, etc.  
Disadvantages: physical money helps you 'value' your money; ICT shortcomings (crashes, viruses, off-line)
  - c) Students to come to conclusion that a mixture of cash and other means of payment will be the norm for next decade at least



# administer income and receipts

## Unit outcomes

Topic and Subject Outcomes	Assessment Standards	Activities
1.1 Identify and complete the appropriate source and supporting documents	<ul style="list-style-type: none"> <li>Documents used for a specific organisation to administer income or and adjustment/reduction of income are identified correctly. <i>Range: following documents can include, but not limited to:</i> <ul style="list-style-type: none"> <li>cash invoice,</li> <li>General journal vouchers,</li> <li>cash register slips,</li> <li>deposit slips,</li> <li>debit and credit card vouchers,</li> <li>receipts,</li> <li>cheques,</li> <li>electronic funds transfer confirmation slip,</li> <li>bank statement.</li> </ul> </li> <li>Authorisations for the return of goods, allowances and discounts required for the adjustment of income are obtained and an indication is given for non-compliance with obtaining authorisation.</li> <li>Documents for income and income reduction adjustment transactions completed accurately. <i>Range: documents included, but not limited to:</i> <ul style="list-style-type: none"> <li>returns of cash sales voucher,</li> <li>additional discount allowed,</li> <li>discount allowed,</li> <li>damaged goods,</li> <li>goods charged for but not ordered/delivered,</li> <li>credit notes.</li> </ul> </li> <li>The document flow is explained and illustrated graphically.</li> </ul>	<p>Activities 1, 2, 3, 4, 5, 6</p> <p>Daily tasks 1, 2, 3, 4, 5, 6, 7, 8, 9</p>
1.2 Record routine income transactions in relevant journals or cash book	<ul style="list-style-type: none"> <li>Source documents are sequentially batched according to company policy.</li> <li>Source documents are accurately entered in the relevant journals.</li> <li>The various columns in the journals are totalled accurately. <i>Range: includes but not limited to</i> <ul style="list-style-type: none"> <li>VAT,</li> <li>Sales,</li> <li>Income,</li> <li>Contribution,</li> <li>Optional inclusion of cost of sales column if the continuous stock system is used.</li> </ul> </li> <li>Source documents are archived correctly and indication is given of the consequences if documents are incorrectly archived or missing.</li> </ul>	<p>Activities 1, 2, 3, 4, 5, 6</p> <p>Daily tasks 1, 2, 3, 4, 5, 6, 7, 8, 9</p>
1.3 Record non-routine income transactions in relevant journals or cash book	<ul style="list-style-type: none"> <li>Transactions to be recorded in the relevant journals or cash book are classified correctly.</li> <li>Source documents relating to non-routine transactions are completed correctly.</li> <li>Source documents are correctly recorded in the journal or cash book.</li> <li>Source documents are archived correctly and indication is given of the consequences if documents are incorrectly archived or missing.</li> </ul>	<p>Activities 1, 2, 3, 4, 5, 6</p> <p>Daily tasks 1, 2, 3, 4, 5, 6, 7, 8, 9</p>



## Daily task 1 (Student's Book, page 6)

*Suggested answers*

1. Rent income; Sales; Current income
- 2.

Continuous inventory system	Periodic inventory system
The cost of sales is recorded with EVERY sales transaction	The calculation of the cost of sales only takes place at the end of the accounting period (which is usually one year)

3. (a) Debit  
(b) Credited

## Activity 1 (Student's Book, page 6)

*Suggested answers*

1.

Just Sport sold goods for cash, R3 000 (cost price R2 500):						
Source document: Cash register roll						
A	=	E +	L	REASON	DEBIT	CREDIT
+ 3 000				Money in bank increases	Bank	
		+ 3 000		Income increases owner's equity		Sales
- 2 500				The expense to acquire the inventory decreases the owner's equity	Cost of sales	
		- 2 500		Decrease in trading inventory decreases the asset		Trading inventory

Just Sport restring tennis rackets for the local tennis club and was paid R560 cash						
Source document: Cash invoice						
A	=	E +	L	REASON	DEBIT	CREDIT
+ 560				Money in bank increases	Bank	
		+ 560		Income increases owner's equity		Current income

2. Yes, they are both receipts and cash-related income accounts. In both transactions cash is involved and both transactions result in an increase in the owner's equity.
3. Rent income (may happen monthly); interest on favourable bank balance (may not happen every month); etc.

## Daily task 2 (Student's Book, page 9)

*Suggested answers*

1. VAT payable to SARS = VAT OUTPUT – VAT INPUT  
VAT INPUT = 14% of R19,90 + 14% of R3,60  
= R2,79 + R0,50  
= R3,29



$$\begin{aligned}\text{VAT OUTPUT} &= 14\% \text{ of R34,50} \\ &= \text{R4,83}\end{aligned}$$

$$\text{Payable per T-shirt to SARS} = \text{R4,83} - \text{R3,29} = \text{R1,54}$$

2. SP with VAT = R86,50  
 SP without VAT =  $100 \div 114 \times \text{R86,50}$   
 = R75,88  
 Cost price =  $100 \div 115 \times \text{R75,88}$   
 = R65,98

### Daily task 3 (Student's Book, page 12)

*Suggested answers*

	Cost price	Profit	Net sales (without VAT)	VAT amount	Gross sales (with VAT)
Amounts	R12 500	R1 250	R13 750	R1 925	R15 675
Calculations	$\text{Net sales} \times \frac{100}{110}$	$\text{Net sales} - \text{cost price}$	$\text{Gross sales} \times \frac{100}{114}$	$\text{Gross sales} - \text{net sales}$	given

Source document: Cash register roll						
A	=	E +	L	REASON	DEBIT	CREDIT
+15 675				Bank increases with money received from customers	BANK	
		+13 750		Income of the business increases		SALES
-12 500				Trading stock decreased		TRADING INVENTORY
		-12 500		Cost of sales will decrease the profit made	COST OF SALES	
			+1 925	The business owes the money to the SARS		VAT ACCOUNT

### Daily task 4 (Student's Book, page 13)

*Suggested answers*

	Total debt	Discount allowed (includes VAT)	Due after discount and amount paid over	VAT included in discount	Discount allowed (without VAT)
Amounts	R5 000	R300	R4 700	R42	R258
Calculations	given	$\text{R1 250} \times \frac{8}{100}$	$\text{R1 250} - \text{R100}$	14% of R100	$\text{R100} - \text{R14}$

<b>CASH RECEIPT</b>	5 November 2018	R	C
NO: 266			
Received from A. Naidoo			
the sum of Four thousand seven hundred Rands	4 700	00	
cents			
allowed 6% discount for settling account			
With thanks T. MOENG			

Source document: Cash register roll						
A	=	E +	L	REASON	DEBIT	CREDIT
+ 4 700				Bank increases with money received from debtor	BANK	
		- 258		Owner's equity (profit) decreases with discount allowed	DISCOUNT ALLOWED	
			- 42	The amount due to SARS decreases	VAT (INPUT TAX)	
- 5 000				The asset (debtors) decreases		DEBTORS CONTROL

### Daily task 5 (Student's Book, page 16)

Suggested answers

	Original debt	Amount claimed as VAT input when debt was written off	Bad debts recovered minus VAT
Amounts	R200	R28	R172
Calculations	given	14% of R200	R200 - R28

The basic accounting equation

Source document: Duplicate receipt						
A	=	E +	L	REASON	DEBIT	CREDIT
+ 200				Bank increases with deposit made	Bank	
		+ 172		Owner's equity increases		Bad debts recovered
			+ 28	Amount due to SARS increases		VAT (Output tax)

### Activity 2 (Student's Book, page 16)

Suggested answers

	A	=	E +	L	REASON	DEBIT	CREDIT
1	+ 40 000				Money in bank increases	BANK	



	A	=	E +	L	REASON	DEBIT	CREDIT
			+ 40 000		Owner's interest in business increases		CAPITAL
2	+ 30 000				Money in bank increases	BANK	
				+ 30 000	Amount owed increases		Loan: Eagle Bank
13	+ 3 400				Money in bank increases		
			+ 2 983		Sales increase owner's equity		
	- 2 446				Trading inventory decreased		TRADING INVENTORY
			- 2 446		Cost of sales will decrease the profit made	COST OF SALES	
				+417	The business owes the money to the SARS		VAT ACCOUNT
16	+ 2 172				Bank increases with money received from debtor	BANK	
			- 119		Owner's equity (profit) decreases with discount allowed	DISCOUNT ALLOWED	
				- 19	The amount due to SARS decreases	VAT (INPUT TAX)	
	- 2 311				The asset (debtors) decreases		DEBTORS CONTROL
21	+ 412				Bank increases with deposit made	Bank	
			+ 354		Owner's equity increases		Bad debts recovered
				+ 58	Amount due to SARS increases		VAT (Output Tax)
31	+ 6 000				Money in bank increases		
			+ 5 263		Sales increase owner's equity		
	- 4 316				Trading inventory decreased		TRADING INVENTORY
			- 4 316		Cost of sales will decrease the profit made	COST OF SALES	
				+ 737	The business owes the money to SARS		VAT ACCOUNT

## Daily task 6 (Student's Book, page 18)

Suggested answers

Source document: Receipt						
A	=	E +	L	REASON	DEBIT	CREDIT
+ 500				Money in bank increases	BANK	
		+ 500		The income increases owner's equity		RENT INCOME



## Daily task 7 (Student's Book, page 19)

*Suggested answers*

Source document: Receipt						
A	=	E +	L	REASON	DEBIT	CREDIT
+ 1 875				Bank increases with deposit made	Bank	
		+ 1 875		Owner's equity increases		Interest on fixed deposit

## Activity 3 (Student's Book, page 20)

*Suggested answers*

	A	=	E +	L	REASON	DEBIT	CREDIT
22 Nov.	+ 2 700				Money in bank increases	BANK	
			+ 2 700		The income increases owner's equity		RENT INCOME
29 Nov.	+ 8 960				Bank increases with deposit made	Bank	
			+ 8 960		Owner's equity increases		Interest on fixed deposit
30 Nov.	+ 500				Money in bank increases	BANK	
			+ 500		The amount receives off-sets the expense still to be incurred		REPAIRS

## Daily task 8 (Student's Book, page 23)

*Suggested answers*

Step 1: Issue a cheque to make the investment

A	=	E +	L	REASON	DEBIT	CREDIT
- 150 000				Money in the bank decreases		BANK
+ 150 000				Investments increase assets	Fixed deposit	

Step 2: Receive a cheque at the end of the year that includes the original investment plus the interest income.

A	=	E +	L	REASON	DEBIT	CREDIT
+ 109 000				Money in bank increases	BANK	
- 100 000				The fixed deposit has been paid back		Fixed deposit
		+ 9 000		Interest earned increases owner's equity		Interest on Fixed deposit



## Activity 4 (Student's Book, page 24)

Suggested answers

1.

Fixed deposit	Shares
Amount received after one year: = R1 000 000 + R8 500 (8,5%) = R108 500	Original investment: = $9\,325 \times R4 + 10\,450 \times R6$ = R100 000 Receipt after one year: = $9\,325 \times R5,90 + 10\,450 \times R5,85$ = R116 150 Minus costs: R116 150 – R1 790 = R114 360
Investment in shares rendered a 14,4% return compared with 8,5% of the fixed investment	

2. Record each share as 'an investment'. Record 'gains' as an income and 'losses' as expenses and record all expenses (commission, etc.) as expenses. The above are usually recorded in one 'control' account for share investments.

## Daily task 9 (Student's Book, page 24)

Suggested answers

Step 1: Issue a cheque to make the investment

A	=	E +	L	REASON	DEBIT	CREDIT
- 100 000				Money in the bank decreases		BANK
+ 100 000				Investments increase assets	Fixed deposit	

Step 2: Receive a cheque at the end of the year that includes the original investment plus the interest income.

A	=	E +	L	REASON	DEBIT	CREDIT
+ 108 500				Money in bank increases	BANK	
- 100 000				The fixed deposit has been paid back		Fixed deposit
		+ 8 500		Interest earned increases owner's equity		Interest on fixed deposit

## Activity 5 (Student's Book, page 24)

### Suggested answers

	Transaction	Source document	Supporting documents
1	Cash sales of merchandise	Cash register roll or duplicate cash invoice	
2	Cash received for services rendered	Cash register roll or duplicate cash invoice	
3	VAT included in cash sales	Cash register roll or duplicate cash invoice	
4	Discount allowed to debtors settling their accounts	Duplicate receipt	
5	Bad debts recovered	Duplicate receipt	Letter received from debtor
6	Rent Income	Duplicate receipt or bank statement	Copy of the agreement
7	Interest on Fixed deposit	Duplicate receipt or bank statement	
8	Insurance payouts	Duplicate receipt or bank statement	Letter or statement from insurance company
9	Acquiring a loan	Duplicate receipt or bank statement	Loan agreement
10	An expired fixed deposit	Duplicate receipt or bank statement	

## Activity 6 (Student's Book, page 25)

Suggested answers

### Cash receipts journal of Just Sport – October 20.8

CRJ 1

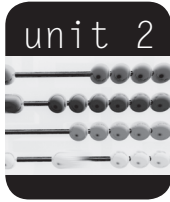
Doc.	Day	Details	Fol.	Analysis of receipts	Bank	Current income	Sales	Cost of sales	VAT		Debtors control		Sundry accounts		Details
									Input (Dr)	Output (Cr)	Receipts	Discount allowed	Amount	Fol.	
R54	1	D. Files		10 000	10 000								10 000		Bank
R55	5	Eagle Bank		20 000	20 000								20 000		Loan: Eagle Bank
R56	7	Label Holdings		3 780	3 780								3 780		Interest on fixed deposit
CRR	12	Sales					15 820	11 375		2 215					
R57	16	P. Penn		439	439					2	439	9			
R58	19	Dove Insurance Co		800									800		Repairs
CRR		Sales		21 500	22 300		21 500	15 459		3 010					
R59	21	L. Cartridge		200	200					28			172		Bad debts recovered
R60	22	Top Deck		1 200	1 200								1 200		Rent income
R61	25	HEQC Bank		15 900									15 000		Fixed deposit: HEQC
													900		Interest on fixed deposit
					57 919		37 320			5 255	439	11	51 852		
								26 833							

## Question for revising Unit 1 (Student's Book, page 28)

Suggested answers

	A	=	E +	L	REASON	DEBIT	CREDIT
1	+ 25 000				Money in bank increases	BANK	
			+ 25 000		The owner's interest in business increases		CAPITAL
	+ 3 500				Money in bank increases	BANK	
			+ 3 500		Interest is an income that increases owner's equity		INTEREST ON FIXED DEPOSIT
7	+ 16 516				Money in bank increases	BANK	
			+ 14 488		Sales increases owner's equity		SALES
				+ 2 028	Owe SARS more		VAT CONTROL
	- 11 319				The asset decreases		TRADING INVENTORY
			- 11 319		The expense related to the acquisition of the goods sold	COST OF SALES	
	+ 100 000				Money in bank increases	BANK	
				+ 100 000			LOAN: Hope Bank
14	+ 22 388				Money in bank increases	BANK	
			+ 19 639		Sales increases owner's equity		SALES
				+ 2 749	Owe SARS more		VAT CONTROL
	- 15 343				The asset decreases		TRADING INVENTORY
			- 15 343		The expense related to the acquisition of the goods sold	COST OF SALES	
15	+ 3 000				Money in bank increases	BANK	
			+ 3 000		Regarded as an income that increases owner's equity		RENT INCOME
20	+ 3 250				Money in bank increases	BANK	
			+ 3 250		The asset increases		INVESTMENT: Shares VFF
	+ 560				Money in bank increases	BANK	
			+ 482		Regarded as an income that increases owner's equity		BAD DEBTS RECOVERED
				+ 78	Owe SARS more		VAT CONTROL
21	+ 14 205				Money in bank increases	BANK	
			+ 12 461		Sales increases owner's equity		SALES
				+ 1 989	Owe SARS more		VAT CONTROL
	- 9 735				The asset decreases		TRADING INVENTORY

	A	=	E +	L	REASON	DEBIT	CREDIT
			- 9 735		The expense related to the acquisition of the goods sold	COST OF SALES	
24	+ 950				Money in bank increases	BANK	
	- 1 000				The asset decreases as debtors owe less		DEBTORS CONTROL
			- 43		An expense that decreases owner's equity	DISCOUNT ALLOWED	
				- 7	Owe SARS less	VAT CONTROL	
27	+ 9 500				Money in bank increases	BANK	
			+ 9 500		Temporary increase in owner's equity as an offset against expense		REPAIRS
28	+ 19 490				Money in bank increases	BANK	
			+ 17 096		Sales increases owner's equity		SALES
				+ 2 729	Owe SARS more		VAT CONTROL
	- 13 357				The asset decreases		TRADING INVENTORY
			- 13 357		The expense related to the acquisition of the goods sold	COST OF SALES	



## reconciliation of receipts

### Unit outcomes

Topic and Subject Outcomes	Assessment Standards	Activities
1.4 Receive and record receipts	<ul style="list-style-type: none"> <li>Receipts are checked against relevant supporting information. <i>Range: includes, but not limited to:</i> <ul style="list-style-type: none"> <li>– cash,</li> <li>– cheques,</li> <li>– automated payments,</li> <li>– deposits.</li> </ul> </li> <li>Receipts are entered in appropriate accounting records.</li> <li>Appropriate source documents are correctly prepared and reconciled to relevant records.</li> <li>Discrepancies are identified and either resolved or referred to the delegated person. <i>Range: Includes, but not limited to:</i> <ul style="list-style-type: none"> <li>– incomplete/incorrect, cheques,</li> <li>– stale cheques,</li> <li>– expired or blocked credit and debit cards,</li> <li>– limits exceeded,</li> <li>– disagreement with supporting documentation,</li> <li>– under payments,</li> <li>– over payments,</li> <li>– cheques returned to drawer.</li> </ul> </li> </ul>	<p>Activities 1, 2, 3</p> <p>Daily tasks 1, 2, 3, 4, 5</p>

### CHAPTER 1

#### Daily task 1 (Student's Book, page 32)

*Suggested answers*

Assess the pairs against the policy of Just Sport.

#### Activity 1 (Student's Book, page 32)

*Suggested answers*

Assess the students using a rubric for presentations. You will find one in the section on assessment at the front of this Lecturer's Guide.

#### Daily task 2 (Student's Book, page 33)

*Suggested answers*

Ensure that practical examples are used and that the discussion focuses on the policies of Just Sport and that the issues (system to be used, security and possible electronic archiving) are addressed.



## Activity 2 (Student's Book, page 33)

### Suggested answers

Look in the Yellow Pages of the telephone directory or do a search on the internet (but limit your research to businesses in South Africa).

## Daily task 3 (Student's Book, page 34)

### Suggested answers

	DEBIT CARD	CREDIT CARD
Basic difference	Savings account – cannot exceed balance	Savings account and loan account. All credit cards holders have a limit up to which they can 'borrow' money
Daily limits	Certain cards allow the daily cash withdrawal to be limited, but not the purchases made	Usually no protection against cash withdrawals or purchases made
Security	PIN and signature. Report stolen lost cards to be barred	PIN and signature. Report stolen lost cards to be barred
Budget purchases	Not allowed	Customer can ask for the amount to be spread over 6–24 months (high interest rates)
Repayment of balance owing	N/A	If outstanding amount is repaid within 60 days (usually) then no interest is charged
Cost to the business accepting the cards	Usually no cost	Varies from 2–5%

## Daily task 4 (Student's Book, page 35)

### Suggested answers

1. The cheque is made out to Justin Sports and the amount in words does not agree with the amount in figures.
2. The cheque is dated 10 July 20.8.
3. The cheque is dated 10 December 20.7 and has not been signed.

## Activity 3 (Student's Book, page 37)

1.

### South Africa's new banknotes

([http://www.southafrica.info/public\\_services/citizens/consumer\\_services/newnotes.htm](http://www.southafrica.info/public_services/citizens/consumer_services/newnotes.htm))

The issue of the banknotes is accompanied by a campaign, dubbed "Makoya Moola", to encourage South Africans to get to know their money. "Makoya" refers to "the real McCoy", "moola" is a South African slang term for money. "The security features on South African rands are only useful if people use them", Mboweni said. The Reserve Bank has advised the public to "look, feel and tilt" their money to check the security features of the banknotes.

**LOOK**

The banknotes contain a number of new security features that can be examined by holding them up to a light source. An additional watermark of the denomination value has been added to the animal in the older series. The see-through, or perfect registration, security feature can also be seen by holding the note up to the light. In the upgraded series, an R and the denomination value will be seen in the bottom left corner. This is composed of elements printed on the front and back of the note. Users should check that the front and back images align perfectly to form the image. The security thread and unique serial numbers are retained, although the new series contains an additional, conical, serial number. The numbers of this serial number increase in size from left to right.

**FEEL**

Banknotes have a distinctive feel and sound when flicked through the fingers. This comes from the paper that is used and the intaglio printing method. The rough effect of the intaglio printing can be felt on the front of all banknotes, and on the backs of R100 and R200 notes.

**TILT**

Some of the security features can only be seen by holding the notes almost horizontally. The upgraded R50, R100 and R200 note have their denomination values printed in colour-changing ink on the front bottom right of the note. When a R50 or R100 note is held horizontally, the ink changes from green to gold. On the R200 note, the ink changes from magenta to green. The new R50, R100 and R200 notes also contain a holographic coat of arms in the security thread. A new feature that is contained on all of the upgraded series of banknotes is the shimmering gold band. When the note is tilted, this is visible on the back with a coat of arms and the denomination value of the note. Another new feature is the hidden image. The geometric shapes on the front of the notes will form an image when the note is held horizontally to the eye.

2. One bank quoted the following: R2,60 +1,05% (<http://www.fnbweb.co.za/cbs/pricingguide>)
- $$\begin{aligned}\text{To deposit R24 050} &= \text{R2,60} + (101,05 \div 100 \times \text{R24 050}) \\ &= \text{R2,60} + \text{R252,53} = \text{R255,13}\end{aligned}$$

**Questions for revising Unit 2** (Student's Book, page 38)*Suggested answers*

- 1.1 All debit and credit card slips, signed by the customer, must be kept in the money drawer of the cash register as these are regarded as important supporting documents for transactions conducted. Verify the signature on the back of the card with signed slips. The debit/credit card machine of the bank provides totals for all approved debit and credit card transactions for the day, and these totals need to be checked against to totals indicated by the cash register.
- 1.2 Check for:
- Post-dated cheques have a date written on the cheque that is some time in the future.
  - A stale cheque is a cheque dated more than six months ago.
  - Incomplete cheques or cheques filled in incorrectly

- 1.3 Cashiers should be trained on how to deal with cash received, especially bank notes and coins. This training should include the accurate giving of change. The cashiers and managers should adhere to the bank's prescription in terms of how notes and coins need to be packaged for deposit purposes (e. g. how many R20 notes in a bundle, or how many 50c coins in a bag). Cashiers should be trained to look for counterfeit money feel, tilt (see article above).
2. See article above (feel, tilt, look, etc.)

## Chapter challenge (Student's Book, page 38)

### Question 1

*Suggested answers*

1.

	Transaction	Source document
1	Cash sales of merchandise	Cash register roll or duplicate cash invoice
2	Cash received for services rendered	Cash register roll or duplicate cash invoice
3	VAT included in cash sales	Cash register roll or duplicate cash invoice
4	Discount allowed to debtors settling their accounts	Duplicate receipt
5	Bad debts recovered	Duplicate receipt
6	Rent income	Duplicate receipt or bank statement
7	Interest on fixed deposit	Duplicate receipt or bank statement
8	Insurance payouts	Duplicate receipt or bank statement
9	Acquiring a loan	Duplicate receipt or bank statement
10	An expired fixed deposit	Duplicate receipt or bank statement

2.
  - The duties of employees dealing with cash receipts have been divided up so that an error or fraud committed by one employee will be revealed by another employee.
  - A source document must be prepared every time cash is received (irrespective of the form, i. e. money, cheques, etc.) so that receipts can be checked against an independent daily record.
  - All R100 and R200 notes must be scanned on receipt (in full view of the customer) to detect counterfeit money.
  - Cashiers need to ensure that cheques presented for payment are completed correctly and to verify the identification of the customer presenting the cheque.
  - Signatures on debit and credit cards need to be verified against the signature of the customer on the sales slip and an alternate identification must be called upon where the signature on the card is suspect.
  - Cashiers are not allowed to do refunds to customers. All refunds are dealt with at the Customer Care Desk.
  - Cash drawers of the cash register must be locked when the cashier leaves her/his position.

- Cashier must cash up their cash registers at the end of every day/shift. Cashing up should take place out of sight of customers but under supervision of the manager.
  - Daily cash sheets need to be completed, verified, signed and archived with other support and source documents.
  - Any money that is short after cashing up will be deducted from the cashier's wage. This applies to shortages up to R500. When a shortage is more than R500, the cashier will be suspended from work, pending and internal investigation.
  - Any money over after cashing up should be placed in the business's safe for one week, after which it will be deposited in a special account for unclaimed overages. Any money not claimed back within 12 months will be donated to charity.
  - All cash receipts must be banked daily. Someone not responsible for receiving cash should check the prepared bank deposit slip against the actual money and cheques before the deposit is made.
  - An internal record of daily receipts and bank deposits should be kept in a special register.
3. A cash register must have two till rolls. One roll produces a receipt that is given to the customer. The second roll, called the audit roll, is housed inside the till and can only be removed with a special key kept by a supervisor. The audit roll records every transaction as well as so-called x and z totals.

All refunds from the till and no-sales should be authorised by a supervisor. When an employee hands over the till to another colleague, the audit roll should be signed at the point of hand-over. Ideally, the till should be cashed up whenever this happens.

Two members of staff should count the takings in the cash drawer, and reconcile the amount to the total amount received as recorded on the Audit Roll (z-total). All z-readings should be recorded in a permanent register. The totals of the different forms of payments (cash, cheques and debit/credit cards) should also be recorded separately in the register.

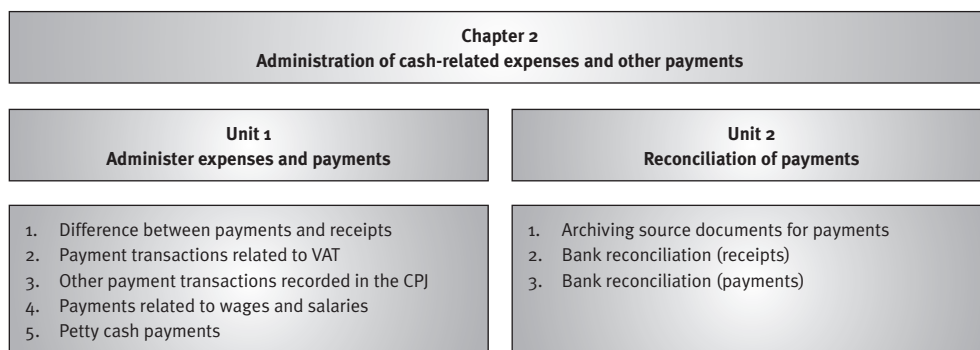
The above-mentioned register and daily audit rolls (with daily z-readings) should be retained for at least three years in a secure and fireproof storage space

4. a) The cheque is worthless until the date on the cheque and should be kept in a safe place until the due date. If the due date is too far in the future, the customer should be asked to change the date, or to issue a new cheque.
- b) The manager needs to contact the drawee and ask him/her either to correct the cheque or issue a new cheque. Corrected cheques can be deposited the next day. Where a new cheque is issued, the old cheque needs to be cancelled (via the Cash payments journal) and the new cheque recorded (via the Cash receipts journal).
- c) The old cheque needs to be cancelled (via the Cash payments journal).
- d) Unfortunately, the business will have to bear this loss. Banks try their best to inform clients on how to identify false money. The best the business can do is to report the matter to the South African Police Services and to improve on staff members' skills to identify counterfeit money.

# chapter 2

## the administration of cash-related expenses and other payments

This diagram summarises the work covered in Chapter 2.



### This chapter and the curriculum

This chapter addresses Topic 2: Administration of cash-related expenses and other payments.

Topic and Subject Outcomes	Assessment Standards	Units
2.1 Identify and complete the appropriate source and supporting documents	<ul style="list-style-type: none"><li>• Documents used for purchases and purchases returns/allowances are identified for a specific organisation. <i>Range: following documents can include, but not limited to:</i><ul style="list-style-type: none"><li>– cash invoice,</li><li>– General journal vouchers,</li><li>– cash register slips,</li><li>– deposit slips,</li><li>– debit and credit card vouchers,</li><li>– receipts,</li><li>– cheques,</li><li>– cheque counterfoils,</li><li>– electronic funds transfer confirmation slip,</li><li>– bank statement.</li></ul></li><li>• Authorisations are received for the return of goods, allowances and discounts are obtained and an indication is given for non-compliance.</li><li>• Documents for various purchases and returns/allowances transactions completed accurately.</li></ul>	Unit 1

	<ul style="list-style-type: none"> <li>• <i>Range: following documents are to be covered, but not limited to:</i> <ul style="list-style-type: none"> <li>– returns of cash purchases voucher,</li> <li>– additional discount allowed,</li> <li>– discount allowed,</li> <li>– damaged goods,</li> <li>– goods charged for but not ordered/delivered</li> </ul> </li> <li>• The document flow is explained and illustrated graphically</li> </ul>	Unit 1
2.2 Record routine purchases/expense transactions in relevant journals or cash book	<ul style="list-style-type: none"> <li>• Source documents are sequentially batched according to company policy. <i>Range: alphanumerical, monthly, pay point's vendor, employer.</i></li> <li>• Source documents are accurately entered in the appropriate journals.</li> <li>• The various columns in the journals are totalled accurately. <i>Range: includes but not limited to VAT, purchases.</i></li> <li>• Source documents are archived correctly and indication is given of the consequences if documents are incorrectly archived or missing.</li> </ul>	Unit 1 Unit 2
2.3 Record non-routine purchases/expense transactions in relevant journals or cash book	<ul style="list-style-type: none"> <li>• Transactions to be recorded in the relevant journals or cash book are classified correctly.</li> <li>• Source documents relating to non-routine transactions are completed correctly.</li> <li>• Source documents are correctly recorded in appropriate journals or cash book.</li> <li>• Source documents are archived correctly according to company policy and indication is given of the consequences if documents are incorrectly archived or missing.</li> </ul>	Unit 1 Unit 2
2.4 Make and record payments	<ul style="list-style-type: none"> <li>• Payments are checked against relevant supporting information. <i>Range: includes, but not limited to: cash, cheques, automated payments, deposits.</i></li> <li>• Payments are entered in appropriate accounting records.</li> <li>• Appropriate source documents are correctly prepared and reconciled to relevant records.</li> <li>• Discrepancies are identified and either resolved or referred to the delegated person. <i>Range: Includes, but not limited to:</i> <ul style="list-style-type: none"> <li>– incomplete/incorrect cheques,</li> <li>– stale cheques,</li> <li>– credit and debit cards,</li> <li>– limits exceeded,</li> <li>– disagreement with supporting documentation,</li> <li>– under payments,</li> <li>– over payments,</li> <li>– cheques returned to drawer.</li> </ul> </li> </ul>	Unit 2



## unit 1

# administer expenses and payments

## Unit outcomes

Topic and Subject Outcomes	Assessment Standards	Activities
2.1 Identify and complete the appropriate source and supporting documents	<ul style="list-style-type: none"> <li>Documents used for purchases and purchases returns/allowances are identified for a specific organisation. <i>Range: following documents can include, but not limited to:</i> <ul style="list-style-type: none"> <li>cash invoice,</li> <li>General journal vouchers,</li> <li>cash register slips,</li> <li>deposit slips,</li> <li>debit and credit card vouchers,</li> <li>receipts,</li> <li>cheques,</li> <li>cheque counterfoils,</li> <li>electronic funds transfer confirmation slip,</li> <li>bank statement.</li> </ul> </li> <li>Authorisations are received for the return of goods, allowances and discounts are obtained and an indication is given for non-compliance.</li> <li>Documents for various purchases and returns/allowances transactions completed accurately. <i>Range: following documents are to be covered, but not limited to:</i> <ul style="list-style-type: none"> <li>returns of cash purchases voucher,</li> <li>additional discount allowed,</li> <li>discount allowed,</li> <li>damaged goods,</li> <li>goods charged for but not ordered/delivered</li> </ul> </li> <li>The document flow is explained and illustrated graphically.</li> </ul>	<p>Activities 1, 2, 3, 4, 5</p> <p>Daily tasks 1, 2, 3, 4, 5</p>
2.2 Record routine purchases/expense transactions in relevant journals or cash book	<ul style="list-style-type: none"> <li>Source documents are sequentially batched according to company policy. <i>Range: alphanumerical, monthly, pay point's vendor, employer.</i></li> <li>Source documents are accurately entered in the appropriate journals.</li> <li>The various columns in the journals are totalled accurately. <i>Range: includes but not limited to VAT, purchases.</i></li> <li>Source documents are archived correctly and indication is given of the consequences if documents are incorrectly archived or missing.</li> </ul>	<p>Activities 1, 2, 3, 4, 5</p> <p>Daily tasks 1, 2, 3, 4, 5</p>
2.3 Record non-routine purchases/expense transactions in relevant journals or cash book	<ul style="list-style-type: none"> <li>Transactions to be recorded in the relevant journals or cash book are classified correctly.</li> <li>Source documents relating to non-routine transactions are completed correctly.</li> <li>Source documents are correctly recorded in appropriate journals or cash book.</li> <li>Source documents are archived correctly according to company policy and indication is given of the consequences if documents are incorrectly archived or missing.</li> </ul>	<p>Activities 1, 2, 3, 4, 5</p> <p>Daily tasks 1, 2, 3, 4, 5</p>



## Daily task 1 (Student's Book, page 44)

### Suggested answers

- Stationery, Cost of sales, telephone, etc.
- All the money (cash) that a business spends during an accounting period is regarded as payments for the accounting period. An expense entails a transaction that results in a decrease of the owner's equity in a business and can be either cash-related or credit-related. Cash-related expenses are payments. Therefore, only those payments that influence the gross or net profit of the business are considered to be expenses.
- Debit
  - Debited

## Activity 1 (Student's Book, page 44)


### Suggested answers

1.

Source document: Cheque counterfoil						
A	=	E +	L	REASON	DEBIT	CREDIT
- 3 000				Asset Bank decreases		Bank
+ 3 000				Asset Trading inventory increases	Trading inventory	

Source document: Cheque counterfoil						
A	=	E +	L	REASON	DEBIT	CREDIT
		- 356		The expense decreases owner's equity	Packing materials	
- 356				Asset Bank decreases		Bank

- Yes. Buying packing material is a cash-related expense, whereas buying trading stock is not regarded as an expense.
- Repairs to a delivery vehicle; cheque issued to make an investment; etc.
- 

Date	16/10		<b>EAGLE BANK LIMITED</b> Port Elizabeth	60-20-50-20
To	cash			Date: 16/10/2008
For	drawings			
Balance b/d		Pay CASH or Bearer		
Deposit				
Subtotal		The sum of two thousand rands only		R. 2000
This cheque	R2000			
Balance		0807 : 60-20-50-20 : 01018011198 – for : Just Sport S. Jones		





5.

A	=	E +	L	REASON	DEBIT	CREDIT
		-2 000		Drawings decreases owner's equity	2 000	
-2 000				Asset Bank decreases on credit side		2 000

## Daily task 2 (Student's Book, page 52)

*Suggested answers*

The basic accounting equation

A	=	E +	L	REASON	DEBIT	CREDIT
+6 000				Assets increase	Trading inventory	
-6 840				Money in bank decreases		Bank
			-840	Input decreases due	VAT control	
+250				Assets increase	Trading inventory	
-285				Money in bank decreases		Bank
			-35	Input decreases due	VAT control	
		-2 300		Expense decrease owner's equity	Stationery	
-2 622				Money in bank decreases		Bank
			-322	Input decreases due	VAT control	
500					Insurance	
		570				Bank
70					VAT control	

## Daily task 3 (Student's Book, page 55)

*Suggested answers*

1.

Total debt	Discount received (includes VAT)	Due after discount and cheque to be issued for	VAT included in discount	Discount received (without VAT)
R7 890	1 029	6 861	144	885
given				

## Source document

Date	
To	Dx Med Ltd
For	Settle creditor's account
Balance b/d	
Deposit	
Subtotal	
This cheque	R6 861
Balance	
No. ....	

## Basic accounting equation

A	=	E +	L	REASON	DEBIT	CREDIT
-6 861				Bank decreases with money paid to creditor		BANK
		+885		Owner's equity (profit) increases as a result of discount received		DISCOUNT RECEIVED
			+114	The amount due to SARS increases		VAT CONTROL ACCOUNT
			-11 400	The liability (creditors) decreases	CREDITORS CONTROL	

2.

	Total invoice	Excess amount	VAT on excess amount	Excess amount to be recorded as repairs
Amounts	R25 700	R3 213	R450	R2 763
Calculations			$R1\ 500 \times \frac{14}{100}$	$R1\ 500 - R210$

## Activity 2 (Student's Book, page 56)

### Suggested answers

#### 1. Basic Accounting Equation

	A	=	E +	L	REASON	DEBIT	CREDIT
6	-900				Money in bank decreases		Bank
			-900		Owner's equity decreases	Drawings	
7	+13 914				Assets increase	Trading inventory	
				-2 086	Input – less due to SARS	VAT control	



	A	=	E +	L	REASON	DEBIT	CREDIT
	-16 000				Money in bank decreases		Bank
9			+ 739		Expense decreases owner's equity	Repairs	
	- 850				Money in bank decreases		Bank
				-111	Input – less due to SARS	VAT control	
13	-1 930				Bank decreases with money paid to creditor	BANK	
			+ 232		Owner's equity (profit) increases as a result of discount received	DISCOUNT RECEIVED	
				+38	The amount due to SARS increases		VAT CONTROL ACCOUNT
				-2 200	Amount due to creditors decreases	The liability (creditors) decreases	CREDITORS CONTROL
21	- 500				Bank decreases with payment made		Bank
			- 430		Owner's equity decreases by the expense part of excess	Repairs	
				-70	The amount due to SARS decreases	VAT CONTROL ACCOUNT	
25	- 543				Money in bank decreases		Bank
			- 467		Expense decreases owner's equity	Stationery	
				-76	Input – less due to SARS		VAT CONTROL
28	- 822				Money in bank decreases		Bank
			- 822		Owner's equity decreases	Drawings	

2.

Cash payments journal of JayBay Lights – January 20.8										CPJ1		
Doc.	Day	Details	Fol.	Bank	Trading inventory	VAT		Creditors control		Sundry accounts		
						Input (Dr)	Output (Cr)	Pay-ments	Discount received	Amount	Fol.	Details
487	6	Cash		900						900		Drawings
488	7	Arctic Lite		16 000	13 914	2 086						
489	9	Mr Cool		850		111				739		Repairs
490	13	Samson Bulb Co		1930			38	1 968	232			
491	21	KB Glass		500		70				430		Repairs
492	25	Pens-R-Us		543		76				467		Stationery
493	28	Jeffreys Bay Municipality		822						822		Drawings





### Daily task 4 (Student's Book, page 60)

A	=	E +	L	REASON	DEBIT	CREDIT
			+ 45 000	Liabilities increase on credit side		Loan: Axe Bank
+ 45 000				Money in bank increased	Bank	

A	=	E +	L	REASON	DEBIT	CREDIT
			- 45 000	The liability decreased	Loan: Axe Bank	
- 54 900				Money in bank decreases		Bank
		- 9 900		Expense decreases owner's equity		

### Activity 3 (Student's Book, page 60)

*Suggested answers*

Cash payments journal of Don's Pharmacy – December 20.8											CPJ21	
Doc.	Day	Details	Fol.	Bank	Trad- ing inven- tory	VAT		Creditors control		Sundry accounts		
						Input (Dr)	Output (Cr)	Pay- ments	Discount received	Amount	Fol.	Details
C12	1	Eagle Bank		20 000						20 000		Fixed deposit: Eagle Bank
C13	31	Crow Bank		90 000						80 000		Loan: Crow Bank
										10 000		Interest on loan

### Daily task 5 (Student's Book, page 68)

*Suggested answers*

1. Wages are paid weekly; salaries monthly. Wages are usually usually paid to temporary workers.
2. These deductions included: deductions for employees' tax (compulsory), the Unemployment insurance fund (compulsory), the skills levy fund (compulsory), pension fund contributions, medical aid contributions and staff association or trade union membership.
3. Pension fund, Medical aid, etc.
4. So-called 'take-home pay'. Gross salary minus deductions = net salary



## Activity 4 (Student's Book, page 70)

Cash payments journal of Just Sport – November 20.8												CPI 11
Doc.	Day	Details	Fol.	Bank	Equipment	Trading inventory	Creditors for wages	VAT		Creditors control		Details
								Input (Dr)	Output (Cr)	Pay-ments	Discount received	
cc 235	1	Paris Bank		500								Interest on loan
236		Cash		300								Petty cash
237	7	Cash		2 435			2 435					
238	14	Cash		2 985			2 985					
239	18	C&A		784				89				Stationery
										595		Drawings
240	21	Cash		1 773			1 773					
241	28	Cash		2 572			2 572					
242	30	Sundry employees		23 967								Creditors for salaries
243		SARS		9 112								SARS (Employees' Tax)
244		SANLAM		2 900								Pension fund
245		WER Union		200								Union membership
246		First Choice		2 100								Medical aid
247		SARS (UIF)		670								UIF
248		SARS (SDL)		335								SDL
		Cash		254								Petty cash

## Activity 5 (Student's Book, page 71)

*Suggested answers*

	Transaction	Source document	Supporting documents
1	Bought trading inventory and paid by cheque	Cheque counterfoil	Original invoice or Cash register slip
2	Issued a cheque for the delivery of merchandise from the supplier	Cheque counterfoil	Delivery note
3	Issued a cheque to pay a creditor and received discount	Cheque counterfoil	Original receipt
4	Pay SARS the money deducted from employees for employees tax	Cheque counterfoil	Proof of payment
5	Issued a cheque to create a petty cash	Cheque counterfoil	Signature
6	Issued a cheque to repay a loan	Cheque counterfoil	Receipt or statement
7	Issued a cheque to make a fixed deposit	Cheque counterfoil	Receipt or statement
8	Issued a cheque to pay for stationery	Cheque counterfoil	Original invoice or Cash register slip

## Questions for revising Unit 1 (Student's Book, page 73)

*Suggested answers*

Cash payments journal of Office Depot -- January 20.8											CP11			
Doc.	Day	Details	Fol.	Bank	Equipment	Trading inventory	Creditors for wages	VAT		Creditors control		Sundry accounts		
								Input (Dr)	Output (Cr)	Payments	Discount received	Amount	Fol.	Details
	1	Dakar Bank		10 000								10 000	B.../	Fixed deposit: Dakar Bank
	4	BPC Advertising	CL	4 976					52	4 976	322			
	6	Shelfit CC	CL	2 875					14	2 875	88			
	7	Makro Stores		520				64				105	N.../	Stationery
												351	N.../	Consumable stores
		Cash		1 900			1 900							
	11	H&H Paper		9 000		7 895		1 105						
	14	Kato High		2 300								2 300	B.../	Drawings
		Cash		2 100			2 100							
	15	Dakar Bank		6 000								6 000	B.../	Loan: Dakar Bank
	18	Cash		50								50	B.../	Petty cash
	19	Paker Ltd		4 332		3 800		532						
		PC World		8 462				1 039				7 423	N.../	Material cost for printing
	20	Dakar Bank		722				89				633	N.../	Vehicle expenses
	21	Ink suppliers	CL	2 100						2 100				
		Cash		2 350			2 350							
	22	BAHS Unlimited		4 900		4 298		602						
		Papa Delivery service		165		145		20						
	23	BPC Advertising	CL	217				27				190	N.../	Advertising expense

Doc.	Day	Details	Fol.	Bank	Equipment	Trading Inventory	Creditors for wages	VAT		Creditors control		Sundry accounts		
								Input (Dr)	Output (Cr)	Payments	Discount received	Amount	Fol.	Details
		Build it CC		300	263			37						
	25	Sundry employees		21 400								21 400	B ../	Creditors for salaries
	28	Centre City space		3 648				448				3 200	N ../	Rent expense
		Telkom SA		958				118				840	N ../	Telephone expense
		Cash		1 840			1 840							
		BPC Advertising		467				57				410	N ../	Advertising expense
		Cape Town Municipality		1 101				135				966	N ../	Water and electricity
		Cash		276								276	B ../	Petty cash
		SARS		7 334								7 334	B ../	SARS (PAYE)
		Peace Pension		1 988								1 988	B ../	Pension fund
		Discovery		8 400								8 400	B ../	Medical aid
		SARS		902								902	B ../	SARS (UIF)
		SARS		592								592	B ../	SARS (SDF)
		Nehawhu		400								400	B ../	COSATU Members' Contributions
		SARS		14 222								14 222	B ../	VAT control
				126 797	263	16 138	8 190	4 273	67	9 951	410	87 982		
				/B ....	/B ....	/B ....	/B ....	/B ....	B .../B ...	/B ...	B .../B ...			B .../B ...





## reconciliation of payments

### Unit outcomes

Topic and Subject Outcomes	Assessment Standards	Activities
2.2 Record routine purchases/expense transactions in relevant journals or cash book	<ul style="list-style-type: none"> <li>Source documents are sequentially batched according to company policy. <i>Range: alphanumerical, monthly, pay point's vendor, employer.</i></li> <li>Source documents are accurately entered in the appropriate journals.</li> <li>The various columns in the journals are totalled accurately. <i>Range: includes but not limited to VAT, purchases.</i></li> <li>Source documents are archived correctly and indication is given of the consequences if documents are incorrectly archived or missing.</li> </ul>	Activities 1, 2, 3, 4, 5, 6  Daily tasks 1, 2, 3, 4, 5, 6
2.3 Record non-routine purchases/expense transactions in relevant journals or cash book	<ul style="list-style-type: none"> <li>Transactions to be recorded in the relevant journals or cash book are classified correctly.</li> <li>Source documents relating to non-routine transactions are completed correctly.</li> <li>Source documents are correctly recorded in appropriate journals or cash book.</li> <li>Source documents are archived correctly according to company policy and indication is given of the consequences if documents are incorrectly archived or missing.</li> </ul>	Activities 1, 2, 3, 4, 5, 6  Daily tasks 1, 2, 3, 4, 5, 6
2.4 Make and record payments	<ul style="list-style-type: none"> <li>Payments are checked against relevant supporting information. <i>Range: includes, but not limited to: cash, cheques, automated payments, deposits.</i></li> <li>Payments are entered in appropriate accounting records.</li> <li>Appropriate source documents are correctly prepared and reconciled to relevant records.</li> <li>Discrepancies are identified and either resolved or referred to the delegated person. <i>Range: includes, but not limited to:</i> <ul style="list-style-type: none"> <li><i>incomplete/incorrect cheques,</i></li> <li><i>stale cheques,</i></li> <li><i>credit and debit cards,</i></li> <li><i>limits exceeded,</i></li> <li><i>disagreement with supporting documentation,</i></li> <li><i>under payments,</i></li> <li><i>over payments,</i></li> <li><i>cheques returned to drawer.</i></li> </ul> </li> </ul>	Activities 1, 2, 3, 4, 5, 6  Daily tasks 1, 2, 3, 4, 5, 6

### Daily task 1 (Student's Book, page 76)

#### Suggested answers

Use a rubric to assess the role plays. Be sure to let your students know in advance how they will be assessed.



### **Activity 1** (Student's Book, page 76)

#### *Suggested answers*

Use a rubric to assess the presentations. Be sure to let your students know in advance how they will be assessed.

### **Daily task 2** (Student's Book, page 77)

#### *Suggested answers*

Original receipt  
Original tax invoice  
Delivery note

### **Activity 2** (Student's Book, page 77)

#### *Suggested answers*

Use a rubric to assess the posters. Be sure to let your students know in advance how they will be assessed.

### **Daily task 3** (Student's Book, page 77)

#### *Suggested answers*

Students take part in a discussion in the context of Just Sport.

### **Activity 3** (Student's Book, page 77)

#### *Suggested answers*

Rubric for reportback and report

### **Daily task 4** (Student's Book, page 80)

#### *Suggested answers*

1. Deposit made by a debtor or tenant without informing the business  
Interest on favourable bank account
2. When a business has a favourable bank balance (a debit balance in the books of the business), the bank owes the money to the business. This results in the business being regarded as a creditor of the bank – thus a credit balance.

### **Activity 4** (Student's Book, page 81)

#### *Suggested answers*

Use a rubric to assess the presentations. Be sure to let your students know in advance how they will be assessed.



## Daily task 5 (Student's Book, page 81)

*Suggested answers*

1. An agreement with the bank to borrow money for a short period and to issue cheques against that loan
2. As a debit balance
3. Increase

## Daily task 6 (Student's Book, page 84)

*Suggested answers*

- The cheque may be dated incorrectly.
- The cheque may be referred back to the drawer (the client of Avenue Store who issued the cheque for example) because the funds in the account of the drawer do not cover the amount on the cheque.
- The drawer may not have signed the cheque.
- The words and figures filled out on the cheque may not correspond.
- The cheque may be older than six months (stale).
- The drawer (Avenue Store's client) may have stopped payment on the cheque.

## Activity 5 (Student's Book, page 84)

*Suggested answers*

See the diagrams in the Student's Book on pages 82 and 83 for the answers to this activity.

## Daily task 7 (Student's Book, page 88)

*Suggested answers*

Entries in the CPJ but not on the Bank statement	Entries on the Bank statement but not in the CPJ
Cheques drawn but not yet cashed Correction of errors	Service charges (cash deposit fees, etc.) Dishonoured cheques Debit orders
Entries in the CRJ but not on the Bank statement	Entries on the Bank statement but not in the CRJ
Deposit not yet credited by bank Correction of errors	Interest earned on current account Deposits made by 3rd parties such as for rent income

**Activity 6** (Student's Book, page 88)

Cash receipts journal of Suphia Traders – July 20.8														CRI7	
Doc.	Day	Details	Fol.	Analysis of receipts	Bank	Current income	Sales	Cost of sales	VAT		Debtors control		Sundry accounts		Details
									Input	Output	Receipts	Discount allowed	Amount	Fol.	
	31	Totals (pencil)	b/d		76 543		56 741	45 393			7 943	14 766	1 234	5 036	
BS		Interest on Current account (or blank)			244									244	
					76 787	0	56 741			0	7 943	14 766		5 280	
								45 393				1 234			

Cash payments journal of Suphia Traders – July 20.8														CRI7
Doc.	Day	Details	Fol.	Bank	Trading inventory	Stationery	Wages	Debtors control	VAT		Creditors control	Sundry accounts		
									Input	Output		Payments	Discount received	Fol.
	31	Totals (pencil)		80 931	50 120	4 211	6 200		7 606			17 800	1 200	2 600
BS		K. Kabos (debit order)		598				598						Bank charges
BS		Bank charges (or blank)		210										210
BS		Municipality (or blank)		598										598
														Water and electricity
				82 337	50 120	4 211	6 200	598				17 800	1 200	3 408
									7 606	0				

### General ledger of Suphia Traders

Balance sheet section							
Bank				B7			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.8 July, 1	Balance	b/d	7 974	20.7 Jul. 31	Total payments	CPJ7	82 337
31	Total receipts	CRJ7	76 787		Balance	c/d	2 424
			84 761				84 761
Aug. 1	Balance	b/d	2 424				

### SUPHIA TRADERS BANK RECONCILIATION STATEMENT ON 31 JULY 20.8

Credit balance according to Bank statement *		384
Plus: Deposit not credited by bank		4 211
Less Cheques not presented for payment:		
No. 577	713	
No. 579	534	
No. 581	924	
Debit balance according to Bank account	2 424	
	4 595	4 595

\* to be calculated

## Activity 7 (Student's Book, page 89)

### Cash receipts journal of Just Cars – September 20.9

Doc	Day	Details	Fol.	Bank	Sundry accounts		
					Amount	Fol.	Details
	31	Totals		70 960	50 760		
		Diff Xhaust		590	590		Rent income
		Kart Club		900	900		Donations
				72 450	52 280		

### Cash payments journal of Just Cars – September 20.9

Doc.	Day	Details	Fol.	Bank	Sundry accounts		
					Amount	Fol.	Details
	31	Totals		65 440	42 620		
		C. Carter		670	670		Debtors control
		Port Insurance		2 000	2 000		Insurance
		Kart Club		1 200	1 200		Donations
		Petro Bank		250	250		Bank charges
				69 560	46 740		

**General ledger of Just Cars**

Dr		Bank				B1		Cr
20.9 Sep.	1	Balance	b/d	8 250	20.9 Sep.	30	Total payments	69 560
	30	Total receipts		72 450			Balance	c/d 11 140
				80 700				80 700
20.9 Oct.	1	Balance	b/d	11 140				

**Bank reconciliation statement – 30 September 20.9**

	Debit	Credit
Credit balance according to Bank statement		9 780
Credit outstanding deposit		7 920
Debit outstanding cheques		
No. 334	860	
No. 551	1 500	
No. 592	3 000	
No. 602	1 200	
Debit balance according to Bank account	11 140	
	17 700	17 700

## Questions for revising Unit 2 (Student's Book, page 93)

### *Suggested answers*

- Deposits made by the business but not yet credited by the bank.  
Deposits made by a debtor or a tenant directly into the bank account. The business will only become aware of these after seeing the entries on the bank statement  
Credit entries made by the bank, e. g. interest on favourable bank account  
The amount of a deposit can be understated in the CRJ of the business. The bank statement shows R14 300, while the CRJ shows R13 400.

Entries in the CPJ but not on the Bank statement	Entries on the Bank statement but not in the CPJ
Cheques drawn but not yet cashed Correction of errors	Service charges (cash deposit fees, etc.) Dishonoured cheques Debit orders

- Petty cash vouchers:** All approved petty cash vouchers (such as internal source documents) must be numbered and filed. In addition to the voucher all external supporting documents, for example, cash register slips (from another business) must be linked to the numbered and filed petty cash vouchers. There are exceptional cases where the petty cashier is not able to obtain an external source document – for example, when payment for casual wages is made.  
**Copies of bank statements and returned cheques:** The bank does not provide the business with source documents when they process transactions such as

bank charges, interest, stop orders and debit orders. These transactions will appear on the bank statement. All bank statements received are numbered. Copies of bank statement should be filed in numerical order and also kept in a fire-proof cabinet or room. All cheques issued by the business and processed by the bank are returned to the business with the monthly bank statement. These cheques are very important supporting documents and must be properly archived for easy retrieval.

4. See the diagram on page 82 of the Student's Book.

## Chapter challenge (Student's Book, page 93)

### Question 1

*Suggested answers*

Cash payments journal of Avenue Store – February 20.8											CPI2		
Doc.	Day	Details	Fol.	Bank	Equipment	Trading inventory	Wages	Debtors control	VAT		Creditors control		Details
									Input	Output	Payments	Discount received	
C22	1	Mimosa Ltd		1 596					196				Rent expense
C23		Dove Bank		10 000									Loan: Dove Bank
BS		Fisher Bank		400									Interest on loan
C24		Cash		200									Petty cash
C25	7	Wages		2 138			2 138						
C26	8	Couch Distributors		4 104		3 529			575				
C27	12	Makro		6 840		6 000			840				
C28	13	Techno Dent		1 500					210				Repairs
C29	14	Dakfit CC		2 052		1 800			252				
C30		Wages		2 881			2 881						
C31	15	Stratus Bank		60 000									Fixed deposit: SB
C32	16	Armstrong Suppliers		15 390		13 500			1 890				
C33	18	C&A		684					96				Stationery
C34	21	Goshawk		285					40				Advertising
C35		Wages		1 978			1 978						



Cash payments Journal of Avenue Store – February 20.8													CPI2
Doc.	Day	Details	Fol.	Bank	Equipment	Trading inventory	Wages	Debtors control	VAT		Creditors control		Details
									Input	Output	Payments	Discount received	
C36	24	Cash		150									Cash float
C37	28	John Dirker Repairs		1 026						16	1 026	114	
C38		Sunside Chairs Ltd		4 200							4 200	307	
C39	28	Cash		2 877			2 877						
C40–C44		Salaries		23 929									Creditors for salaries
C45		SARS		8 112									Employees' tax
C46		For Tomorrow		2 900									Pension fund
C47		ABC Union		200									Union membership
C48		Our Health		2 100									Medical aid contribution
C49		SARS		670									UIF contribution
C50		SARS		335									Skills levy
BS				509									Bank charges
BS				195									Interest on overdraft
BS				570					80				Insurance
BS		C. Plasman (RD)		2 500				2 500		28			
				160 321	0	24 829	9 874	2 500			5 226	421	
									4 179	44		113 713	

## Question 2

Suggested answers

Cash receipts journal of Frank's Traders – June 20.8										CPI 6			
Doc.	Day	Details	Fol.	Analysis of receipts	Bank	Sales	Cost of sales	VAT		Debtors control		Sundry accounts	
								Input	Output	Receipts	Discount allowed	Amount	Fol.
	30	Totals (pencil)	b/d		96 020	85 622	42 423	83	8 910	10 398		602	0
BS					77							77	Int CA
					96 097	85 622		83	8 910	10 398		77	
							42 423					602	

Cash payments journal of Frank's Traders – June 20.8														CPI 6		
Doc.	Day	Details	Fol.	Bank	Trading inven- tory	Wages	Debtors control	VAT		Creditors control		Sundry accounts				
								Input	Output	Payments	Discount received	Amount	Fol.	Details		
	30	Totals (pencil)	b/d	80 482	41 022	13 373		5 677	17	11 321	119	3 953		Bank charges		
BS				327								327		Water and electricity		
BS		Municipality		622								622				
BS		K. Bob (RD)		2 811			2 811							Insurance		
BS		BeeQ		740				104				636				
				84 982	41 022	13 373	2 811			11 321	119	5 538				
								5 781	17							

**General ledger of Frank's Traders**

**Balance sheet section**

<b>Bank</b>				<b>B7</b>			
<i>Date</i>	<i>Details</i>	<i>Fol.</i>	<i>Amount</i>	<i>Date</i>	<i>Details</i>	<i>Fol.</i>	<i>Amount</i>
20.8 June 1	Balance	b/d	5 449	20.7 June 30	Total pay- ments	CPJ7	84 982
30	Total receipts	CRJ7	96 097		Balance	c/d	16 564
			101 546				101 546
Jul. 1	Balance	b/d	16 564				

**FRANK'S TRADERS**

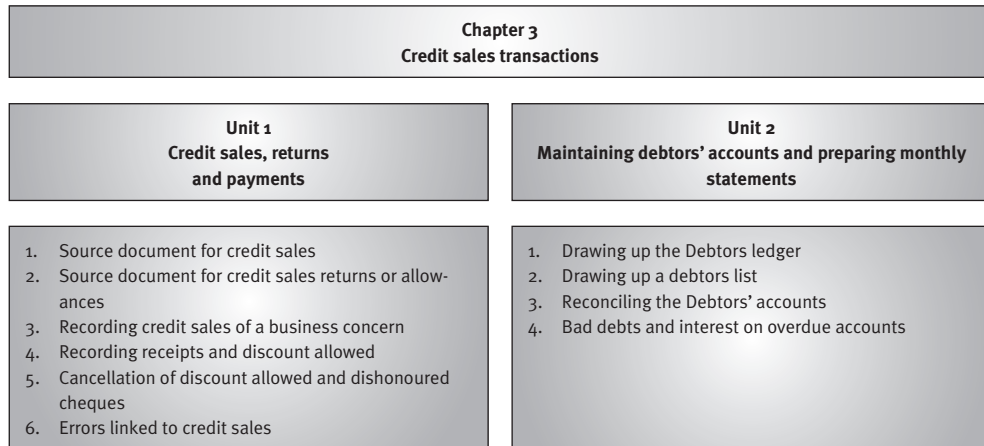
**BANK RECONCILIATION STATEMENT ON 30 JUNE 20.8**

Credit balance according to Bank statement *		25 785
Plus: Deposit not credited by bank		21 988
Less Cheques not presented for payment:		
No. 57	27 988	
No. 59	3 221	
Debit balance according to Bank account	16 564	
	47 773	47 773

# chapter 3

## credit sales transactions

This diagram summarises the work covered in Chapter 3.



### This chapter and the curriculum

This chapter addresses Topic 3: Credit sales transactions.

Topic and Subject Outcomes	Assessment Standards	Units
3.1 Identify and complete the appropriate source documents	<ul style="list-style-type: none"> <li>Source documents to be used for sales and sales returns/allowances are identified correctly. <i>Range: following documents to be covered:</i> <ul style="list-style-type: none"> <li>– debit invoice,</li> <li>– debit notes,</li> <li>– General journal vouchers.</li> </ul> </li> <li>Appropriate authorisations are obtained for the return of goods, allowances, discounts and credit limits.</li> <li>Source documents for various sales and returns/allowances transactions are completed correctly. <i>Range: following documents to be covered:</i> <ul style="list-style-type: none"> <li>– credit sales,</li> <li>– returns of credit sales,</li> <li>– additional discount allowed,</li> <li>– discount disallowed,</li> <li>– damaged goods,</li> <li>– goods charged for but not ordered/delivered.</li> </ul> </li> <li>Source documents for various transactions are distributed correctly.</li> </ul>	Unit 1

Topic and Subject Outcomes	Assessment Standards	Units
3.2 Record routine (credit sales) transactions in the relevant journals <i>Range: inclusive of the control account system</i>	<ul style="list-style-type: none"> <li>Source documents are sequentially batched according to company policy.</li> <li>Source documents are accurately entered in the appropriate journals.</li> <li>Value Added Tax and sales columns in the journals are totalled accurately. <i>Range: optional inclusion of cost of sales column if continuous stock system is used.</i></li> <li>Source documents are archived correctly.</li> </ul>	Unit 1
3.3 Record non-routine (credit-related) transactions in relevant journals <i>Range: inclusive of the control account system</i>	<ul style="list-style-type: none"> <li>Credit transactions in the General journal are identified correctly. <i>Range: following transactions are to be covered:</i> <ul style="list-style-type: none"> <li>bad debts,</li> <li>interest on overdue accounts of debtors,</li> <li>cancellation of discount on dishonoured cheques,</li> <li>correction of errors related to credit transactions.</li> </ul> </li> <li>Source documents are completed correctly.</li> <li>Source documents are correctly recorded in the General journal.</li> <li>Source documents are archived correctly.</li> </ul>	Unit 1
3.4 Maintain debtors' accounts <i>Range: inclusive of the control account system</i>	<ul style="list-style-type: none"> <li>Transactions from the journals are accurately posted to the relevant debtors accounts.</li> <li>Credit documents are reconciled with statements received from debtors. <i>Range: credit documents are listed in the above specific outcome.</i></li> <li>Debtors accounts are reconciled with the debtors control account.</li> <li>Age analysis for the current month is prepared accurately.</li> <li>Monthly statements are prepared accurately.</li> <li>Investigate and resolve discrepancies.</li> </ul>	Unit 2

## Getting started (Student's Book, page 100)

Students should work in groups to complete this introductory activity. They should place their answers in their student portfolios. This activity will give you a good idea of students' prior knowledge about the use of credit by businesses.

### Suggested answers

- More customers are drawn to the business as they have the option to buy now, but pay at a later stage.
- The possibility of higher profits and widening her customer base.
- All customers will be given a credit term and if this is not adhered to, they will be charged a pre-determined interest rate.
- This is the period of time given by the business to the customer, in which they have to pay the account. Should payment not be made within this timeframe, the business is entitled to charge the customer interest at a pre-determined rate.
- In order to charge customers at the correct rate, as stipulated by law.
- Students to give their ideas. You can suggest that some in the group be for the idea and the others be against and list all their ideas for feedback to the rest of the class.
- She is charging below the legal monthly charge. Students can give their opinions.
- It allows them more time to pay back. So they can use cash on hand for alternative purchases, then pay back at the agreed upon time.
- A debtor is one who purchases on credit from a particular business, while a creditor would be the supplier, who allows that same business to purchase on credit from them.
- Interest on overdue accounts/interest received/interest levied on accounts.



## unit 1

# credit sales, returns and payments

## Unit outcomes

Topic and Subject Outcomes	Assessment Standards	Activities
3.1 Identify and complete the appropriate source documents	<ul style="list-style-type: none"> <li>Source documents to be used for sales and sales returns/allowances are identified correctly. <i>Range: following documents to be covered:</i> <ul style="list-style-type: none"> <li>debit invoice,</li> <li>debit notes,</li> <li>General journal vouchers.</li> </ul> </li> <li>Appropriate authorisations are obtained for the return of goods, allowances, discounts and credit limits.</li> <li>Source documents for various sales and returns/allowances transactions are completed correctly. <i>Range: following documents to be covered:</i> <ul style="list-style-type: none"> <li>credit sales,</li> <li>returns of credit sales,</li> <li>additional discount allowed,</li> <li>discount disallowed,</li> <li>damaged goods,</li> <li>goods charged for but not ordered/delivered.</li> </ul> </li> <li>Source documents for various transactions are distributed correctly.</li> </ul>	<p>Activities 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14</p> <p>Daily tasks 1, 2, 3, 4, 5, 6, 7</p>
3.2 Record routine (credit sales) transactions in the relevant journals <i>Range: inclusive of the control account system</i>	<ul style="list-style-type: none"> <li>Source documents are sequentially batched according to company policy.</li> <li>Source documents are accurately entered in the appropriate journals.</li> <li>Value Added Tax and sales columns in the journals are totalled accurately. <i>Range: optional inclusion of cost of sales column if continuous stock system is used.</i></li> <li>Source documents are archived correctly.</li> </ul>	<p>Activities 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14</p> <p>Daily tasks 1, 2, 3, 4, 5, 6, 7</p>
3.3 Record non-routine (credit-related) transactions in relevant journals <i>Range: inclusive of the control account system</i>	<ul style="list-style-type: none"> <li>Credit transactions in the General journal are identified correctly. <i>Range: following transactions are to be covered:</i> <ul style="list-style-type: none"> <li>bad debts,</li> <li>interest on overdue accounts of debtors,</li> <li>cancellation of discount on dishonoured cheques,</li> <li>correction of errors related to credit transactions.</li> </ul> </li> <li>Source documents are completed correctly.</li> <li>Source documents are correctly recorded in the General journal.</li> <li>Source documents are archived correctly.</li> </ul>	<p>Activities 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14</p> <p>Daily tasks 1, 2, 3, 4, 5, 6, 7</p>

## Daily task 1 (Student's Book, page 104)

### Suggested answers

- The hockey sticks are R200,00 each and the golf clubs are R1 200,00 per set.

2. The mark-up is 57,14%.  

$$\text{MU} = \frac{\text{CP}}{\text{SP}} = \frac{200}{350} \times \frac{100}{1} = 57,14\%$$

$$= \frac{1\,200}{2\,100} \times \frac{100}{1} = 57,14\%$$
3. In the event of the customer having a problem with any of the items they have bought, they can return it with the original invoice, where the bookkeeper will immediately be able to determine the cost price when adjusting the records.
4. Output VAT

### Activity 1 (Student's Book, page 104)

*Suggested answers*

SELBORNE LINEN RETAILERS				
<b>INVOICE NO: 11</b> <b>18 Duncan Avenue</b> <b>East London</b> <b>5201</b> <b>Tel. (041) 204 5546</b> <b>Date: 21/08/20.8</b>			<b>To: V. Versagie</b> <b>20 Dawson Road</b> <b>East London</b> <b>5201</b>	
QUANTITY	DESCRIPTION	CODE	PRICE	TOTAL
6	Queen duvet covers	ASS/SS	200,00	1 200,00
6	Fitted sheets	ER/SS	90,00	540,00
<b>VAT @ 14%</b>				213,68
<b>TOTAL</b>				1 953,68

SELBORNE LINEN RETAILERS				
<b>INVOICE NO: 12</b> <b>18 Duncan Avenue</b> <b>East London</b> <b>5201</b> <b>Tel. (041) 204 5546</b> <b>Date: 21/08/20.8</b>			<b>To: V. Versagie</b> <b>20 Dawson Road</b> <b>East London</b> <b>5201</b>	
QUANTITY	DESCRIPTION	CODE	PRICE	TOTAL
2	Duck-feather duvet inners	URS/SS	1 500,00	3 000,00
<b>VAT @14%</b>				368,42
<b>TOTAL</b>				3 368,42

# SELBORNE LINEN RETAILERS

**INVOICE NO: 13**  
**18 Duncan Avenue**  
**East London**  
**5201**  
**Tel. (041) 204 5546**  
**Date: 21/08/20.8**

**To: V. Versagie**  
 20 Dawson Road  
 East London  
 5201

QUANTITY	DESCRIPTION	CODE	PRICE	TOTAL
15	Pillows	LR/SS	50,00	750,00
VAT @ 14%				92,11
<b>TOTAL</b>				<b>842,11</b>

1. The cost codes for each sale appear on each invoice above.
2. The mark-up is 50%.

$$(MU = \frac{CP}{SP} \times \frac{100}{1} = \frac{25}{50} \times \frac{100}{1} = 50\%)$$

## Daily task 2 (Student's Book, page 106)

*Suggested answers*

1. 30 days
2. A debit note is issued when an item has been returned by a customer to the business and will be used to adjust the records of the business and the customer account.
3. Debtors allowances journal
4. The total amount she owes on her account will have to be decreased by the amount specified on the credit note.
5. Output VAT



## Activity 2 (Student's Book, page 106)

*Suggested answers*

BOB'S BIKES				
<b>INVOICE NO: 13</b> <b>43 Real Road</b> <b>Potchefstroom</b> <b>2531</b> <b>Tel. (071) 344 8755</b> <b>Date: 21/08/20.8</b>		<b>To: P. Potgieter</b> 26 Lucas Street East London 5201		
QUANTITY	DESCRIPTION	CODE	PRICE	TOTAL
1	Raleigh mountain bike	DEU/VY	995,99	995,99
VAT @ 14%				122,31
TOTAL				1 118,30

BOB'S BIKES				
<b>CREDIT NOTE NO: 44</b> <b>43 Real Road</b> <b>Potchefstroom</b> <b>2531</b> <b>Tel. (071) 344 8755</b> <b>Date: 21/08/20.8</b>		<b>To: P. Potgieter</b> 26 Lucas Street East London 5201		
QUANTITY	DESCRIPTION	CODE	PRICE	TOTAL
1	Raleigh mountain bike	DEU/VY	995,99	995,99
VAT @ 14%				122,31
TOTAL				1 118,30

## Daily task 3 (Student's Book, page 109)

*Suggested answers*

1. A credit note will be issued when a customer is not satisfied with an item and the business has investigated and is satisfied with the reasons for return. This entry will be posted to the Debtors allowances journal.
2. Returns and discounts allowed by the business.
3. Debit debtors allowances (expense) and credit debtors control (asset).
4. Output VAT is charged by the supplier of goods/services and is added to the price. Input VAT is VAT on goods/services received. The difference will be calculated in the VAT control account and will either be paid to or refunded by SARS.

### Activity 3 (Student's Book, page 109)

*Suggested answers*

Debtors journal of Appliances-R-Us – August 20.8							DJ1
Inv. No.	Day	Debtor	Fol.	Debtors control	Sales	Output VAT	Cost of sales
11	1	Mrs van Rooyen		6 500,00	5 701,75	798,25	4 276,31
12	4	Mr Jafta		360,00	315,79	44,21	236,81
13	7	Mrs Human		2 499,99	2 192,97	307,02	1 999,99
				9 359,99	8 210,51	1 149,48	6 513,11

Debtors allowances journal of Appliances-R-Us – August 20.8							DAJ1
Inv. No.	Day	Debtor	Fol.	Debtors control	Debtors allowances	Input VAT	Cost of sales
16	4	Mr Jafta		50,00	43,86	6,14	32,90
17	11	Mrs van Rooyen		6 500,00	5 701,75	798,25	4,276,31
				6 550,00	5 745,61	804,39	4,309,21

### Activity 4 (Student's Book, page 110)

*Suggested answers*

No	Account debited	Account credited	Assets (+/-)	Equity (-/+)	Liabilities (-/+)
1	Debtors control	Sales	+ 500	+ 500	
	Debtors control	Output VAT	+ 61,40	- 61,40	
	Cost of sales	Trading inventory	- 250	- 250	
2	Debtors control	Sales	+ 325	+ 325	
	Debtors control	Output VAT	+ 39,91	- 39,91	
3	Discount allowed	Debtors control	- 75	- 75	
	Bank	Debtors control	+ 2 925		
			- 2 925		
4	Debtors allowances	Debtors control	- 881,40	- 881,40	
	Input VAT	Debtors control	- 96,40	+ 96,40	
5	Debtors control	Sales	+ 4 350	+ 4 350	
	Debtors control	Output VAT	+ 534,21	- 534,21	

### Daily task 4 (Student's Book, page 110)

*Suggested answers*

1. Enter in the Debtors journal; sold on credit; sold on account; issued an invoice.
2. Debtors allowances is when the business allows a credit customer to return an item to the business for a variety of different reasons. It decreases the amount owed by the debtor; so the debtor's account will have to be reduced.

3. Debtors allowances is when the business allows a credit customer to return an item to the business for a variety of different reasons. Discount allowed is when the business offers the debtor a discount for reasons such as prompt payment.

### Activity 5 (Student's Book, page 110)

*Suggested answers*

Debtors journal of Mac's Motor Spares – August 20.8							DJ1
Inv. No.	Day	Debtor	Fol.	Debtors control	Sales	Output VAT	Cost of sales
001	1	B. Birtrim		350,00	307,02	42,98	184,21
002	4	L. Malcolm		675,00	592,11	82,89	355,27
003	5	W. Edgar		84,00	73,68	10,32	60,00
004	8	B. Birtrim		400,00	350,88	49,12	210,53
				1 509,00	1 323,69	185,31	810,01

Debtors allowances journal of Mac's Motor Spares – August 20.8							DAJ1
Inv. No.	Day	Debtor	Fol.	Debtors control	Debtors allowances	Input VAT	Cost of sales
1	8	B. Birtrim		350,00	307,02	42,98	184,21
2	12	L. Malcolm		40,42	36,00	4,42	21,60
				390,42	343,02	47,40	205,81

#### General ledger

Balance sheet section							
Dr				+ Debtors control –			
				B2 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.8 Aug. 31	Balance	b/d	13 000,00	20.8 Aug. 31	Credit notes	DAJ	390,42
	Total invoices	DJ	1 509,00		Output VAT	DJ	185,31
	Input VAT	DAJ	47,40				

### Daily task 5 (Student's Book, page 112)

*Suggested answers*

- When payments are received from debtors.
- Receipts will decrease the amount the debtor owes to the business.
- Debit bank (asset) and credit Debtors control (asset).
- In the original entry, the supplier would have included VAT (output VAT) in the transaction. In order to cancel the transaction, the VAT will also have to be subtracted from the debtor's account.

**Activity 6** (Student's Book, page 113)*Suggested answers*

Cash receipts journal of Mel's Building Supplies											CRJ1			
Doc.	Day	Details	Fol.	Analysis of receipts	Bank	Sales	Cost of sales	VAT		Debtors control		Sundry accounts		
								Input (Dr)	Output (Cr)	Receipts	Discount allowed	Amount	Fol.	Details
001	21	Miss Kallis		600,00	600,00			73,68		526,32				
33	27	Miss Kallis		4 200,00	4 200,00			515,79	11,05	3 684,21	90,00			

Debtors journal of Mel's Building Supplies – August 20.8							DJ1	
Inv. No.	Day	Debtor	Fol.	Debtors control	Sales	Output VAT	Cost of sales	
99	5	Mr Gough		18 626,00	16 338,60	2 287,40	9 803,16	
100	10	Miss Kallis		7 686,74	6 846,00	840,74	4 890,00	
101	15	Mr Gough		3 325,00	2 916,67	408,33	1 750,00	
				29 637,74	26 101,27	3 536,47	16 443,16	

Debtors allowances journal of Mel's Building Supplies – August 20.8							DAJ1	
Inv. No.	Day	Debtor	Fol.	Debtors control	Debtors allowances	Input VAT	Cost of sales	
21	15	Mr Gough		175,00	153,51	21,49	92,11	
45		Mr Gough		350,00	307,02	42,98	184,21	
				525,00	460,53	64,47	276,32	

## Daily task 6 (Student's Book, page 115)

*Suggested answers*

1. When a cheque has been dishonoured by the bank.
2. The debtor's account will have to be debited with the full amount that was originally owing, by means of a General journal entry. (Debit Debtors control, credit Bank and Discount allowed.)
3. Input VAT, debit side of VAT control.

## Activity 7 (Student's Book, page 115)

*Suggested answers*

No	Account debited	Account credited	Assets (+/-)	Equity (-/+)	Liabilities (-/+)	Debtors control	
						Debit	Credit
1	Debtors control: Bixie Beyers	Bank	+ 3 100 - 3 000			+ 3 100	
		Discount allowed		+ 100			+ 100
2	Debtors control	Interest income	+ 95	+ 95		+ 95	

Cash receipts journal

Doc.	Day	Details	Fol.	Analysis of receipts	Bank	Sales	Cost of sales	VAT		Debtors control		Sundry accounts		
								Input (Dr)	Output (Cr)	Receipts	Discount allowed	Amount	Fol.	Details
R003	1	B. Beyers	DL1	3 000	3 000					3 000				

CRJ

Cash payments journal

Doc.	Day	Details	Fol.	Bank	Equip-ment	Trading inventory	Debtors control	VAT		Creditors control		Sundry accounts		
								Input (Dr)	Output (Cr)	Receipts	Discount received	Amount	Fol.	Details
B/DN	30	B. Beyers (RD)	DL1	3 000			3 000							

CPI

## Interoffice Memorandum

Form 6

Date: 30 July 20.8

Receipt and discount allowed to B. Beyers of R3 000 and R100 respectively must be cancelled due to dishonoured cheque received.

MP

## Daily task 7 (Student's Book, page 116)

### Suggested answers

1. Incorrect amount posted, entry posted to the wrong debtors account, debited the account instead of crediting and vice versa.
2. Student to give their own example, then show how to correct, by means of a General journal entry.
3. Transactions that cannot be entered into any other journal and correction of errors are done in the General journal.

## Activity 8 (Student's Book, page 117)

### Suggested answers

1. A – R3 960, B – R9 090
2. Balance carried over to the next month.
3. A discount had been given to a debtor, but must now be added back onto the debtor's account.
4. These entries will decrease the Debtors control account as payments have been made by individual debtors.
5. Until the debtor has completely paid up their account, the items which they have bought technically still belong to the business.

## Activity 9 (Student's Book, page 117)

### Suggested answers

1. Make adjustment entries in the General journal.
- 2.

General journal				GJ1
No	Details	Fol.	Debit	Credit
1	Trading inventory		90,00	
	Debtors control: S. Solly			90,00
	Correction of error			
2	Debtors control: P. Ollie		500,00	
	Debtors control: O. Pollie			500,00
	Correction of error			

3. It would either increase or decrease the debtors account in error.
4. Be careful when posting to the journals and ledgers; check source document names and numbers.
5. The Debtors control account is an asset to the business; so debit entries will increase the account and credit entries will decrease the account.



### Activity 10 (Student's Book, page 118)

#### *Suggested answers*

The students should work in pairs to brainstorm ideas for a possible checklist that could be used by the bookkeeper to prevent mistakes of this nature. Some possible ideas could be:

1. An accessible list of account holders' names and account numbers which can be checked when posting entries to the relevant journals and ledger accounts
2. Check posted entries for any errors before updating the accounting records.

### Activity 11 (Student's Book, page 118)

#### *Suggested answers*

1. Selling price is R700 ( $500 \times 40\% = 200$ ) + 500 = 700.
2. 62,5% ( $R1\ 000 \div R1\ 600 = 0,625 \times 100$ )
3. R1 780 ( $R3\ 560 \times 50\%$ )

### Activity 12 (Student's Book, page 118)

#### *Suggested answers*

No	Type of transaction	Journal	Source document	Ledger accounts	Amount	Amount for VAT
1	Credit	DJ	Invoice	Trading inventory, Debtors control	500,00	61,40
2	Debtors allowances	DAJ	Credit note	Trading inventory, Debtors allowances	50,00	6,14
3	Debtors allowances	DAJ	Credit note	Trading inventory, Debtors allowances	450,00	55,26
4	Credit	GJ	Journal voucher/ office memo	Debtors control (Dr and Cr)	90,00	11,05
5	Cash	CRJ	Receipt	Bank, Debtors control	3 000,00	368,42





### Activity 13 (Student's Book, page 119)

Suggested answers

Cash receipts journal										CRJ		
Doc.	Day	Details	Fol.	Analysis of receipts	Bank	Sales	Cost of sales	VAT		Debtors control		Sundry accounts
								Input (Dr)	Output (Cr)	Receipts	Discount allowed	Amount
21	3	G. Abboy		3 700,00	3 700,00			454,39		4 154,39		
45	6	C. Smith		3 00,00	3 00,00			36,84		336,84		

Debtors journal of Mel's Building Supplies – August 20.8							DJ1	
Inv. No.	Day	Debtor	Fol.	Debtors control	Sales	Output VAT	Cost of sales	
031	4	G. Abboy		5 333,33	4 750,00	583,33	2 666,66	
039	8	C. Smith		5 748,77	5 120,00	628,77	2 560,00	
045	11	E. Shелемbe		1 122,81	1 000,00	122,81	500,00	
					10 870,00	1 334,91	5 726,66	

Debtors allowances journal of Mel's Building Supplies – August 20.8								DAJ1	
Inv. No.	Day	Debtor	Fol.	Debtors control	Debtors allow- ances	Input VAT	Cost of sales		
	4	G. Abbey		219,30	250,00	30,70	109,65		
	15	G. Abbey		595,09	530,00	65,09	265,00		



**General journal of Webster's Plumbing Supplies – August 20.8**

**GJ1**

No	Details	Fol.	Debit	Credit
20.8 Aug. 31	Trading inventory	B4	180,00	
	Debtors control: G. Abboy	B3/ DL		180,00
	Correction of error			
	Debtors control: C. Smith	B3/DL	300,00	
	Bank	B2		300,00
	Cancellation of cheque received			

**Activity 14** (Student's Book, page 119)

*Suggested answers*

No	Account debited	Account credited	Assets (+/-)	Equity (-/+)	Liabilities (-/+)
1	Debtors control	Trading inventory	+3 500 -3 500		
	Debtors control	Output VAT	+429,82	-429,82	
2	Cost of sales	Trading inventory	-500	-500	
	Debtors control	Sales	+625	+625	
	Debtors control	Output VAT	+6,75	-76,75	
3	Trading inventory	Debtors control	-50 +50		
4	Bank	Debtors control	+890 -890		
	Discount allowed	Discount allowed	-10	-10	
5	Discount allowed	Discount allowed	-100	-100	
6	Debtors control	Bank	+3 000 -3 000		
7	Debtors allowance	Debtors control	-150	-150	
8	Bank	Debtors control	+500 -500		

**Questions for revising Unit 1** (Student's Book, page 120)

*Suggested answers*

1.1 owes

1.2 Debtors control, Trading inventory

1.3 asset



2.

No	Account debited	Account credited	Assets (+/-)	Equity (-/+)	Liabilities (-/+)
1	Cost of sales	Trading inventory	- 300		
	Debtors control	Sales	- 300	+1 000	
	Debtors control	Output VAT	+ 1 000	- 122,81	
2	Debtors allowance	Debtors control	+ 122,81	- 50	
3	Discount allowed	Debtors control	+ 50	- 37,50	
4	Trading inventory	Debtors control	- 37,50		
			+ 450		
			- 450		

3.1 A – CRJ, B – DAJ

3.2 C – R2 370, D – R9 200

3.3 A discount was originally offered to a debtor, but has now been cancelled.

3.4 Credit entries decrease the Debtors control account.

3.5 It is classified as an asset, because the goods sold to them still belong to the business until the debtor has paid for them in total.

4.

Cash receipts journal of Luthuli's Book Store								CRJ1	
Doc.	Day	Details	Fol.	Analysis of receipts	Bank	VAT		Debtors control	
						Input (Dr)	Output (Cr)	Receipts	Discount allowed
CRR1	1	Total sales		1 475,00	1 475,00	181,14		1 656,14	
CRR5	10	Total sales		5 470,00	5 470,00	671,75		6 141,75	
	14	S. Sithole		200,00	200,00			200,00	
34	15	S. Sithole		700,00	700,00	85,96	2,28	700,00	18,59
01	20	ABSA		540,00	540,00				
02	30	B. Botha		50,00	50,00	6,14		50,00	
					8 435,00	944,99		8 747,89	18,59

Debtors journal of Luthuli's Book Store – August 20.8								DJ1	
Inv. No.	Day	Debtor	Fol.	Debtors control	Sales	Output VAT	Cost of sales		
CRR1	1	Total invoices		4 968,42	4 425,00	543,42	2 212,50		
001	4	S. Sithole		898,22	799,99	98,23	399,95		
CRR5	10	Total invoices		6 186,67	5 510,00	676,67	2 755,00		
51	25	B. Botha		535,00	469,30	65,70	234,65		
				12 588,31		1 384,02			

**Debtors allowances journal of Luthuli's Book Store – August 20.8**
**DAJ1**

Inv. No.	Day	Debtor	Fol.	Debtors control	Debtors allow- ances	Input VAT	Cost of sales
76	7	S. Sithole		179,63	159,98	19,67	79,99
84	25	B. Botha		100,00	87,72	12,28	43,86
				289,63	247,70	31,95	

**Balance sheet section**

Dr				+ Debtors control –				B2	Cr
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount		
20.8 Aug. 1	Balance	b/d	3 700,00	20.8 Aug. 31	Bank	CRJ	8 547,89		
31	Sales	DJ	12 588,31		Debtors allowances	DAJ	289,63		
					Balance	c/d	7 450,79		
			16 288,31				16 288,31		
Sep. 1	Balance	b/d	7 450,79						

**Note:** The transaction on the 11th will be recorded in the General journal or in the CPJ if it has not yet been closed off.



# managing debtors' accounts and preparing monthly statements

## Unit outcomes

Topic and Subject Outcomes	Assessment Standards	Activities
3.4 Maintain debtors' accounts <i>Range: inclusive of the control account system</i>	<ul style="list-style-type: none"> <li>Transactions from the journals are accurately posted to the relevant debtors accounts.</li> <li>Credit documents are reconciled with statements received from debtors.</li> </ul> <p><i>Range: credit documents are listed in the above specific outcome.</i></p> <ul style="list-style-type: none"> <li>Debtors accounts are reconciled with the debtors control account.</li> <li>Age analysis for the current month is prepared accurately.</li> <li>Monthly statements are prepared accurately.</li> <li>Investigate and resolve discrepancies.</li> </ul>	<p>Activities 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14</p> <p>Daily tasks 1, 2, 3, 4, 5, 6</p>

## Daily task 1 (Student's Book, page 125)

### Suggested answers

- Discounts will decrease the amount owed by the debtor, while interest levied on the debtors account will increase the amount owed.
- 

### Balance sheet section

Dr				+ Debtors control –				B2	Cr
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount		
20.8 Aug. 1	Balance	b/d	3 000,00	20.8 Aug. 31	Total allowances	DAJ	43,86		
31	Total invoices	DJ	315,79		Input VAT	DAJ	6,14		
	Output VAT		44,21		Balance	c/d	3 330,00		
	Interest income		20,00						
			3 380,00				3 380,00		
Sept 1	Balance	b/d	3 330,00						

- There is still an outstanding balance; allowances decrease the amount owing by the debtor and the interest levied increased the amount owing by the debtor.



## Daily task 2 (Student's Book, page 127)

### Suggested answers

1. After posting to the journals, we post to the ledger. For credit sales this will involve the Debtors control account and the related accounts to perform the double entry principle.
2. We reconcile the individual debtors' accounts with the Debtors control account in the General ledger. The business does this at the end of each month to determine which debtors' accounts need to be paid. This is done to determine if any debtor's account is due or overdue. Statements will be sent to remind debtors that payment is due. In the event that the debtor's account been overdue for payment, the business will levy interest on a previously determined interest rate.
3. It is prepared for each debtor and all outstanding amounts will be classified according to the period it has been outstanding for.
4. Checking that the individual debtors' accounts and the Debtors control account are in balance.

## Activity 1 (Student's Book, page 127)

### Suggested answers

#### P. Smith

90 days	60 days	30 days	Current
		R3 125,00	

#### D. Frank

90 days	60 days	30 days	Current
		R11 250,00	

#### V. Wynand

90 days	60 days	30 days	Current
		R3 125,00	

#### A. Griesal

90 days	60 days	30 days	Current
		R7 500,00	



## Activity 2 (Student's Book, page 127)

Suggested answers

1.

### Debtors ledger of Busy Body Paint Shop

#### L. Lewis – August 20.8

DL1

Day	Details	Fol.	Debit	Credit	Balance
20.8 Aug. 07	Invoice 21	CJ1	562,00		562,00
07	Receipt 111	CRJ1		500,00	62,50
31	Discount allowed	CRJ1		62,50	0,00

#### M. Murray – August 20.8

DL2

Day	Details	Fol.	Debit	Credit	Balance
20.8 Aug. 12	Invoice 22	DJ1	875,00		875,00
18	Invoice 45	DJ1	547,50		1 422,50
31	Credit note 12	DAJ1		780,00	642,50

#### M. Murray – August 20.8

DL3

Day	Details	Fol.	Debit	Credit	Balance
20.8 Aug. 16	Invoice 44	DJ1	8 999,99		8 999,99
9	Receipt 112	CRJ1		3 000,00	5 999,00

### Debtors list of Busy Body Paint Shop on 31 August 20.8

M. Murray	642,50
R. Rowe	5 999,99
Dr balance as per Debtors control account	6 642,49

2.

#### M. Murray

90 days	60 days	30 days	Current
		R642,50	

#### R. Rowe

90 days	60 days	30 days	Current
		R5 999,99	

3&4. The age analysis gives the business an idea of which debtors owe, how much they owe and what term they still have available to make payment.

### Activity 3 (Student's Book, page 128)

*Suggested answers*

No	Account debited	Account credited	Assets (+/-)	Equity (-/+)	Liabilities (-/+)
1	Debtors control	Interest income	+ 55	+ 55	
2	Debtors control: D. Smith	Debtors control: P. Smith	+ 20 - 20		
3	Trading inventory	Debtors control	+ 150 - 150		
	Input VAT	Debtors control	- 18,42	- 18,42	
4	Bank	Debtors control	+ 1 980 - 1 980		
	Discount allowed	Debtors control	- 20	- 20	
5	Cost of sales	Trading inventory	- 300	- 300	
	Debtors control	Trading inventory	+ 406,25 - 406,25		
	Debtors control	Output VAT	+ 49,89	+ 49,89	

### Daily task 3 (Student's Book, page 137)

*Suggested answers*

1. To reconcile the individual debtors' accounts with the Debtors control account; to compile an age ananalysis and send a statement to the debtor.
2. The Debtors control account and the Bank account.
3. To determine which amounts are due immediately from individual debtors.
4. Yes, if a debtor makes an overpayment or an amount was incorrectly credited to the individual debtors account or the debtors control account.
5. Incorrect additions when totalling journals  
Incorrect posting from journals  
Incorrect amount posted from source documents  
Errors on the source documents  
Recording errors in subsidiary legers



## Activity 5 (Student's Book, page 137)

Suggested answers

General journal

GJ1

No	Details	Fol.	Debit	Credit
20.8 Aug. 31	Debtors control	B4	90,00	
	Interest income	N6		90,00
	Interest charged on overdue account			

No	Account debited	Account credited	Assets (+/-)	Equity (-/+)	Liabilities (-/+)
1	Debtors control	Interest income	+ 90	+ 90	

## Activity 6 (Student's Book, page 138)

Suggested answers

$(16\ 702 + 356 - 315 - 1575 - 40) = 15\ 128$  – Debit balance as per debtors list and Debtors control account.

## Activity 7 (Student's Book, page 138)

Suggested answers

- The debtor returned items to the value of R208; items to the same value were delivered but not ordered.
- DAJ
- 3&4.

General journal

GJ1

No	Details	Fol.	Debit	Credit
20.8 Aug. 31	Debtors allowances	N8	67,37	
	Debtors control	B4		67,37
	<i>Item ordered but not delivered</i>			
	Debtors allowances	N8	72,00	
	Debtors control	B4		72,00
	<i>Correction of error</i>			

- A – DJ, B – R1 368; Receipt



### Daily task 4 (Student's Book, page 141)

*Suggested answers*

1. Bad debts
2. Expense account, which decreases profit
3. Since this is regarded as a late payment, the business will levy an interest charge on the account, at a rate pre-determined when the account was opened.
4. So that the amount owing to SARS can be reduced as this payment had to be written off.
5. Income account which increases the profit of the business
6. To encourage payment to be made on time as well as to penalise for late payment.

### Activity 8 (Student's Book, page 141)

*Suggested answers*

1. Invoice
2. C – R7 182, D – R16 550
3. A – Invoice, B – Journal voucher
4. Return made by debtor
5. Payment has not been received and the debtor cannot be traced, amount minimal to chase – so it has been written off.
6. Output VAT, suppliers add VAT to the price of goods
7. Reconciling the Debtors control account with the Debtors ledger

### Activity 9 (Student's Book, page 142)

*Suggested answers*

**Debtors ledger of Lolo Shop**

The Sweet Factory – August 20.8					DL1
Day	Details	Fol.	Debit	Credit	Balance
20.8 Aug. 1	Balance	b/d			3 000,00
19	Invoice 245	DJ1	4 670,00		9 670,00
25	Interest on overdue account	GJ1	75,00		9 745,00
	Invoice 245	DJ1	721,81		10 466,81
	Discount allowed	CRJ1		72,18	10 394,63
	Cheque 14	CRJ1		2 745,00	7 649,63
	Discount allowed	CRJ1		255,00	7 394,63
	Credit note 81	CAJ1		662,46	6 732,17
	Cheque 26	CRJ1		2350,00	4 382,17



## Activity 10 (Student's Book, page 142)

Suggested answers

### General journal

GJ1

No	Details	Fol.	Debit	Credit
20.8 Aug. 31	Mr. K. Craal		550,00	
	Mrs C. Kraal			550,00
	Correction of error	JV 17		
	Mr. J. Wills		99,00	
	Mr. Williams			99,00
	Correction of error	JV 25		
	Debtors control: Ms Cooper		560,00	
	Bank			560,00
	Cancellation of RD cheque			
	Debtors control: Mr. Comet		40,00	
	Discount allowed			40,00
	Cancellation of discount			
	Debtors control: Ms Cooper		108,83	
	Interest income			108,83
	Interest levied on overdue account			
	Bad debts		428,83	
	Debtors control: Ms Cooper			428,83
	Account written off			

### Cash payments journal

CPJ1

Doc.	Day	Details	Fol.	Bank	Equip- ment	Trad- ing inv- entory	Debtors control	VAT		Sundry accounts		
								Input (Dr)	Output (Cr)	Amount	Fol.	Details
B/DN	30	C. Comet (RD)	DL1	560			560			40		Discount allowed

No	Account debited	Account credited	Assets (+/-)	Equity (-/+)	Liabilities (-/+)
1	Debtors control: K. Craal	Debtors control: C. Kraal	+ 550 - 550		
2	Debtors control: J. Wills	Debtors control: Mr Williams	+ 99 - 99		
3	Debtors control: Ms Cooper	Interest income	+ 8	+ 8	
	Bad debts	Debtors control: Ms Cooper	- 328	- 328	



## Daily task 5 (Student's Book, page 142)

### Suggested answers

- General journal voucher
- The General journal is used to record transactions which have an effect on the books of the business, but which don't fit in any of the subsidiary journals, or the journals have been closed off.
- $A = O + L$  (all the business assets should equal the owner's equity plus all liabilities)
- To check for any errors or omissions
- Incorrect additions when totalling journals
  - Incorrect additions in the debtors list or Debtors ledger  
Incorrect posting from journals  
Incorrect amount posted from source documents
  - Errors on the source documents:  
Recording errors in subsidiary ledgers  
This mistake happens when the wrong debtor has been debited or credited.  
Most errors can be corrected by an entry in the General journal.

## Activity 11 (Student's Book, page 143)

### Suggested answers

1.

#### Debtors ledger

##### A. Peter – August 20.8

DL1

Day	Details	Fol.	Debit	Credit	Balance
20.8 Aug. 1	Balance	b/d			3 330,00
7	Invoice 43	DJ	500,00		3 830,00
	Journal voucher	GJ1		300,00	4 130,00
	Receipt 10	CRJ1		1 800,00	2 330,00

##### B. Barnes – August 20.8

DL1

Day	Details	Fol.	Debit	Credit	Balance
20.8 Aug. 1	Balance	b/d			600,00
	Invoice 44	DJ	600,00		1 200,00

##### J. Stevens – August 20.8

DL1

Day	Details	Fol.	Debit	Credit	Balance
20.8 Aug. 1	Balance	b/d			800,00
	Invoice 45	DJ	800,00		1 600,00



**A. Parnell – August 20.8**
**DL1**

Day	Details	Fol.	Debit	Credit	Balance
20.8 Aug. 1	Balance	b/d			4 320,00
	Invoice 46	DJ	4 800,00		9 120,00
	Journal voucher	GJ1		300,00	8 820,00
	Receipt 15	CRJ1		1 500,00	7 320,00
	Credit note 001	DAJ1		480,00	6 840,00

**Debtors list on 31 August 20.8**

A. Peter	2 330,00
B. Barnes	1 200,00
J. Stevens	1 600,00
A. Parnell	6 840,00
Debit balance as per Debtors control account	11 970,00

**Balance sheet section**

Dr				+ Debtors control –				B2	Cr
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount		
20.8 Aug. 1	Balance	b/d	9 050,00	20.8 Aug. 31	Total allowances	DAJ	421,05		
31	Total invoices	DJ	5 877,19		Input VAT	DAJ	58,95		
	Output VAT		822,81						
					Balance	c/d	11 970,00		
			15 750,00						15 750,00
Sep. 1	Balance	b/d	11 970,00						

2. The Debtors control account and the Debtors list reflect the same balance.

**Cash receipts journal**
**CRJ1**

Doc.	Day	Details	Fol.	Analysis of receipts	Bank	VAT		Debtors control	
						Input (Dr)	Output (Cr)	Receipts	Discount allowed
10	02	A. Peter	DL1	1 800,00	1 800,00	24,56		1 800,00	175,44
15	11	A. Parnell	DL1	1 500,00	1 500,00	A		1 500,00	
				3 300,00	3 300,00	B		3 300,00	175,44
	31	B. Barnes		270,00	270,00	33,15		270,00	
					B2	B6	B6	B3	N4/B3



3.

General journal				GJ1
No	Details	Fol.	Debit	Credit
20.8 Aug. 31	Debtors control: J. Stevens		96,00	
	Interest income			96,00
	Interest levied on overdue account			
	Debtors control: J. Stevens		70,00	
	Sales			70,00
	Correction of error	JV 25		

4. A = 184,21, B = 208,77

### Daily task 6 (Student's Book, page 144)

*Suggested answers*

1. If they are estimating what their balance is and haven't received a statement from the supplier.
2. The debtor's account must be credited.
3. In the General journal.

### Activity 12 (Student's Book, page 144)

*Suggested answers*

No	Account debited	Account credited	Assets (+/-)	Equity (-/+)	Liabilities (-/+)
1	Debtors control	Sales Output VAT	+ 6 175,44	+ 5 500,00 + 675,44	
	Discount allowed	Debtors control	- 308,77	- 308,77	
2	Discount allowed	Debtors control	+ 25,00	+ 25,00	
	Sales	Debtors control	- 500,00	- 561,40	
	Output VAT		- 61,40		

### Activity 13 (Student's Book, page 145)

*Suggested answers*

Students should use the transactions in Activity 12 to draw up a set of transactions, together with a memorandum for a partner to complete the BAE. Other transactions from previous activities can also be included.



## Activity 14 (Student's Book, page 145)

Suggested answers

A	=	E+	L	REASON
Trading inventory (– 600)		Cost of sales (– 600)		Sold goods with a cost price of R600.
Debtors control (+ 900)		Sales (+900)		Sold goods on account with a selling price of R900.
Debtors control (–150)		Debtors allow- ances (–150)		A debtor returned goods to the value of R150.
Bank (+500) Debtors control (–500)				A debtor paid R500 towards his account.
Debtors control (–43,90)		Discount allowed (–43,90)		Allowed a discount of R43,90 to a debtor
Debtors control (–6,10)			VAT control (input) (– 6,10)	Input VAT deducted from debtor's account due to return of item

## Activity 15 (Student's Book, page 146)

Suggested answers

- Invoice 59 – VAT R442,11  
Invoice 60 – VAT R73,68  
C/N 99 – VAT R282,46
- 

Debtors journal of Fishers Wigs – August 20.8							DJ1
Invoice no	Day	Debtor	Fol.	Debtors control	Sales	Output VAT	Cost of sales
59	21	L. Jafta		4 042,11	3 600,00	442,11	2 700,00
60	31	M. Kreyn		673,68	600,00	73,68	450,00
				4 715,79	4 200,00	515,79	3 665,79
				B2	N1	B4	B3/N2

Debtors allowances journal of Fishers Wigs – August 20.8							DAJ1
Credit note	Day	Debtors	Fol.	Debtors control	Debtors allow- ances	Input VAT	Cost of sales
99	31	L. Jafta		3 592,98	3 200,00	392,98	2 400,00
				3 592,98	3 200,00	392,98	2 400,00
				B2	N3	B4	B3/N2



## General journal

GJ1

Day	Details	Fol.	Debit	Credit	Debtors control	
					Debit	Credit
31	Debtors control: L. Jafta	B3/DL	900,00		900,00	
	Debtors allowances	N5		900,00		
	Correction of error					
	Debtors control: K. Mreyn		600,00		600,00	
	VAT control			73,68		
	Debtors control: M. Kreyn			600,00		600,00
	VAT control		73,68			
	Correction of error					

## General ledger of Fishers Wigs

Balance sheet section							
Dr				+ Debtors control (Asset) –			
				B2 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.8 Aug. 1	Balance	b/d	4 570,00	20.8 Aug. 31	Debtors allowances	DAJ1	3 592,98
31	Sales	DJ1	4 715,79				

Dr				(Input VAT) – VAT control + (Output VAT)			
				B3 Cr			
20.8 Aug. 31	Debtors control	DAJ1	392,98	20.8 Aug. 31	Debtors control	DJ1	515,79

## Questions for revising Unit 2 (Student's Book, page 148)

## Suggested answers

1.1 SP – R243,75, VAT – R29,93

1.2 MU – 40%, VAT R30,70

1.3 CP – R125, VAT R61,40

2.

Debtors journal of Beanies Merchants – January 20.8							
DJ1							
Inv. No.	Day	Debtor	Fol.	Debtors control	Sales	Output VAT	Cost of sales
234	02	Mr Taven	DL1	5 333,33	4 750,00	583,33	1 425,00
211	11	Mrs Factor	DL1	404,21	360,00	44,21	108,00
X110	19	Mr Quip	DL1	898,25	800,00	98,25	240,00
0235	28	Mr Taven	DL1	9 515,79	8 475,00	1 040,79	2 542,50
				16 151,58	14 385,00	1 766,58	4 315,50
				B2	N1	B4	B3/N2





Debtors allowances journal of Beanies Merchants – January 20.8							DAJ1
Inv. No.	Day	Debtor	Fol.	Debtors control	Debtors allow- ances	Input VAT	Cost of sales
S002	7	Mr Taven	DL1	1 122,81	1 000,00	122,81	300,00
S003	20	Mr Quip	DL1	89,82	80,00	9,82	24,00
				1 212,63	1 080,00	132,63	324,00
				B2	N3	B4	B3/N2

Cash receipts journal of Beanies Merchants – January 20.8									CRJ1
Doc.	Day	Details	Fol.	Analysis of receipts	Bank	VAT		Debtors control	
						Input (Dr)	Output (Cr)	Receipts	Discount allowed
003	25	Mr Factor	DL	120,00	108,00	13,26		108,00	12,00
231	30	Mr Taven	DL	1 900,00	1 900,00	233,33		1 900,00	100,00
				2 020,00	2 008,00	246,59		2 008,00	112,00
					B1			B2	N4/B2

#### General ledger of Beanies Merchants

Balance sheet section									
Dr				+ Debtors control –				B2	Cr
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount		
20.8 Jan. 1	Total invoices	DJ	16 151,58	20.8 Jan. 31	Total allowances	DAJ	1 212,63		
					Bank	CRJ	2 008,00		
					Balance	c/d	12 930,95		
			12 930,95				16 151,58		
Feb. 1	Balance	b/d	11 970,00						

#### Debtors ledger

Taven						DL1
Day	Details	Fol.	Debit	Credit	Balance	
20.8 Jan. 2	Invoice 234	DJ	5 333,33		5 333,33	
	C/N	DAJ		1 222,81	4 110,52	
	Receipt 15	CRJ1		1 900,00	2 210,52	

Factor						DL2
Day	Details	Fol.	Debit	Credit	Balance	
20.8 Jan. 11	Invoice 211	DJ	404,21		404,21	
25	Receipt 003	CRJ1		120,00	284,21	



Quip					DL3
Day	Details	Fol.	Debit	Credit	Balance
20.8 Jan. 19	Invoice X110	DJ	898,25		898,25
20	Credit note Soo3	DAJ1		89,82	808,43

**Debtors list on 31 January 20.8**

Taven	2 210,52
Factor	284,21
Quip	808,43
Debit balance as per Debtors control account	3 303,16

- 3.1 The account of debtor Mrs Humble was incorrectly debited with R1 020.
- 3.2 The account of debtor Mrs Kingsley was incorrectly credited with R546,00. This payment was made by Mrs Kendsly.
- 3.3 Charged Mrs Kendsly interest of R80,00.
- 3.4 Offered Mrs Humble a discount of R120,00 inclusive of VAT at 14%.

## Chapter challenge (Student's Book, page 150)

### Suggested answers

- 1.1 Students should draw a diagram showing the following steps:
  - Step 1 – transaction: debtor purchases an item
  - Step 2 – source document: invoice
  - Step 3 – enter into journals: Debtors journal
  - Step 4 – ledger: close off journals and enter into the ledger
  - Step 5 – trial balance
  - Step 6 – adjustments
  - Step 7 – financial statements
- 1.2 Dishonoured cheques, which have to be cancelled; cancelling discounts; charging interest on overdue accounts
- 1.3 The General journal will be used for any transaction which cannot be entered in the Debtors journals, such as cancelling of cheques, discounts and when levying interest.
- 1.4 Journal voucher or office memorandum
- 1.5 These account holders will be sent reminders for payment to be made. If payment is not made on time, then the business will levy interest on the account.
- 1.6 Debtors control, which increases when credit sales are made.
- 1.7 The Debtors control account in the General ledger and the Debtors ledger/debtors list. The balance in each of these is checked against each other and any discrepancies are corrected.
- 1.8 The business will conduct an age analysis and send reminders to debtors about accounts that are due. This is normally done on a monthly basis.
- 1.9 Interest, an income account.
- 1.10 CRJ



- 1.11 Output VAT is added to the selling price of goods by the supplier, while input VAT is deducted off items which may be returned. The difference is calculated in the VAT control account and will either be owing to SARS, or SARS will refund the business.

2.1

**General ledger**

Balance sheet section							
Dr		+ Debtors control –				B2	Cr
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.8 Jan. 1	Balance	b/d	4 156,00	20.8 Jan. 31	Total allowances	DAJ	56,00
31	Total invoices	DJ	2 300,00		Discount allowed	CRJ	210,00
					Bank	CRJ	4 490,00
					Balance	c/d	1 700,00
			6 456,00				6 456,00
Feb. 1	Balance	b/d	1 700,00				

**Debtors list on 31 January 20.8**

L. Lupke	0,00
M. Marcus	4 400,00
R. Raulings	0,00
Debit balance as per Debtors control account	4 400,00

2.2

**General journal**

**GJ1**

No	Details	Fol.	Debit	Credit
20.8 Aug. 31	Bad debts		490,00	
	Debtors control: R. Raulings			490,00
	<i>Cheque returned by the bank marked RD</i>			
	Debtors control: M. Marcus		238,71	
	Interest income			238,71
	<i>Interest levied on overdue account</i>			

- 2.3 a) 6,25%
- b) For prompt payments made and to encourage further early payments by debtors.
- c) The Debtors control account is checked against the Debtors ledger and debtors list and any discrepancies are corrected by means of a General journal entry.
- d)

**Age analysis L. Lupke**

90 days	60 days	30 days	Current
			0,00

**Age analysis M. Marcus**

90 days	60 days	30 days	Current
		4 400,00	3 900,00

**Age analysis R. Raulings**

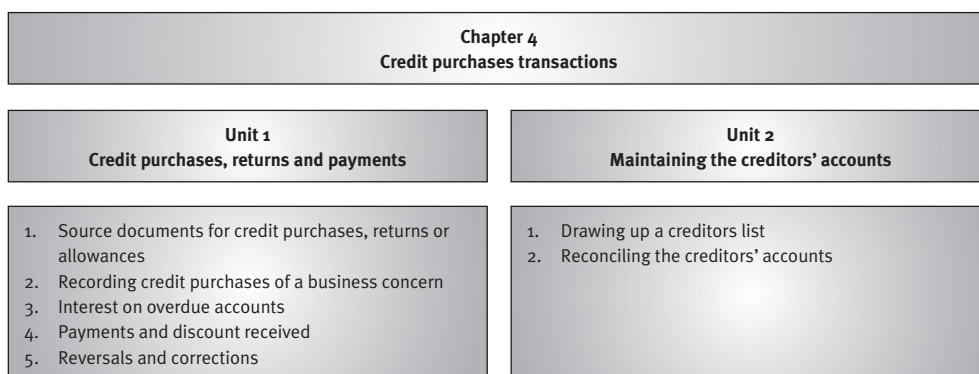
90 days	60 days	30 days	Current
			0,00

- 3.1 False, debtors are assets to the business, because until the account is paid off in full, the items still belong to the business.
- 3.2 True
- 3.3 False, it is a credit note.
- 3.4 True
- 3.5 True
- 3.6 False, it must be debited in order to reduce the amount owed to SARS.
- 4.1 A – Total invoices, B – Debtors allowances, C – R13 580, D – R14 650.
- 4.2 Debtors have made returns.
- 4.3 CRJ
- 4.4 Yes, total invoices for the month amount to R7 650, while payments in the CRJ amount to R8 900.
- 4.5 The outstanding balance implies that debtors are not paying off their accounts in full, but rather paying the minimum amount that is due.
- 4.6 A credit balance could mean that debtors have overpaid, or that there is a mistake in the records.

# chapter 4

## credit purchases transactions

This diagram summarises the work covered in Chapter 4.



### This chapter and the curriculum

This chapter addresses Topic 4: Credit purchases transactions.

Topic and Subject Outcomes	Assessment Standards	Units
4.1 Identify and complete the appropriate source documents	<ul style="list-style-type: none"> <li>The source documents to be used for purchases and purchases returns/allowances are identified correctly. <i>Range: following documents to be covered:</i> <ul style="list-style-type: none"> <li>credit invoice,</li> <li>credit notes,</li> <li>General journal vouchers.</li> </ul> </li> <li>Appropriate authorisations are obtained for the return of goods and credit limits.</li> <li>Source documents for various purchases and returns/allowances transactions are completed correctly. <i>Range: following documents to be covered:</i> <ul style="list-style-type: none"> <li>credit purchases,</li> <li>returns of credit purchases,</li> <li>allowances for additional discount received,</li> <li>damaged goods,</li> <li>goods charged for but not ordered/delivered</li> </ul> </li> <li>Source documents for various transactions are distributed correctly.</li> </ul>	Unit 1
4.2 Record routine (credit purchases) transactions in the relevant journals <i>Range: inclusive of the control account system</i>	<ul style="list-style-type: none"> <li>Source documents are sequentially batched according to company policy.</li> <li>Source documents are accurately entered in the appropriate journals.</li> <li>Analysis columns in the journals are totalled accurately.</li> <li>Source documents are archived correctly.</li> </ul>	Unit 1



4.3 Record non-routine (credit-related) transactions in relevant journals <i>Range: inclusive of the control account system</i>	<ul style="list-style-type: none"> <li>Credit transactions to be recorded in the General journal are identified correctly. <i>Range: following transactions are to be covered:</i> <ul style="list-style-type: none"> <li>interest on overdue accounts,</li> <li>reversal of discount,</li> <li>correction of errors.</li> </ul> </li> <li>Source documents relating to interest on overdue accounts, reversal of discount and correction of errors are completed accurately.</li> <li>Source documents are correctly recorded in the General journal.</li> <li>Source documents are archived correctly.</li> </ul>	Unit 1
4.4 Maintain creditors' accounts <i>Range: inclusive of the control account system</i>	<ul style="list-style-type: none"> <li>Transactions from the journals are accurately posted to the relevant creditors accounts.</li> <li>Credit documents are reconciled with statements received from creditors. <i>Range: credit documents are listed in the above specific outcome.</i></li> <li>Creditors accounts are reconciled with the creditors</li> </ul>	Unit 2

## Getting started (Student's Book, page 156)

### Suggested answers

#### 1. Buying on credit

Advantages	Disadvantages
Items can be taken away immediately, but can be paid for at a later time.	Items are not yours until they are completely paid for.
You are given a long period of time to make repayments – minimum of 30 days.	If payment is not made in the agreed amount of time, there will be penalty charges in the form of interest.
You don't have to pay full amount, you can pay the minimum payment allowed.	Paying the minimum balance will result in a long payback period, as well as interest charges.

#### Selling on credit

Advantages	Disadvantages
Generates more customers	Supplier can levy interest for late payment.
Increases number of sales	Items belong to the supplier until payment is made in full.
You can charge interest for late payments	
Items belong to you until the customer has paid in full.	
Credit customers have a shorter period in which to make repayments than your creditors give you.	
Discounts can be received if payments are made promptly.	

- Sarah was influenced by the fact that she had a longer period of time to make payment to her creditors than she gave her debtors. She could also have a bigger customer base, as well as charge interest for late payment by her customers.
- Appointing a credit controller would result in more salaries that would have to be paid by Just Sport, but it would also ensure that the credit records were kept up to date.
- By making payments on or before the end of her credit term.
- She will not incur penalties for running a business if she is supposed to register as a VAT vendor.
- It is an initiative by SARS to encourage businesses to register for tax, without paying any penalties.





# credit purchases, returns and payments

## Unit outcomes

Topic and Subject Outcomes	Assessment Standards	Activities
4.1 Identify and complete the appropriate source documents	<ul style="list-style-type: none"> <li>The source documents to be used for purchases and purchases returns/allowances are identified correctly. <i>Range: following documents to be covered:</i> <ul style="list-style-type: none"> <li>credit invoice, credit notes, General journal vouchers.</li> </ul> </li> <li>Appropriate authorisations are obtained for the return of goods and credit limits.</li> <li>Source documents for various purchases and returns/allowances transactions are completed correctly. <i>Range: following documents to be covered:</i> <ul style="list-style-type: none"> <li>credit purchases,</li> <li>returns of credit purchases,</li> <li>allowances for additional discount received,</li> <li>damaged goods,</li> <li>goods charged for but not ordered/delivered</li> </ul> </li> <li>Source documents for various transactions are distributed correctly.</li> </ul>	<p>Activities 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11</p> <p>Daily tasks 1, 2, 3, 4, 5, 6</p>
4.2 Record routine (credit purchases) transactions in the relevant journals <i>Range: inclusive of the control account system</i>	<ul style="list-style-type: none"> <li>Source documents are sequentially batched according to company policy.</li> <li>Source documents are accurately entered in the appropriate journals.</li> <li>Analysis columns in the journals are totalled accurately.</li> <li>Source documents are archived correctly.</li> </ul>	<p>Activities 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14</p> <p>Daily tasks 1, 2, 3, 4, 5, 6, 7</p>
4.3 Record non-routine (credit-related) transactions in relevant journals <i>Range: inclusive of the control account system</i>	<ul style="list-style-type: none"> <li>Credit transactions to be recorded in the General journal are identified correctly. <i>Range: following transactions are to be covered: interest on overdue accounts, reversal of discount, correction of errors.</i></li> <li>Source documents relating to interest on overdue accounts, reversal of discount and correction of errors are completed accurately.</li> <li>Source documents are correctly recorded in the General journal.</li> <li>Source documents are archived correctly.</li> </ul>	<p>Activities 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14</p> <p>Daily tasks 1, 2, 3, 4, 5, 6, 7</p>

## Daily task 1 (Student's Book, page 160)

### Suggested answers

- A credit term is the length of time given by a creditor to a debtor, in which repayments must be made.
- An invoice was issued.
- Name/address of supplier and customer, the items bought, the cost of the items, the VAT levied on those items.
- The original is given to the customer, who will keep for their own records, while the duplicate is kept by the supplier to complete their accounting records.

5. A debit note is issued to a customer who has made a legitimate return and the duplicate is used to reduce the debtor's account.

### Activity 1 (Student's Book, page 160)

*Suggested answers*

BOB'S BIKES				
<b>INVOICE NO: 24</b> <b>Shop 45</b> <b>Musgrave Centre</b> <b>Durban</b> <b>4001</b> <b>Tel. (031) 204 5546</b>				
<b>To:</b> Mr J. R. Harris 471 Smith Street Durban 4001			<b>Date:</b> 02/04/20.8 <b>Term:</b> 30 days	
QUANTITY	DESCRIPTION	CODE	PRICE	TOTAL
10	BMX BICYCLES	LNP/ PP	R873,68	R8 736,80
<b>SUBTOTAL</b>				8 736,80
<b>VAT (14%)</b>				1 223,15
<b>TOTAL</b>				9,959,95

BOB'S BIKES				
<b>CREDIT NOTE: 24</b> <b>Shop 45</b> <b>Musgrave Centre</b> <b>Durban</b> <b>4001</b> <b>Tel. (031) 204 5546</b>				
<b>To:</b> Mr J. R. Harris 471 Smith Street Durban 4001			<b>Date:</b> 02/04/20.8 <b>Term:</b> 30 days	
QUANTITY	DESCRIPTION	CODE	PRICE	TOTAL
2	BMX BICYCLES	LNP/PP	R873,68	R1 747,36
<b>SUBTOTAL</b>				1 747,36
<b>VAT (14%)</b>				244,62
<b>TOTAL</b>				1 991,98



## Daily task 2 (Student's Book, page 164)

*Suggested answers*

1. A creditor is a supplier of goods and/or services, who allows a customer to buy now, but pay at a later date.
2. Creditors control is a liability account, as money is owed to the supplier.
3. Trading inventory would be debited (it is an asset that will be increasing) and Creditors control would be credited (it is a liability which is increasing).
4. Output VAT increases liabilities, as it is the VAT which the supplier adds to the price of the items, while input VAT is taken off the liability in the event of a return.

## Activity 2 (Student's Book, page 164)

*Suggested answers*

No	Account debited	Account credited	Assets (+/-)	Equity (-/+)	Liabilities (-/+)
1	Trading inventory	Creditors control	+ 3 600		+ 3 600
2	Stationery	Creditors control		- 3 000	+ 3 000

1. Cash – receipt/sales slip; credit – invoice
2. Cash – Bank, Trading inventory; credit – Creditors control, Trading inventory
3. The source document used and the accounts involved

## Activity 3 (Student's Book, page 164)

*Suggested answers*

P. Schumann				
INVOICE NO: 90 Tel. (031) 456 9088				
To: SEMC Interior Designs 122 Race Road Durban 4001			Date: 09/06/20.7 Term: 30 days	
QUANTITY	DESCRIPTION	VAT	PRICE	TOTAL
3	Rolls of fabric	R40,83	R309,17	R1 050,00
DISCOUNT				R52,50
SUBTOTAL				R875,00
VAT (14%)				R122,50
TOTAL				R997,50

# Blinds-R-Us

**INVOICE NO: 78**  
**Tel (031) 766 9328**

**To:** SEMC Interior Designs  
122 Race Road  
Durban  
4001

**Date:** 09/06/20.7  
**Term:** 30 days

QUANTITY	DESCRIPTION	VAT	PRICE	TOTAL
10	Roller blinds	R24,56	R175,44	R2 000,00
<b>DISCOUNT</b>				0,00
<b>SUBTOTAL</b>				R1 754,39
<b>VAT (14%)</b>				R245,61
<b>TOTAL</b>				R2 000,00

# Blinds-R-Us

**DEBIT NOTE NO: 056**  
**Tel (031) 766 9328**

**To:** SEMC Interior Designs  
122 Race Road  
Durban  
4001

**Date:** 19/06/20.7  
**Term:** 30 days

QUANTITY	DESCRIPTION	CODE	PRICE	TOTAL
2	Roller blinds	LNP/PP	R200,00	R400,00
<b>DISCOUNT</b>				0,00
<b>SUBTOTAL</b>				R350,88
<b>VAT (14%)</b>				R49,12
<b>TOTAL</b>				R400,00

## CHAPTER 4

### Activity 4 (Student's Book, page 165)

Creditors journal of The Busy Body Paint Shop – May 20.7									CJ1
Inv. No.	Day	Creditor	Fol.	Creditors control	Trading inventory	Input VAT	Sundry accounts		
							Amount	Fol.	Details
99	5	Gough Suppliers		7 500,00	4 700,00	921,05	2 300,00 500,00		Equipment Stationery
100	10	Kallis Garage		350,00		42,98	307,02		Repairs to vehicles
101	15	Gough Suppliers		3 500,00	3 325,00	408,33			
102	24	Gough Suppliers		5 000,00	4 385,96	614,04			
				16 350,00	12 410,96	1 986,40	3 107,02		
				B5	B4	B6			

Creditors allowances journal of The Busy Body Paint Shop – May 20.7										CAJ1
D/N	Date	Creditor	Fol.	Creditors control	Trading inventory	Output VAT	Sundry accounts			
							Amount	Fol.	Details	
		Gough Suppliers		153,51		21,49	175,00		Discount received	
		Gough Suppliers		877,19	1 000,00	122,81				
				1 030,70	1 000,00	144,30	175,00			

Cash payments journal of The Busy Body Paint Shop – May 20.8											
Doc.	Day	Details	Fol.	Bank	VAT		Creditors control		Sundry accounts		
					Input (Dr)	Output (Cr)	Pay-ments	Discount received	Amount	Fol.	Details
67	2	Telkom	CL1	400		49,12			400		Tele-phone
70	8	Office Suppliers		200					200		Station-ery
	21	B. Smith		600					600		Draw-ings
				1 200		49,12			1 200		

### Daily task 3 (Student's Book, page 165)

*Suggested answers*

- Step 1 – transaction; Step 2 – source document; Step 3 – journals; Step 4 – ledger.  
2nd – cheque 67 is the source document, which was posted to the CPJ and the totals will be posted to the General ledger.
- Cash – receipt; credit – invoice
- The original entry is recorded in the Creditors journal and the allowance is recorded in the Creditors allowances journal.

### Daily task 4 (Student's Book, page 167)

*Suggested answers*

- Interest levied on outstanding accounts will increase the amount owed to the supplier.
- 

Dr					– Creditors control (liability) +			B6	Cr
				20.8 May 31	Balance		b/d		3 000
					Total purchases		CJ1		4 320
					Interest expense		GJ		90

- If the business continues to make late payments, interest will be levied each month, which will have a negative effect on profit.

## Activity 5 (Student's Book, page 169)

Suggested answers

Transaction	Payment	Discount received including VAT	Discount received excluding VAT	Output VAT
a) Paid R300 on an account, 5% discount allowed	300	15,00	13,16	1,84
b) Paid R190 to a creditor, discount received R10	190	10,00	8,77	1,23
c) Settled an account of R600, by issuing a cheque for R560.	600	40,00	35,09	4,91
d) Paid a creditor R500. Payment is subject to a 10% discount.	500	50,00	43,86	6,14
e) Settled an account of R400, less 2,5%	400	10,00	8,77	1,23

	VAT		Creditors control	
	Input (Dr)	Output (Cr)	Payments	Discount received
a)		1,84	300,00	13,16
b)		1,23	190,00	8,77
c)		4,91	600,00	35,09
d)		6,14	500,00	43,86
e)		1,23	400,00	8,77

## Activity 6 (Student's Book, page 172)

Suggested answers

Cash payments journal of Lounges-R-Us – June 20.8											
Doc.	Day	Details	Fol.	Bank	VAT		Creditors control		Sundry accounts		
					Input (Dr)	Output (Cr)	Pay-ments	Discount received	Amount	Fol.	Details
67	11	P. Boontjies		6 000,00		736,84			5 263,16		Drawings
68	13	Telkom		780,00		95,79			684,21		Telephone
71	15	The Leather Furniture Factory		300,00			3 300,00				
79		General Suppliers		2 115,50							
30	29	The Leather Furniture Factory		7 500,00			7 500,00				
				16 695,50							



Creditors journal of Lounges-R-Us – June 20.8										CJ1
Inv. No.	Day	Creditor	Fol.	Creditors control	Trading inventory	Input VAT	Sundry accounts			
							Amount	Fol.	Details	
25	2	The Leather Furniture Factory		50 000,00	43 859,65	6 140,35				
31	5	General Suppliers		1 980,00		243,16	1 736,84		Stationery and packing materials	
49	16	General Suppliers		360,00		44,21	315,79		Cleaning materials	
56	27	The Leather Furniture Factory		30 000,00	26 315,79	3 684,21				
				82 340,00						

Creditors allowances journal of Lounges-R-Us – June 20.8									CAJ1
D/N	Date	Creditor	Fol.	Creditors control	Trading inventory	Output VAT	Sundry accounts		
							Amount	Fol.	Details
		The Leather Furniture Factory		20 000,00	17 694,68	2 305,32			
		General Suppliers		99,00	86,84	12,16	86,84		Discount received
		General Suppliers		300,00	263,16	36,84			
		General Suppliers		450,00		55,26	394,74		Discount received
		The Leather Furniture Factory		5 000,00	4 385,96	614,04			
				25 849,00					

General journal							GJ1
Doc. No.	Day	Details	Fol.	Debit	Credit	Creditors control	
						Debit	Credit
JV21	9	Interest expense		300,00			
		Creditors control: The Leather Factory			300,00		300,00
		<i>Interest charged on overdue balance</i>					
JV22	23	Discount received		450,00			
		Creditors control			450,00		450,00
		<i>Cancellation of discount received</i>					
JV23	31	Creditors control: General Suppliers		360,00		360,00	
		Creditors control: The Leather Furniture Factory			360,00		360,00
		<i>Correction of error</i>					

## Daily task 5 (Student's Book, page 173)

*Suggested answers*

1. It is an expense to the business, which decreases profits.



2. True – the bank will make payment on your behalf to the beneficiary and the credit card holder will have to pay the bank back.
3. An invoice will be used for the credit purchase and a debit note will be issued for the undelivered item.
4. If their credit customers make prompt payments and to encourage further prompt payments.

### Activity 7 (Student's Book, page 173)

*Suggested answers*

No	Journal	Account debited	Account credited	Assets (+/-)	Equity (-/+)	Liabilities (-/+)
1	GJ	Discount received	Creditors control: Cool Clothes		- 90	- 90
2	CPJ	Creditors control: Good Girl Club	Bank	- 200		- 200
3	GJ	Creditors control: Cool Clothes	Creditors control: Dreamy Distributors			- 550 + 550
4	GJ	Interest expense	Creditors control: Cool Clothes		- 20	+ 20
5	CJ	Trading inventory	Creditors control: Good Girl Club	+1 235		+1 235
6	CAJ	Creditors control: Good Girl Club	Trading inventory	- 500		- 500

### Activity 8 (Student's Book, page 173)

*Suggested answers*

7th – Bought goods on credit for R570, inclusive of VAT

12th – Bought trading inventory for R450 and stationery for R150 on account

16th – Bought trading inventory to the value of R1 368 and Equipment to the value of R912 on credit, inclusive of VAT

18th – Paid R5 220 to a creditor in full settlement of account of R5 800.

21st – Discount on 18th cancelled.

24th – Returned equipment purchased to creditor.

### Activity 9 (Student's Book, page 174)

*Suggested answers*

Students to develop any six transactions related to credit purchases for a business of their own choice. These transactions will be used to complete the Creditors journals/ ledger, as well as the General ledger.

## Activity 10 (Student's Book, page 174)

*Suggested answers*

Type of transaction	Journal	Source document	Ledger accounts	Amount	Amount for VAT
Credit	Creditors journal	Invoice 345	Creditors control, Trading inventory	R5 500,00	R675,44
Credit	Creditors allowances journal	Debit note 15	Creditors control, Creditors allowances	R500,00 R1500,00	R61,40 R184,21
Cash	Cash receipts journal	Receipt	Bank, Creditors control, Discount allowed, Creditors control		

## Daily task 6 (Student's Book, page 176)

*Suggested answers*

1. The source document used
2. A credit invoice is issued when a purchase is made on account, while a debit note is issued in the event that an item which was previously bought on account is returned to the supplier for any reason.
3. Students to agree – she offered a substantial discount and an apology, with a promise of that never happening again, or disagree – she was a valued customer who should not have been treated as such.
4. She could have made a written apology, as well as an apology from the employee in question. She could have also reminded her of previous good service and promise more of it for the future.

## Activity 11 (Student's Book, page 176)

*Suggested answers*

Students to develop a policy that they think businesses should use when dealing with customers.

## Questions for revising Unit 1 (Student's Book, page 176)

### Question 1

*Suggested answers*

- 1.1 True
- 1.2 True
- 1.3 False, it is an income, as less will be paid for the purchase.
- 1.4 True
- 1.5 True
- 1.6 False, an entry will need to be made in the General journal.

## Question 2

Date	Account debited	Account credited	Assets (+/-)	Equity (-/+)	Liabilities (-/+)
2	Trading inventory	Creditors control	+ 550		+ 550
6	Creditors control	Creditors allowances		+ 95	- 95
10	Creditors control Creditors control	Bank Discount received	- 445	+ 10	- 445 - 10

## Question 3

*Suggested answers*

3.1 Cheque counterfoil

3.2 B – R11 800, C – R8 000, D – R350, E – R200

3.3 The item had been returned as it may have been of inferior quality/not ordered/wrong colour, etc.

3.4 To cancel the discount given on the 3rd.

## Question 4

*Suggested answers*

Cash payments journal of PC World – June 20.8												CPJ1
Doc.	Day	Details	Fol.	Bank	Trading inventory	VAT		Creditors control		Sundry accounts		
						Input (Dr)	Output (Cr)	Pay-ments	Discount received	Amount	Fol.	Details
97	9	The IT suppliers		9 450				9 450				
98	10	The IT suppliers		500	500							
				9 950	500			94 50				

Creditors journal of PC World – June 20.8										CJ1
Inv. No.	Day	Creditor	Fol.	Creditors control	Trading inventory	Input VAT	Sundry accounts			
							Amount	Fol.	Details	
36	3	The IT suppliers		12 000,00	10 526,32	1 473,68				
				12 000,00	10 526,32	1 473,68				

Creditors allowances journal of PC World – June 20.8										CAJ1
D/N	Date	Creditor	Fol.	Creditors control	Trading inventory	Output VAT	Sundry accounts			
							Amount	Fol.	Details	
		The IT suppliers		2 400,00	2 105,26	294,74				
				2 400,00	2 105,26	294,74				



**General journal**
**GJ1**

Doc. No.	Day	Details	Fol.	Debit	Credit	Creditors control	
						Debit	Credit
JV21	9	Creditors control: IT Suppliers		350,00		350,00	
		Creditors control: Computer Supplies			350,00		350,00
		Correction of error					

**Creditors ledger of PC World**

The IT Suppliers – June 20.8						CL1
Day	Details	Fol.	Debit	Credit	Balance	
20.8 June 1	Balance	b/d			3 000,00	
3	Invoice 36			12 000,00	15 000,00	
7	Debit note		4 800,00		10 200,00	
9	Cheque 97		9 450,00		750,00	
9	Discount received		750,00		0,00	
15	Invoice 99			350,00	350,00	
15	JV43		350,00		0,00	

**Question 5**

*Suggested answers*

- 5.1 transaction
- 5.2 source document
- 5.3 account, credit, invoice
- 5.4 creditors control
- 5.5 liability, credit side, debit side
- 5.6 OE



## managing creditors' accounts

### Unit outcomes

Topic and Subject Outcomes	Assessment Standards	Activities
4.4 Maintain creditors' accounts <i>Range: inclusive of the control account system</i>	<ul style="list-style-type: none"> <li>Transactions from the journals are accurately posted to the relevant creditors' accounts.</li> <li>Credit documents are reconciled with statements received from creditors. <i>Range: credit documents are listed in the above specific outcome.</i></li> <li>Creditors accounts are reconciled with the creditors.</li> </ul>	Activities 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 Daily tasks 1, 2, 3

### Daily task 1 (Student's Book, page 181)

#### Suggested answers

- Posting to the ledger accounts. For credit purchases, the Creditors ledger for individual creditors will be drawn up, as well as the Creditors control account in the General ledger.
- Drawing up a Creditors ledger, a creditors list and an age analysis
- It is prepared for each creditor indicating amounts outstanding and when they should be paid in order to prevent interest charges
- The individual Creditors ledger accounts will be used to compile the creditors list and this will be checked against the Creditors control account for any discrepancies.

### Activity 1 (Student's Book, page 181)

#### Suggested answers

Creditors journal of The Busy Body Paint Shop – May 20.8									CJ1
Inv. No.	Day	Creditor	Fol.	Creditors control	Trading inventory	Input VAT	Sundry accounts		
							Amount	Fol.	Details
99	5	Gough Sup-pliers		7 500,00	4 700,00	921,05	2 300,00 500,00		Equipment Stationery
100	10	Kallis Garage		350,00		42,98	307,02		Repairs to vehicles
101	15	Gough Sup-pliers		3 500,00	3 325,00	408,33			
102	24	Gough Sup-pliers		5 000,00	4 385,96	614,04			
				16 350,00	12 410,96	1 986,40	3 107,02		
				B5	B4	B6			

Creditors allowances journal of The Busy Body Paint Shop – May 20.8										CAJ1
D/N	Date	Creditor	Fol.	Creditors control	Trading inventory	Output VAT	Sundry accounts			
							Amount	Fol.	Details	
		Gough Suppliers		153,51		21,49	175,00		Discount received	
		Gough Suppliers		877,19	1 000,00	122,81				
				1 030,70	1 000,00	144,30	175,00			

Cash payments journal of The Busy Body Paint Shop – May 20.8													CPJ1
Doc.	Day	Details	Fol.	Bank	Trading inventory	VAT		Creditors control		Sundry accounts			
						Input (Dr)	Output (Cr)	Pay-ments	Discount received	Amount	Fol.	Details	
67	2	Telkom	CL1	400			49,12			400		Telephone	
70	8	Office Suppliers		200						200		Stationery	
	21	B. Smith		600						600		Drawings	
				1 200			49,12			1 200			

#### Creditors ledger

Gough Suppliers – June 20.8							CL1
Day	Details			Fol.	Debit	Credit	Balance
20.8 June 5	Invoice 99			CJ1		7 500,00	7 500,00
15	Invoice 101			CJ1		3 325,00	10 825,00
15	Discount received			CAJ1	175,00		10 650,00
24	Invoice 102			CPJ1		5 000,00	15 650,00
	Debit nte			CAJ1	1 000,00		14 650,00
90 days		60 days		30 days		Current	
						14 650,00	

Kallis Garage – June 20.8							CL1
Day	Details			Fol.	Debit	Credit	Balance
20.8 June 10	Invoice 100			CJ1		350,00	350,00
90 days		60 days		30 days		Current	
						350,00	

**Creditors list of The Busy Body Paint Shop 31 August 20.8**

Gough Suppliers	14 650,00
Kallis Garage	350,00
Credit balance as per Creditors control account	15 000,00

The age analysis indicates that both creditors accounts have 30 day credit terms. It is not necessary to make any payment immediately, but the amount owed to Gough Suppliers is high and provision should be made for that amount at the end of the month.

**Activity 2** (Student's Book, page 181)

*Suggested answers*

No	Account debited	Account credited	Assets (+/-)	Equity (-/+)	Liabilities (-/+)
1	Interest expense	Creditors control	+ 55		+ 55
2	Creditors control: P. Smith	Creditors control: D. Smith			- 20 + 20

**Daily task 2** (Student's Book, page 188)

*Suggested answers*

- Incorrect additions when totalling journals. This mistake only affects the control account and not the creditors list.
- Incorrect additions in the creditors lists or Creditors ledger. This mistake does not affect the control account but only the creditors list.
- Incorrect posting from journals. It is possible that amounts could be posted correctly to the control account but incorrectly to the Creditors ledgers in which case the creditors list will be wrong or the amounts could be posted correctly to the subsidiary ledgers but incorrectly to the control account.

*Action: To correct the errors above, the incorrect total can either be crossed out neatly and the correct one can be written above the incorrect one or the mistake can be corrected by means of a General journal entry*

- Incorrect amount posted from source documents. This mistake will not be revealed when comparing the control account with the creditors lists because the wrong amount is entered in the journals as well as the Creditors ledgers. This error will only be revealed if source documents are checked against monthly statements received from creditors.

*Action: This error must be corrected through a General journal entry.*

- Errors on the source documents. This mistake will not result in a difference between the control account balance and the creditors list. The mistake would have been posted to the control account as well as the Creditors ledger. This error will only be revealed with the source document is checked against goods received from credit supplier.

Action: If the amount on the source document is more than the correct amount, the credit supplier will be informed and a debit note for the difference will be issued.

- Recording errors in subsidiary ledgers. This mistake happens when the wrong creditor has been debited or credited. This mistake will not be revealed when the control account is compared with the creditors lists but only when we receive monthly statements from the individual creditors and check them against our own records in the Creditors ledger.

Action: This error must be corrected through a General journal entry.

### Activity 3 (Student's Book, page 188)

Suggested answers

The Creditors control account should reflect a credit balance of R13 200, while the creditors list should reflect a credit balance of R14 700.

General journal

GJ1

Doc. No.	Day	Details	Fol.	Debit	Credit	Creditors control	
						Debit	Credit
JVEM253	9	Creditors control		360,00		360,00	
		Creditors allowances			360,00		
		Allocation of debit note EM253					

### Activity 4 (Student's Book, page 189)

Suggested answers

- Invoice
- C – R7 832, D – R16 800
- A – Total invoices, B – Journal vouchers
- Cancellation of discount received or allowance given
- Compare the balance in the Creditors control account with that of the creditors list.
- Yes, it will increase the balance.
  - No, it will not affect the balance of the Creditors control account, as the amount posted from the CPJ would be correct.
  - This will increase the balance in the control account.
  - This will decrease the balance of the control account.

### Activity 5 (Student's Book, page 190)

Suggested answers

No	Account debited	Account credited	Assets (+/-)	Equity (-/+)	Liabilities (-/+)
1	Interest expense	Creditors control	+90		+90



## Activity 6 (Student's Book, page 190)

*Suggested answers*

**Creditors ledger**

Sebo Stores – June 20.8					CL1
Day	Details	Fol.	Debit	Credit	Balance
20.8 June 1	Balance	b/d			3 000,00
4	Invoice 606	CJ1		4 670,00	7 670,00
7	Invoice 607	CJ1		4 560,00	12 230,00
7	Discount received	CAJ1	456,00		11 744,00
10	Cheque 14	CPJ1	2 745,00		9 029,00
10	Discount received	CAJ1	255,00		8 774,00
15	Debit note 81	CAJ1	590,00		8 184,00
29	Cheque 26	CPJ1	2 350,00		5 834,00

## Activity 7 (Student's Book, page 190)

*Suggested answers*

General journal							GJ1
Doc. No.	Day	Details	Fol.	Debit	Credit	Creditors control	
						Debit	Credit
17	6	Creditors control: One Stop Suppliers		550,00		550,00	
		Creditors control: One Stop Stationery Shop			550,00		550,00
		Correction of error					
25	9	Creditors control: Wills Stores		79,00		79,00	
		Creditors control: Willies Stores			79,00		79,00
		Correction of error					
	11	Sales		273,00			
		Creditors control: One Stop Suppliers			273,00		273,00
		Correction of error					

## Daily task 3 (Student's Book, page 191)

*Suggested answers*

- General journal voucher
- Is it used to record transactions that do not have a special journal of entry.

## Activity 8 (Student's Book, page 191)

*Suggested answers*

Students are asked develop a policy to assist bookkeepers, etc. when they are recording transactions. This could be in the form of a checklist.



## Activity 9 (Student's Book, page 191)

Suggested answers

### Creditors ledger

The Leather Furniture Factory – June 20.8					CL1
Day	Details	Fol.	Debit	Credit	Balance
20.8 June 2	Invoice 25	CJ1		50 000,00	50 000,00
4	Debit note	CAJ1	20 000,00		30 000,00
27	Invoice 56	CJ1		30 000,00	60 000,00
29	Debit note	CAJ1	5 000,00		55 000,00

General Suppliers – June 20.8					CL2
Day	Details	Fol.	Debit	Credit	Balance
20.8 June 5	Invoice 31	CJ1		1 980,00	1 980,00
7	D/N	CAJ1	99,00		1 881,00
16	Invoice 49	CJ1		360,00	2 241,00
29	D/N	CAJ1	300,00		1 941,00
	Discount received	CJ1	450,00		1 491,00

### Creditors list

The Leather Furniture Factory	55 000,00
General Suppliers	1 491,00
	56 491,00

– Creditors control (Liability) +								B6	Cr
20.8 Jun. 31	Total allowances	CAJ1	25 849,00	20.8 Jun. 31	Total invoices	CJ1		82 340,00	
	Bank	CPJ1	42 544,50						
	Balance	c/d	39 795,50						
			82 340,00					82 340,00	
				Jul. 1	Balance	b/d		39 795,50	

4. a) In order to check that there are no omissions or errors in the records.
- b) Incorrect addition of columns in the journals, amounts incorrectly posted, etc.
- c) Corrections are done in the General journal.

## Activity 10 (Student's Book, page 191)

Suggested answers

Creditors list on 31 March 20.8

	Debit	Credit
Baker Brothers		10 333
Highland Traders		769
Super Suppliers	156	
	156	11 202

Dr	– Creditors control (liability) +				B6	Cr
Total allowances (215 – 36) + 12	CAJ	191		Balance	b/d	12 567
Bank	CPJ	13 592		Total purchases (13 865 + 1 000)	CJ	14 865
Journal debits (175 + 270)	GJ	445		Journal credits	GJ	193
Discount received	CPJ	393				
VAT control	CPJ	55				
Balance	c/d	12 949				
		27 625				27 625
				Balance	b/d	12 949

## Activity 11 (Student's Book, page 192)

Suggested answers

No	Account debited	Account credited	Assets (+/-)	Equity (-/+)	Liabilities (-/+)
1	Trading inventory	Creditors control	+ 5 500		+5 500
	Creditors control	Discount received		+275	- 275
2	Creditors control	Trading inventory	- 500		- 500
	Discount received	Creditors control		-25	+ 25
3	Creditors control: The Leather Furniture Factory	Creditors control: The Leather Furniture Factory			+ 2 900 - 2 900
4	Creditors control	Bank	- 15 150		- 15 150
	Bank	Creditors control	+ 150		+ 150
5	Trading inventory	Creditors control	+ 250		+ 250
6	Interest expense	Creditors control		-55	+ 55
7	Interest expense	Creditors control		48,33	+ 48,33
8	Creditors control	Bank	- 500		- 500



## Activity 12 (Student's Book, page 193)

Suggested answers

### General journal

GJ1

Doc. no	Details	Fol.	Debit	Credit	Creditors control	
					Debit	Credit
JV12	Creditors control: Cowan Health Snacks	N6	20,00		20,00	
	Interest on overdue account	B4		20,00		
	Cancellation of interest levied					

### Creditors ledger of Just Sport

#### Cowan Health Snacks

CL3

			Debit	Credit	Balance
20.8 Aug. 1	Invoice 344	CJ1		800,00	800,00
31	Interest on overdue account	GJ1		20,00	820,00
31	Journal voucher 12	GJ1	20,00		800,00

#### Sports Stuff Wholesalers

CL4

			Debit	Credit	Balance
20.8 Aug. 1	Balance	b/d			3 000,00
21	Invoice 434	CJ1	480,00	4 800,00	7 800,00
25	Debit note 12	CAJ1			7 320,00
31	Invoice 521			980,00	8 300,00

### Creditors list of Just Sport on 31 August 20.8

Pure Fruit Punch Wholesalers	500,00
Pittsburgh Sports Wholesalers	600,00
Cowan Health Snacks	800,00
Sports Stuff Wholesalers	8 300,00
Credit balance as per Creditors control account	10 200,00

## Activity 13 (Student's Book, page 194)

Suggested answers

Debtors journal of Wendy's Metal Works – October 20.8							
Invoice no	Day	Debtor	Fol.	Debtors control	Sales	Output VAT	Cost of sales
25	1	C. Peters		3 424,56	3 050,00	374,56	1 525,00
26	4	R. Human		3 256,14	2 900,00	356,14	1 450,00
				6 680,70	5 950,00	730,70	2 975,00
				B2	N1	B4	B3/N2

General journal						GJ1
Day	Details	Fol.	Debit	Credit	Creditors control	
					Debit	Credit
31	Creditors control: Amos Suppliers		135,00		135,00	
	Interest on overdue account			135,00		
	Cancellation of interest levied					

Cash receipts journal of Wendy's Metal Works – October 20.8									CRJ1
Doc. No	Day	Details	Fol.	Analysis of receipts	Bank	VAT		Debtors control	
						Input	Output	Receipt	Discount allowed
	1	C. Peters		500,00	500,00	61,40		561,40	
CRR1		Sales		5 980,00	5 980,00	734,39		6 714,39	
		C. Peters		2 500,00	2 500,00	307,02		2 807,02	50,00
CRR2		Sales			8 980,00	1 102,81		10 082,81	50,00
					B2	B6	B6	B3	N4/B3

Cash payments journal of Wendy's Metal Works – October 20.8												CPJ1	
Doc no	Day	Details	Fol.	Bank	Equip-ment	Trad-ing inven-tory	VAT		Creditors control		Sundry accounts		
							Input (Dr)	Output (Cr)	Payments	Discount received	Amount	Fol.	Details
X321		Amos Suppliers		21 375,00				2 625,00	24 000,00				
X322		Post Office		2 440,00				178,07			1 450,00		Tele-phone
								121,58			990,00		Elec-tricity
				23 815,00				2 924,65			2 440,00		

Creditors journal of Wendy's Metal Works – October 20.8									
Invoice number	Day	Creditor	Fol.	Creditors Control	Trading Inventory	Input VAT	Amount	Fol.	Details
90	3	Amos Suppliers		50 526,32	45 000,00	5 526,32			
				50 526,32	45 000,00	5 526,32			

Creditors allowances journal of Wendy's Metal Works – October 20.8									
Debit note	Date	Creditor	Fol.	Creditors control	Trading inventory	Output VAT	Amount	Fol.	Details
		Amos Suppliers		2 526,32		276,32	2 250,00		Discount received
				2 526,32		276,32	2 250,00		

## Questions for revising Unit 2 (Student's Book, page 196)

*Suggested answers*

### Question 1

*Suggested answers*

1.1 R23, VAT R2,82

1.2 R84, VAT R10,36

1.3 R13, VAT R1,60

### Question 2

*Suggested answers*

2.1

Creditors journal of Pennings Traders – January 20.8									CJ1
Inv. No.	Day	Creditor	Fol.	Creditors control	Trading inventory	Input VAT	Sundry accounts		
							Amount	Fol.	Details
0234	2	Raven Suppliers		4 750,00	4 166,67	583,33			
211	11	X-Factor Stationers		360,00	315,79	44,21			
X110	19	Choicequip		800,00	701,75	98,25			
0235	28	Raven Suppliers		8 475,00	4 734,21	1 040,79			
				14 385,00	9 918,42	1 766,58			
				B5	B4	B6			

Creditors allowances journal of Pennings Traders – January 20.8									CAJ1
D/N	Date	Creditor	Fol.	Creditors control	Trading inventory	Output VAT	Sundry accounts		
							Amount	Fol.	Details
S002	7	Raven Suppliers		1 000,00	877,19	122,81			
S003	20	Choicequip		80,00		9,82	70,18	N9	Discount received
				1 080,00	877,19	132,63	70,18		
				B5	B4	B6			

Cash payments journal of Pennings Traders– January 20.8										CPJ1		
Doc.	Day	Details	Fol.	Bank	Trading Inventory	VAT		Creditors control		Sundry accounts		
						Input (Dr)	Output (Cr)	Pay-ments	Discount received	Amount	Fol.	Details
003	25	X-Factor Stationers		108,00				120,00	12,00			
004	29	Raven Suppliers		1 900,00				2 000,00	100,00			
				2 008,00				2 120,00	112,00			

General journal								GJ1	
Doc. No.	Day	Details	Fol.	Debit	Credit	Creditors control			
						Debit	Credit		
JV 22		Interest expense		60,00					
		Creditors control: Choicequip			60,00				60,00
		Interest levied on overdue account							
JV 23		Discount received		12,00					
		Creditors control: X-Factor Stationers			12,00				12,00
		Cancellation of discount							

## Creditors ledger

Raven Suppliers – January 20.8						CL1	
Day	Details	Fol.	Debit	Credit	Balance		
20.8 Jan. 2	Invoice 0234	CJ1		4 750,00	4 750,00		
4	Debit note S002	CAJ1	1 000,00		3 750,00		
12	Invoice 0235	CJ1		8 475,00	12 225,00		

X-factor Stationers – January 20.8						CL2	
Day	Details	Fol.	Debit	Credit	Balance		
20.8 Jan. 2	Invoice 211	CJ1		360,00	360,00		
4	Cheque 003	CAJ1	108,00		252,00		
12	Discount received	CJ1	12,00		240,00		
18	JV 23			12,00	252,00		

Choicequip – January 20.8						CL3	
Day	Details	Fol.	Debit	Credit	Balance		
20.8 Jan. 2	Invoice X110	CJ1		800,00	800,00		
4	D/N S003	CAJ1	80,00		720,00		
12	JV 22	CJ1		R60,00	780,00		

**Creditors list 31 January 20.8**

Raven Suppliers	12 225,00
X-Factor Stationers	252,00
Choicequip	780,00
Credit balance as per Creditors control account	13 257,00

Dr				– Creditors control (Liability) +			B6 Cr	
20.8 Mar. 31	Total allowances	CAJ1	1 080,00	20.8 Mar. 31	Total purchases	CJ1	14 385,00	
	Bank	CPJ1	2 008,00		Journal credits	GJ1	72,00	
	Discount received	CPJ1	112,00					
	VAT control	CPJ1	1 633,95					
	Balance	c/d	9 623,05					
			14 457,00				14 457,00	
				Apr. 1	Balance	b/d	9 623,05	

### Question 3

*Suggested answers*

General journal of Justice Traders – February 20.8							GJ1
Doc. No.	Day	Details	Fol.	Debit	Credit	Creditors control	
						Debit	Credit
JV004	2	Creditors control: Humble suppliers		1 020,00		1 020,00	
		Creditors control: Bumble suppliers			1 020,00		1 020,00
		Correction of error					
JV005	14	Creditors control: Kindness Traders		546,00		546,00	
		Creditors control: Kindness Stores			546,00		546,00
		Correction of error					
	25	Interest expense		80,00			
		Creditors control: Kindness Traders			80,00		80,00
		Interest levied on overdue account					
	29	Creditors control: Humble Suppliers		120,00			120,00
		Discount received			120,00		
		Cancellation of discount					

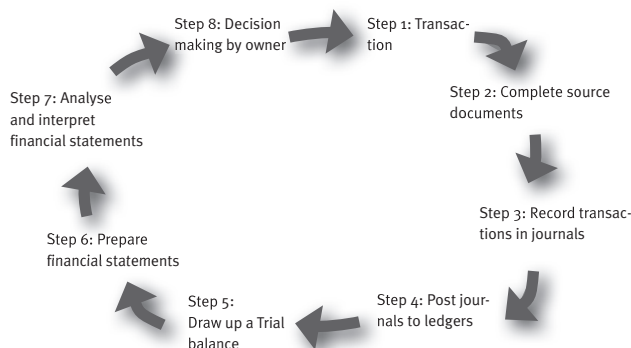


## Chapter challenge (Student's Book, page 197)

### Question 1

*Suggested answers*

1.1



- 1.2 Transaction – invoice/account/credit purchase, source document – invoice, journals – CJ/CAJ, ledgers – CL/Creditors control in GL.
- 1.3 Returns, allowances, discounts.
- 1.4 Paid a creditor R550 by cheque and received R50 discount. This cheque was dishonoured by the bank; so the discount must be cancelled. In order to correct this error, the Creditors control account will have to be credited and the Discount received account will have to be debited.
- 1.5 Journal voucher
- 1.6 Age analysis
- 1.7 Creditors control, which increases (is credited) when purchases are made.
- 1.8 The Creditors control account and the creditors list of the individual creditors' accounts.
- 1.9 Returns/allowances
- 1.10 CJ

### Question 2

*Suggested answers*

Creditors journal of Amazing Books – June 20.8							CJ1		
Inv. No.	Day	Creditor	Fol.	Creditors control	Trading inventory	Input VAT	Sundry accounts		
							Amount	Fol.	Details
39	2	Book Factory		900,00	789,47	110,53			
40	8	Books-R-U's		3000,00	2631,58	368,42			
A019	18	Books-R-U's		2870,00	2517,54	352,46			
				B5	B4	B6			





Creditors allowances journal of Amazing Books – June 20.8							CAJ1		
D/N	Date	Creditor	Fol.	Creditors control	Trading inventory	Output VAT	Sundry accounts		
							Amount	Fol.	Details
12	3	Book Factory		225,00	197,67	27,63			
		Books-R-Us		150,00		18,42	131,58		Discount received
042	20	Books-R-Us		143,50		17,62	125,88		Discount received
				B5	B4	B6			

Cash payments journal of Amazing Books – June 20.8										CPJ1		
Doc.	Day	Details	Fol.	Bank	Trading inventory	VAT		Creditors control		Sundry accounts		
						Input (Dr)	Output (Cr)	Pay-ments	Discount received	Amount	Fol.	Details
077	12	Book Factory		300,00				300,00	30,00			
45	15	Stationery Shop		190,00						190,00		Stationery
		Books-R-Us		90,00				90,00				

General journal of Amazing Books – June 20.8								GJ1	
Doc. No.	Day	Details	Fol.	Debit	Credit	Creditors control			
						Debit	Credit		
JV 22	9	Creditors control: Book Factory		3 000,00		3 000,00			
		Discount received		150,00					
		Creditors control: Books-R-Us			3 000,00				3 000,00
		Discount received			150,00				
		Correction of error							
JV 23		Discount received		30,00					
		Creditors control: Book Factory			30,00				30,00
		Cancellation of discount							

### Question 3

*Suggested answers*

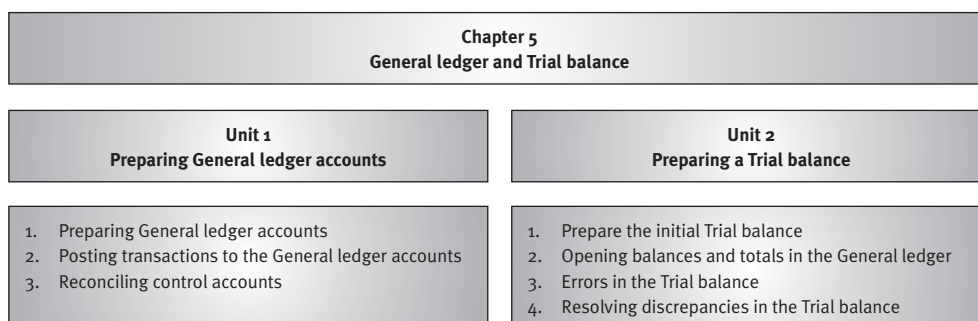
– Creditors control (Liability) +								B6	Cr
20.8				20.8					
Mar. 31	Total allowances	CAJ1	154,00	Dec. 1	Balance	b/d		3 775,00	
	Bank	CPJ1	2 397,00	31	Total purchases	CJ1		5 313,00	
	Journal debits	GJ1	30,00		Journal credits	GJ1		177,00	
	Balance	c/d	6 684,00						
			9 265,00					9 265,00	
				Jan. 1	Balance	b/d		6 684,00	



# chapter 5

## the general ledger and trial balance

This diagram summarises the work covered in Chapter 5.



### This chapter and the curriculum

This chapter addresses Topic 5: The General ledger and the Trial balance.

Topic and Subject Outcomes	Assessment Standards	Units
5.1 Prepare ledger accounts	<ul style="list-style-type: none"> <li>Ledger accounts are correctly opened in the General ledger. <i>Range: Balance sheet and Nominal accounts.</i></li> <li>Transactions from books of first entry are posted to the correct accounts. <i>Range: following books of first entries are required, but is not limited to:</i> <ul style="list-style-type: none"> <li>Cash receipts and cash payment journal/cash book,</li> <li>Petty cash journal/petty cash book,</li> <li>Debtor/sales and creditor/purchases journals,</li> <li>Wage and salaries Journals,</li> <li>General journal,</li> <li>Debtors allowances/sales returns and</li> <li>Creditors allowances/purchases returns journals.</li> </ul> </li> </ul>	Unit 1
5.2 Prepare ledger balance and control accounts	<ul style="list-style-type: none"> <li>All ledger accounts are totalled and/or balanced accurately.</li> <li>Control accounts are reconciled as required by a specific organisation.</li> <li>Discrepancies arising from the reconciliations are either resolved in terms of own mandate and indication is given when it is necessary to refer the discrepancy to a higher authority</li> </ul>	Unit 1
5.3 Draft initial Trial balance	<ul style="list-style-type: none"> <li>Balances and totals are correctly transferred from General ledger and/or cash book to the Trial balance.</li> <li>Discrepancies arising from the reconciliations are either resolved in terms of own mandate and indication is given when it is necessary to refer the discrepancy to a higher authority. <i>Range: incorrect double entries, missing entries or incorrect calculations.</i></li> </ul>	Unit 2



## Getting started (Student's Book, page 202)

### *Suggested answers*

1. Step 1: Transaction takes place  
Step 2: Complete source documents  
Step 3: Record transactions in journals  
Step 4: Post journals to ledgers  
Step 5: Draw up a Trial balance  
Step 6: Prepare financial statements  
Step 7: Analyse and interpret financial statements  
Step 8: Decision making by owner
2. A subsidiary book is used to summarise similar transactions and decrease the number of entries in the ledger.
3. Journal
4. To summarise similar transactions
5. Cash receipts journal and Cash payments journal
6. Duplicate receipt, cash register roll, duplicate deposit slip – CRJ  
Cheque counterfoil, bank statement – CPJ
7. CRJ – Cash received from sales, money received from debtors, capital contributed by owner, rent income, etc.  
CPJ – Equipment or other assets purchased for cash, trading inventory purchased for cash, rent expense, drawings by owner, payment of expenses such as water and electricity, insurance, telephone, salaries and wages, etc.
8. The General ledger is an accumulation of information and businesses use the same account from one month to the next over a long period of time.
9. The Balance sheet section – includes accounts for assets, capital, drawings and liabilities.  
The Nominal accounts sections – includes income and expense accounts.
10. Information from the various journals is transferred to the General ledger.
11. In the relevant journal we also record the number of the ledger account that the information is posted to.
12. Double entry principle.
13. Debit or credit column incorrectly added to both.  
One of more accounts has been incorrectly balanced.  
Double entry has been incorrectly applied.  
Debit entry made without corresponding credit entry.
14. a) Daily  
b) Monthly  
c) Monthly  
d) Monthly  
e) Monthly  
f) Yearly



15. The following rubric can be used to assess the poster:

### Poster communication skills assessment

Criteria	Range			Mark allocated
	0–1	2	3	
<i>Content: [9]</i>				
Journals	Many journals omitted	Most journals shown	All journals shown	
Source documents	Insufficient source documents or documents incorrect	Some source documents missing and some incorrect	All source documents correctly shown	
Summary of type of transactions	Poorly summarised, many transactions missing	Transactions partially explained.	Summary of different transactions clearly explained	
<i>Presentation: [11]</i>				
Size of poster	Incorrect size	Correct size		
Headings and Font/print size	Not descriptive All too small	Partially descriptive Some large enough	Descriptive Large enough to read	
Organisation/layout	Muddled	Organisation clear and logical	Organisation clear and logical	
Use of colour and public appeal	Poor and not eye-catching	Fair use of colour and somewhat eye-catching	Good use of colour and eye-catching	
<i>Total [20]</i>				





## unit 1

# preparing general ledger accounts

## Unit outcomes

Topic and Subject Outcomes	Assessment Standards	Activities
5.1 Prepare ledger accounts	<ul style="list-style-type: none"> <li>Ledger accounts are correctly opened in the General ledger. <i>Range: Balance sheet and Nominal accounts.</i></li> <li>Transactions from books of first entry are posted to the correct accounts. <i>Range: following books of first entries are required, but not limited to:</i> <ul style="list-style-type: none"> <li>Cash receipts and cash payment journal/cash book,</li> <li>Petty cash journal/petty cash book,</li> <li>Debtor/sales and creditor/purchases journals,</li> <li>Wage and salaries Journals,</li> <li>General journal,</li> <li>Debtors allowances/sales returns and</li> <li>Creditors allowances/purchases returns journals.</li> </ul> </li> </ul>	<p>Activities 1, 2, 3</p> <p>Daily tasks 1, 2, 3</p>

## Daily task 1 (Student's Book, page 206)

### Suggested answers

- CRJ – Cash received by business  
CPJ – Goods bought for cash or cash payments made  
PCJ – Small cash payments to purchase small items in the business  
DJ – Credit sales of Trading inventory  
CJ – Credit purchases by the business  
DAJ – Returns by debtors or allowances to debtors  
CAJ – Returns to creditors or allowances by creditors  
SJ – Gross salaries, deductions and employee contributions  
WJ – Gross wages, deductions and employer contributions  
GJ – A variety of transactions that do not belong in any of the other journals
- Ledger – The accounts in the General ledger are in the form of T-accounts. We write the name of the account at the top in the middle. The left hand side of the account is the debit side and the right hand side is the credit side.
- Monthly
- Balance sheet section – includes account for assets, capital, drawings and liabilities.  
Nominal accounts section – includes income and expenditure accounts.
- In the relevant journal we also record the number of the ledger account that the information is posted to.
- Every entry has to be made on the debit side of an account and on the credit side of another account. The amount which is debited must be equal to the amount which is credited.



## Daily task 2 (Student's Book, page 221)

### Suggested answers

1. To find the difference between the total of the debit amount and the total of the credit amounts of the account.
2. If the total of entries on the debit side is less than the total of the entries on the credit side, the account will have a debit balance.
3. If the total of the entries on the credit side is less than the total of the entries on the debit side, the account will have a credit balance.
4. All Balance sheet accounts are balanced at the end of the month. Nominal accounts are totalled at the end of the month. The reason for this is that Nominal accounts are closed off once a year to calculate profit. Balance sheet accounts stay open for an indefinite period.

## Activity 1 (Student's Book, page 221)

### Suggested answers

General ledger of Perreti Stores

Balance sheet section							
Dr				– Capital (Equity) +			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
				20.8 Jan. 3	Bank	CRJ1	14 000
Dr				+ Drawings (Equity) –			
20.8 Jan. 28	Bank	CPJ1	1 972				
Dr				+ Equipment (Asset) –			
20.8 Jan. 13	Bank	CPJ1	450	20.8 Jan. 31	Creditors control	CAJ1	906
31	Creditors control	CJ1	9 273		Balance	c/d	8 817
			9 723				9 723
Feb. 1	Balance	b/d	8 817				
Dr				+ Trading inventory (Asset) –			
20.8 Jan. 31	Bank	CPJ1	25 040	20.8 Jan. 31	Cost of sales	CRJ1	10 665
	Creditors control	CJ1	21 422		Cost of sales	DJ1	26 846
	Cost of sales	DAJ1	735		Creditors control	CAJ	2 139
					Balance	c/d	7 547
			47 197				47 197
Feb. 1	Balance	b/d	7 547				



Dr				+ Bank (Asset) –				B5	Cr
20.8 Jan. 31	Total receipts	CRJ1	55 611	20.8 Jan. 31	Total payments	CPJ1			64 390
	Balance	c/d	8 779						
			64 390						64 390
				Feb. 1	Balance	b/d			8 779

Dr				+ Debtors control (Asset) –				B6	Cr
20.8 Jan. 31	Sales	DJ1	45 907	20.8 Jan. 31	Debtors allowances	DAJ1			1 256
	Journal debits	GJ1	696		Bank	CRJ1			16 740
	Bank (R/D)	CPJ1	270		Discount allowed	CRJ1			843
					VAT control	CRJ			137
					Journal credits	GJ1			430
					Balance	c/d			27 467
			46 873						46 873
Feb. 1	Balance	b/d	27 467						

Dr				– Creditors control (Liability) +				B7	Cr
20.8 Jan. 31	Total allowances	CAJ1	4 208	20.8 Jan. 31	Total purchases	CJ1			42 746
	Bank	CPJ1	6 364		Journal credits	GJ1			381
	Discount received	CPJ1	354						
	VAT control	CPJ1	50						
	Journal debits	GJ1	115						
	Balance	c/d	32 036						
			43 127						43 127
				Feb. 1	Balance	b/d			32 036

Dr				– Creditors for wages (Liability) +				B13	Cr
20.8 Jan. 7	Bank	CPJ1	1 344	20.8 Jan. 7	Wages	WJ1			1 344
14	Bank	CPJ1	1 344	14	Wages	WJ2			1 344
21	Bank	CPJ1	1 344	21	Wages	WJ3			1 344
28	Bank	CPJ1	1 344	28	Wages	WJ4			1 344
			5 376						5 376

Dr				– Creditors for salaries (Liability) +				B14	Cr
20.8 Jan. 31	Bank	CPJ1	7 730	20.8 Jan. 31	Salaries	SJ1			7 730

Dr				– SARS (PAYE) (Liability) +				B15	Cr
20.8 Jan. 31	Bank	CPJ1	3 364	20.8 Jan. 7	Wages	WJ1	568		
				14	Wages	WJ2	568		
				21	Wages	WJ3	568		
				28	Wages	WJ4	568		
				31	Salaries	SJ1	1 092		
			3 364						3 364
Dr				– Loan: Super Loans (Liability) +				B8	Cr
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount		
20.8 Jan. 25	Bank	CPJ1	500	20.8 Jan. 15	Bank	CRJ1	8 000		
31	Balance	c/d	7 500						
			8 000				8 000		
				Feb. 1	Balance	b/d	7 500		
Dr				+ Petty cash (Asset) –				B9	Cr
20.8 Jan. 4	Bank	CPJ1	400	20.8 Jan. 31	Sundry accounts	PCJ1	255		
					Balance	c/d	145		
			400				400		
Feb. 1	Balance	b/d	145						
Dr				(Input) – VAT control + (Output)				B10	Cr
20.8 Jan. 31	Bank	CRJ1	137	20.8 Jan. 31	Bank	CRJ1	2 333		
	Bank	CPJ1	3 691		Bank	CPJ1	50		
	Creditors control	CJ1	5 341		Creditors control	CAJ1	517		
	Debtors control	DAJ1	154		Debtors control	DJ1	5 638		
	Petty cash	PCJ1	32		Balance	c/d	817		
			9 355				9 355		
Feb. 1	Balance	b/d	817						
Dr				+ Office furniture (Asset) –				B11	Cr
20.8 Jan. 20	Creditors control	CAJ1	2 478	20.8 Jan. 26	Creditors control	CAJ	222		
				31	Balance	c/d	2 256		
			2 478				2 478		
20.8 Feb. 1	Balance	b/d	2 256						
Dr				+ Fixed deposit (Asset) –				B12	Cr
20.8 Jan. 9	Bank	CPJ1	5 000						

Dr				– SARS (UIF) (Liability) +				B16	Cr
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount		
20.8 Jan. 31	Bank	CPJ1	350	20.8 Jan. 7	Wages	WJ1	20		
					UIF contributions	WJ1	20		
				14	Wages	WJ2	20		
					UIF contributions	WJ2	20		
				21	Wages	WJ3	20		
					UIF contributions	WJ3	20		
				28	Wages	WJ4	20		
					UIF contributions	WJ4	20		
				31	Salaries	SJ1	95		
					UIF contributions	SJ1	95		
			350						350
Dr				– Prosper Pension Fund (Liability) +				B17	Cr
20.8 Jan. 31	Bank	CPJ1	855	20.8 Jan. 7	Wages	WJ1	68		
				14	Wages	WJ2	68		
				21	Wages	WJ3	68		
				28	Wages	WJ4	68		
				31	Salaries	SJ1	583		
			855						855
Nominal accounts section									
Dr				– Sales (Income) +				N1	Cr
				20.8 Jan. 31	Bank	CRJ	14 220		
					Debtors control	DJ1	40 269		
							54 489		
Dr				+ Cost of sales (Expense) –				N2	Cr
20.8 Jan. 31	Trading inventory	CRJ1	10 665	20.8 Jan. 31	Trading inventory	DAJ1	735		
	Trading inventory	DJ1	26 846				735		
			37 511						
Dr				+ Debtors allowances (Expense) –				N3	Cr
20.8 Jan. 31	Debtors control	DAJ1	1 102						
Dr				+ Stationery (Expense) –				N4	Cr
20.8 Jan. 31	Petty cash	PCJ1	55						

Dr				+ Sundry expenses (Expense) –				N5	Cr
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount		
20.8 Jan. 31	Petty cash (61 + 28)	PCJ1	89	20.8 Jan. 31	Creditors control	CAJ	424		
	Creditors control	CJ	4 232						
			4 321				424		
Dr				+ Rent expense (Expense) –				N6	Cr
20.8 Jan. 25	Bank	CPJ1	2 400						
Dr				+ Interest on loan (Expense) –				N7	Cr
20.8 Jan. 25	Bank	CPJ1	120						
Dr				+ Discount allowed (Expense) –				N8	Cr
20.8 Jan. 31	Debtors control	CRJ1	843						
Dr				– Discount received (Income) +				N9	Cr
				20.8 Jan. 31	Creditors control	CPJ1	354		
Dr				– Donations received (Income) +				N10	Cr
				20.8 Jan. 5	Bank	CRJ1	150		
Dr				– Interest on current account (Income) +				N11	Cr
				20.8 Jan. 25	Bank	CRJ1	58		
Dr				– Bad debts recovered (Income) +				N12	Cr
				20.8 Jan. 30	Bank	CRJ1	110		
Dr				+ Wages (Expense) –				N13	Cr
20.8 Jan. 7	Sundry accounts	WJ1	2 000						
14	Sundry accounts	WJ2	2 000						
21	Sundry accounts	WJ3	2 000						
28	Sundry accounts	WJ4	2 000						
			8 000						
Dr				+ Salaries (Expense) –				N14	Cr
20.8 Jan. 31	Sundry accounts	SJ1	9 500						



Dr		+ Unemployment insurance fund contributions (Expense) –				N15	Cr
20.8							
Jan. 7	SARS (UIF)	WJ1	20				
14	SARS (UIF)	WJ2	20				
21	SARS (UIF)	WJ3	20				
28	SARS (UIF)	WJ4	20				
31	SARS (UIF)	SJ1	95				
			175				
Dr		+ Repairs (Expense) –				N16	Cr
20.8							
Jan. 12	Petty cash	PCJ1	79				
Dr		+ Bank charges (Expense) –				N17	Cr
20.8							
Jan. 30	Bank	CPJ1	508				

### Daily task 3 (Student's Book, page 230)

*Suggested answers*

- Control accounts are used to reduce the number of accounts to be opened in the General ledger and to exercise accounting control over certain assets in the business.
- Errors in subsidiary journals
  - Errors when posting journals to control accounts
  - Errors when posting from journals to subsidiary ledger accounts
  - Errors in control accounts in the General ledger
  - Errors in the debtors or creditors lists

### Activity 2 (Student's Book, page 230)

*Suggested answers*

**Debtors list on 31 March 20.9**

Debtor		Debit	Credit
A. Adam (3 600 – 120)	DL1	3 480	
B. Burrow (4 050 + 60)	DL2	4 110	
C. Chetty	DL3	4 050	
D. Dube (1 500 – 3 000)	DL4		1 500
E. Els (3 000 – 1 200)	DL5	1 800	
		13 440	1 500

**Creditors list on 31 March 20.9**

Creditor		Debit	Credit
Alias Wholesalers (526 + 30)	CL1		556
Busi Traders (518 + 9)	CL2		527
Dakota & Co	CL3		1 125
Eastern Ltd (1 200 – 450)	CL4		1 650
E. Els (1 200 – 1 200)	CL5		
Jones Stores (750 + 450)	CL 6		1 200
			5 058

**General ledger of Alpha Traders**

Dr				+ Debtors control (Asset) –				B5	Cr
20.8 Mar. 31	Balance	b/d	8 850	20.8 Mar. 31	Bank (5 950 – 450)	CRJ1		5 500	
	Sales	DJ1	10 500		Discount allowed	CRJ1		395	
	Bank (300 + 600)	CPJ	900		VAT control	CRJ1		55	
	Journal debits (100 + 60)	GJ1	160		Debtors allowances (1050 + 120)	DAJ1		1 170	
					Bank (refund of overpay- ment by debtor)	CPJ1		50	
					Journal credits (100 + 1 200)	GJ1		1 300	
					Balance	c/d		11 940	
			20 410						20 140
Apr. 1	Balance	b/d	11 940						

Dr				– Creditors control (Liability) +				B6	Cr
20.8 Mar. 31	Total allowances (1 800 – 100)	CAJ1	1 700	20.8 Mar. 31	Balance	b/d		6 100	
	Bank (4 500 – 600)	CPJ1	3 900		Total purchases	CJ1		6 000	
	Discount received	CPJ1	296		Journal credits (141 + 30)	GJ1		171	
	VAT control	CPJ1	42						
	Journal debits (75 + 1 200)	GJ1	1 275						
	Balance	c/d	5 058						
			12 271						12 271
				Apr. 1	Balance	b/d		5 058	

### Activity 3 (Student's Book, page 232)

No.	Debtors control		Debtors list		Creditors control		Creditors list	
	Dr (+)	Cr (-)	Dr (+)	Cr (-)	Dr (-)	Cr (+)	Dr (-)	Cr (+)
Balance	17 555		18 470			23 078		24 564
1	+ 200							
2								+ 184
3	+ 360							
4					- 90			
5								+ 500
6				- 355				
7							- 90	
8	+ 60		+ 60			+ 60		+ 60
9								+ 830
10							- 3 000	
Balance	18 175		18 175		23 048		23 048	

### Questions for revising Unit 1 (Student's Book, page 234)

#### Question 1

*Suggested answers*

#### General ledger of Dube Dealers

Balance sheet section							
Dr				- Capital (Equity) +			
				B1 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
				20.8 Apr. 30	Bank	CRJ1	60 000
Dr				+ Drawings (Equity) -			
				B2 Cr			
Dr				+ Equipment (Asset) -			
				B3 Cr			
20.8 Apr. 30	Bank	CPJ1	6 610	20.8 Apr. 30	Creditors control	CAJ1	1 100
	Creditors Control	CJ1	9 500		Balance	c/d	15 010
			16 110				16 110
May 1	Balance	b/d	15 010				
Dr				+ Trading inventory (Asset) -			
				B4 Cr			
20.8 Apr. 30	Bank	CPJ1	21 689	20.8 Apr. 30	Cost of sales	CRJ1	19 182
	Creditors control	CJ1	9 425		Cost of sales	DJ1	6 415
	Cost of sales	DAJ1	1 445		Creditors control	CAJ	1 215
					Balance	c/d	5 747
			32 559				32 559
May 1	Balance	b/d	5 747				

Dr				+ Bank (Asset) –				B5		Cr
20.8				20.8						
Apr. 30	Total receipts	CRJ1	173 946	Apr. 30	Total payments	CPJ1	105 872			
					Balance	c/d	68 074			
			173 946				173 946			
May 1	Balance	b/d	68 074							
Dr				+ Debtors control (Asset) –				B6		Cr
20.8				20.8						
Apr. 30	Sales	DJ1	21 390	Apr. 30	Debtors allowances	DAJ1	4 830			
	Journal debits	GJ1	1 005		Bank	CRJ1	9 894			
					Discount allowed	CRJ1	56			
					VAT control	CRJ	9			
					Journal credits	GJ1	120			
					Balance	c/d	7 486			
			22 395				22 395			
May 1	Balance	b/d	7 486							
Dr				– Creditors control (Liability) +				B7		Cr
20.8				20.8						
Apr. 30	Total allowances	CAJ1	2 855	Apr. 30	Total purchases	CJ1	22 523			
	Bank	CPJ1	5 798		Journal credits	GJ1	990			
	Discount received	CPJ1	528							
	VAT control	CPJ1	86							
	Journal debits	GJ1	105							
	Balance	c/d	14 141							
			25 513				23 513			
				May 1	Balance	b/d	14 141			
Dr				– Loan: ZX Bank (Liability) +				B8		Cr
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount			
				20.8	Bank	CRJ1	25 000			
				Apr. 30						
Dr				+ Petty cash (Asset) –				B9		Cr
20.8				20.8						
Apr. 30	Bank	CPJ1	500	Apr. 30	Sundry accounts	PCJ1	187			
					Balance	c/d	313			
			500				500			
May 1	Balance	b/d	313							



Dr (Input) – VAT Control + (Output)				B10 Cr			
20.8				20.8			
Apr. 30	Bank	CRJ1	9	Apr. 30	Bank	CRJ1	8 112
	Bank	CPJ1	3 962		Bank	CPJ1	86
	Creditors control	CJ1	2 766		Creditors control	CAJ1	350
	Debtors control	DAJ1	593		Debtors control	DJ1	2 627
	Petty cash	PCJ1	23				
	Balance	c/d	3 822				
			11 175				11 175
				May 1	Balance	b/d	3 822
Dr + Fixed deposit: CA Bank (Asset) –				B11 Cr			
20.8							
Apr. 30	Bank	CPJ1	34 500				
Dr – Creditors for wages (Liability) +				B12 Cr			
20.8				20.8			
Apr. 30	Bank	CPJ1	7 207	Apr. 30	Wages	WJ1–4	7 207
Dr – Creditors for salaries (Liability) +				B13 Cr			
20.8				20.8			
Apr. 30	Bank	CPJ1	13 544	Apr. 30	Salaries	SJ1	13 544
Dr – SARS (PAYE) (Liability) +				B14 Cr			
20.8				20.8			
Apr. 30	Bank	CPJ1	5 410	Apr. 30	Wages	WJ1–4	1 210
					Salaries	SJ1	4 200
			5 410				5 410
Dr – SARS (UIF) (Liability) +				B15 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.8				20.8			
Apr. 30	Bank	CPJ1	186	Apr. 30	Wages	WJ1–4	93
					UIF contributions	WJ1–4	93
			186				186
Dr – Pension Fund (Liability) +				B16 Cr			
20.8				20.8			
Apr. 30	Bank	CPJ1	4 190	Apr. 30	Wages	WJ1–4	590
					Pension contributions	WJ1–4	1 180
					Salaries	SJ1	968
					Pension contributions	SJ1	1 452
			4 190				4 190



Dr				– Medical Aid Fund (Liability) +				B17	Cr
20.8 Apr. 30	Bank	CPJ1	2 276	20.8 Apr. 30	Wages	WJ1–4			200
					Medical aid contribu- tions	WJ1–4			300
					Salaries	SJ1			888
					Medical aid contribu- tions	SJ1			888
			2 276						2 276
<b>Nominal accounts section</b>									
Dr				– Sales (Income) +				N1	Cr
				20.8 Apr. 30	Bank	CRJ			57 546
					Debtors control	DJ1			18 763
									76 309
Dr				+ Cost of sales (Expense) –				N2	Cr
20.8 Apr. 30	Trading inventory	CRJ1	19 182	20.8 Apr. 30	Trading inventory	DAJ1			1 445
	Trading inventory	DJ1	6 415						1 445
			25 597						
Dr				+ Debtors allowances (Expense) –				N3	Cr
20.8 Apr. 30	Debtors control	DAJ1	4 237						
Dr				+ Stationery (Expense) –				N4	Cr
20.8 Apr. 30	Petty cash	PCJ1	66	20.8 Apr. 30	Creditors control	CAJ			130
	Creditors control	CJ1	145						
			211						130
Dr				+ Sundry expenses (Expense) –				N5	Cr
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount		
20.8 Jan. 31	Petty cash	PCJ1	98						
Dr				+ Discount allowed (Expense) –				N6	Cr
20.8 Apr. 30	Debtors control	CRJ1	56						
Dr				– Discount received (Income) +				N7	Cr
				20.8 Apr. 30	Creditors control	CPJ1			528
Dr				– Rent income (Income) +				N8	Cr
				20.8 Apr. 30	Bank	CRJ1			13 000
Dr				– Bad debts recovered (Income) +				N9	Cr
				20.8 Apr. 30	Bank	CRJ1			394

Dr		+ Wages (Expense) –			N10		Cr
20.8 Apr. 30	Sundry accounts	WJ1–4	9 300				
Dr		+ Salaries (Expense) –			N11		Cr
20.8 Apr. 30	Sundry accounts	SJ1	19 600				
Dr		+ Unemployment insurance fund contributions (Expense) – N12			Cr		
20.8 Apr. 30	SARS (UIF)	WJ1–4	93				
Dr		+ Pension fund contributions (Expense) –			N13		Cr
20.8 Apr. 30	Pension Fund	WJ1–4	1 180				
	Pension Fund	SJ1	1 452				
			2 632				
Dr		+ Medical aid contributions (Expense) –			N14		Cr
20.8 Apr. 30	Medical Aid Fund	WJ1–4	300				
	Medical Aid Fund	SJ1	888				
			1 188				
Dr		+ Packing materials (Expense) –			N15		Cr
20.8 Apr. 30	Creditors control	CJ1	552	20.8 Apr. 30	Creditors control	CAJ1	60
Dr		+ Repairs (Expense) –			N16		Cr
20.8 Apr. 30	Creditors control	CJ1	135				
Dr		+ Debtors control (Asset) –			B5		Cr
20.8 Mar. 31	Balance	b/d	45 837	20.8 Mar. 31	Bank	CRJ1	21 670
	Sales	DJ	23 000		Discount allowed	CRJ1	1 000
	Bank	CPJ	352		VAT control	CRJ1	140
	Journal debits (440 + 35)	GJ1	475		Debtors allowances (4 400 – 150)	DAJ1	4 250
					Bank (refund of over- payment by debtor) (176 + 175)	CPJ1	351
					Journal credits (264 + 300)	GJ1	564
					Balance	c/d	41 689
			69 664				69 664
Apr. 1	Balance	b/d	41 689				

## Question 2

Suggested answers

Dr				– Creditors control (Liability) +				B6	Cr
20.8 Mar. 31	Total allowances	CAJ1	3 080	20.8 Mar. 31	Balance	b/d		54 560	
	Bank	CPJ1	18 172		Total purchases (18 557 – 250)	CJ1		18 307	
	Discount received	CPJ1	1 073		Journal credits	GJ1		642	
	VAT control	CPJ1	117						
	Journal debits (192 + 35)	GJ1	227						
	Balance	c/d	50 840						
			73 709					73 709	
				Apr. 1	Balance	b/d		50 840	

Debtors list:  $R41\ 804 + R150 + 35 - 300 = R41\ 689$

Creditors list:  $R54\ 145 - 90 - 3\ 180 = R50\ 875$

No.	Debtors control		Debtors list		Creditors control		Creditors list	
	Dr (+)	Cr (–)	Dr (+)	Cr (–)	Dr (–)	Cr (+)	Dr (–)	Cr (+)
Balance	41 979		41 804			51 125		54 145
1							–90	
2					–250			
3	+ 150		+150					
4	+ 35		+35					
5		– 175						
6		– 300		– 300				
7							– 3 180 (1 590 × 2)	
Balance	41 689		41 689		50 875		50 875	





## preparing a trial balance

### Unit outcomes

Topic and Subject Outcomes	Assessment Standards	Activities
5.2 Prepare ledger balance and control accounts	<ul style="list-style-type: none"> <li>All ledger accounts are totalled and/or balanced accurately.</li> <li>Control accounts are reconciled as required by a specific organisation.</li> <li>Discrepancies arising from the reconciliations are either resolved in terms of own mandate and indication is given when it is necessary to refer the discrepancy to a higher authority.</li> </ul>	Activities 1, 2, 3, 4, 5, 6  Daily tasks 1, 2, 3
5.3 Draft initial Trial balance	<ul style="list-style-type: none"> <li>Balances and totals are correctly transferred from General ledger and/or cash book to the Trial balance.</li> <li>Discrepancies arising from the reconciliations are either resolved in terms of own mandate and indication is given when it is necessary to refer the discrepancy to a higher authority.</li> </ul> <p><i>Range: incorrect double entries, missing entries or incorrect calculations.</i></p>	Activities 1, 2, 3, 4, 5, 6  Daily tasks 1, 2, 3

### Daily task 1 (Student's Book, page 240)

#### Suggested answers

- To test the accuracy of the double entry principle and the arithmetical correctness of the accounts in the General ledger.
- At the end of every month.
- The balances/totals are taken from the General ledger. If the balance appears on the debit side of the General ledger account it will be posted to the debit column of the Trial balance and if the balance appears on the credit side of the General ledger account, it will be posted to the credit column of the Trial balance.

## Activity 1 (Student's Book, page 240)

Suggested answers

### De La Rue Traders

Trial balance on 31 August 20.8					
			Fol.	Debit	Credit
		<i>Balance sheet section</i>			
		Capital	B1		431 000
		Equipment	B2	60 500	
		Trading inventory	B3	10 000	
		Bank	B4	28 750	
		Debtors control	B5	23 000	
		Creditors control	B6		15 955
		Loan	B7		52 000
		VAT control	B8		1 295
		Land and buildings	B9	230 000	
		Vehicles	B10	138 000	
		Fixed deposit	B11	20 000	
		Drawings	B12	5 750	
		<i>Nominal accounts section</i>			
		Sales	N1		74 750
		Cost of sales	N2	24 500	
		Rent income	N3		36 200
		Insurance	N4	2 300	
		Fuel	N5	920	
		Water and electricity	N6	3 450	
		Salaries	N7	25 140	
		Wages	N8	13 225	
		Sundry expenses	N9	9 055	
		Telephone	N10	7 640	
		Interest income	N11		495
		Interest on loan	N12	9 360	
		Bank charges	N13	420	
		Bad debts	N14	220	
		Bad debts recovered	N15		80
		Donations received	N16		430
		Discount allowed	N17	145	
		Discount received	N18		170
				612 375	612 375

## Activity 2 (Student's Book, page 240)

### Perreti Stores

Trial balance on 31 January 20.8					
			Fol.	Debit	Credit
		<i>Balance sheet section</i>			
		Capital	B1		14 000
		Drawings	B2	1 972	
		Equipment	B3	8 817	
		Trading inventory	B4	7 547	
		Bank	B5		8 779
		Debtors control	B6	27 467	
		Creditors control	B7		32 036
		Loans: Super Loans	B8		7 500
		Petty cash	B9	145	
		VAT control	B10	817	
		Office furniture	B11	2 256	
		Fixed deposit	B12	5 000	
		<i>Nominal account section</i>			
		Sales	N1		54 489
		Cost of sales	N2	36 776	
		Debtors allowances	N3	1 102	
		Stationery	N4	55	
		Sundry expenses	N5	3 897	
		Rent expense	N6	2 400	
		Interest on loan	N7	120	
		Discount allowed	N8	843	
		Discount received	N9		354
		Donations received	N10		150
		Interest on current account	N11		58
		Bad debts recovered	N12		110
		Wages	N13	8 000	
		Salaries	N14	9 500	
		UIF contributions	N15	175	
		Bank charges	N16	508	
		Repairs	N17	79	
				117 476	117 476

### Activity 3 (Student's Book, page 243)

#### General ledger of Malangeni Traders

Balance sheet section							
Dr				– Capital (Equity) +			
Date	Details	Fol.	Amount				
20.9 Jul. 1	Balance	b/d		20.9 Jul. 1	Balance	b/d	380 000
Dr				+ Drawings (Equity) –			
20.9 Jul. 1	Balance	b/d	54 000	20.9 Jul. 31	Balance	c/d	66 600
31	Bank	CPJ1	12 600				
			66 600				66 600
Aug. 1	Balance	b/d	66 600				
Dr				+ Land and buildings (Asset) –			
20.9 Jul. 1	Balance	b/d	280 000				
Dr				+ Equipment (Asset) –			
20.9 Jul. 1	Balance	b/d	75 000	20.9 Jul. 31	Creditors control	CAJ1	1 017
31	Bank	CPJ1	5 771				
	Creditors control	CJ1	10 384		Balance	c/d	90 138
			91 155				91 155
Aug. 1	Balance	b/d	90 138				
Dr				+ Trading inventory (Asset) –			
20.9 Jul. 1	Balance	b/d	38 000	20.9 Jul. 30	Cost of sales	CRJ1	21 108
31	Bank	CPJ1	6 151		Cost of sales	DJ1	42 808
	Creditors control	CJ1	32 533		Creditors control	CAJ	3 240
	Cost of sales	DAJ1	1 106		Balance	c/d	10 634
			77 790				77 790
Aug. 1	Balance	b/d	10 634				
Dr				+ Bank (Asset) –			
20.9 Jul. 1	Balance	b/d	7 500	20.9 Jul. 31	Total payments	CPJ1	58 445
31	Total receipts	CRJ1	58 603		Balance	c/d	7 658
			66 103				66+ 103
Aug. 1	Balance	b/d	7 658				

Dr + Debtors control (Asset) –				B7 Cr			
20.9 Jul. 1	Balance	b/d	26 000	20.9 Jul. 31	Debtors allow- ances	DAJ1	2 573
31	Sales	DJ1	59 733		Bank	CRJ1	27 850
	Journal debits	GJ1	170		Discount allowed	CRJ1	1 054
	Bank (R/D)	CPJ1	380		VAT control	CRJ	148
					Journal credits	GJ1	55
					Balance	c/d	54 603
			86 283				86 283
Aug. 1	Balance	b/d	54 603				
Dr – Creditors control (Liability) +				B8 Cr			
20.9 Jul. 31	Total allowances	CAJ1	5 463	20.9 Jul. 1	Balance	b/d	28 000
	Bank	CPJ1	7 475	31	Total purchases	CJ1	55 016
	Discount received	CPJ1	439		Journal credits	GJ1	210
	VAT control	CPJ1	61				
	Journal debits	GJ1	95				
	Balance	c/d	69 693				
			83 226				83 226
				Aug. 1	Balance	b/d	69 693
Dr + Fixed deposit: Wilson Bank (Asset) –				B9 Cr			
20.9 Jul. 1	Balance	b/d	15 000				
Dr + Cash Float (Asset) –				B10 Cr			
20.9 Jul. 1	Balance	b/d	500				
Dr + Petty cash (Asset) –				B11 Cr			
20.9 Jul. 1	Balance	b/d	200	20.9 Jul. 31	Sundry accounts	PCJ1	177
					Balance	c/d	23
			200				200
Aug. 1	Balance	b/d	23				
Dr (Input) – VAT control +				(Output) B12 Cr			
20.9 Jul. 31	Bank	CRJ1	148	20.9 Jul. 1	Balance	b/d	3 998
	Bank	CPJ1	1 669		Bank	CRJ1	4 123
	Creditors control	CJ1	6 756		Bank	CPJ1	61
	Debtors control	DAJ1	360		Creditors control	CAJ1	671
	Petty cash	PCJ1	22		Debtors control	DJ1	8 363
	Balance	c/d	8 261				
			17 216				17 216
				Aug. 1	Balance	b/d	8 261

Dr				– Creditors for wages (Liability) +				B13 Cr	
20.9 Jul. 31	Bank	CPJ1	6 487	20.9 Jul. 31	Wages	WJ1–4	6 487		
Dr				– Creditors for salaries (Liability) +				B14 Cr	
20.9 Jul. 31	Bank	CPJ1	8 840	20.9 Jul. 31	Salaries	SJ1	8 840		
Dr				– SARS (PAYE) (Liability) +				B15 Cr	
20.9 Jul. 31	Bank	CPJ1	3 364	20.9 Jul. 31	Wages	WJ1–4	1 424		
					Salaries	SJ1	1 940		
			3 364				3 364		
Dr				– SARS (UIF) (Liability) +				B16 Cr	
20.9 Jul. 31	Bank	CPJ1	356	20.9 Jul. 31	Wages	WJ1–4	83		
					UIF contributions	WJ1–4	83		
					Salaries	SJ1	95		
					UIF contributions	SJ1	95		
			356				356		
Dr				– Pension fund (Liability) +				B17 Cr	
20.9 Jul. 31	Bank	CPJ1	846	20.9 Jul. 31	Wages	WJ1–4	306		
					Salaries	SJ1	540		
			846				846		
Nominal accounts section									
Dr				– Sales (Income) +				N1 Cr	
				20.9 Jul. 1	Total	b/f	420 000		
				31	Bank	CRJ	25 330		
					Debtors control	DJ1	51 370		
							496 700		
Dr				+ Cost of sales (Expense) –				N2 Cr	
20.9 Jul. 1	Total	b/f	310 000	20.9 Jul. 31	Trading inventory	DAJ1	1 106		
30	Trading inventory	CRJ1	21 108						
	Trading inventory	DJ1	42 808						
			373 916				1 106		
Dr				+ Debtors allowances (Expense) –				N3 Cr	
20.9 Jul. 1	Total	b/f	4 960						
	Debtors control	DAJ1	2 213						
			7 173						

Dr + Stationery (Expense) –				N4		Cr
20.9 Jul. 1	Total	b/f	2 040			
	Petty cash	PCJ1	44			
			2084			
Dr + Telephone (Expense) –				N5		Cr
20.9 Jul. 1	Total	b/f	7 524			
Dr – Rent income (Income) +				N6		Cr
				20.9 Jul. 1	Total	b/f 16 800
				31	Bank	CRJ1 850
						17 650
Dr – Interest on fixed deposit (Income) +				N7		Cr
				20.9 Jul. 1	Total	b/f 1 100
				31	Bank	CRJ1 450
						1 550
Dr + Discount allowed (Expense) –				N8		Cr
20.9 Jul. 1	Total	b/f	1 300			
31	Debtors control	CRJ1	1 054			
			2 354			
Dr – Discount received (Income) +				N9		Cr
				20.9 Jul. 1	Total	b/f 2 700
					Creditors control	CPJ1 439
						3 139
Dr + Water and electricity (Expense) –				N10		Cr
20.9 Jul. 1	Total	b/f	4 600			
Dr + Sundry expenses (Expense) –				N11		Cr
20.9 Jul. 1	Total	b/f	1 396	20.9 Jul. 31	Creditors control	CAJ1 535
31	Bank	CPJ1	4 506			
	Creditors control	CJ1	5 343			
	Petty cash	PCJ1	111			
			11 356			535
Dr + Wages (Expense) –				N12		Cr
20.9 Jul. 1	Total	b/f	5 856			
31	Sundry accounts	WJ1–4	8 300			
			14 156			



Dr	+ Salaries (Expense) –					N13	Cr
20.9 Jul. 1	Total	b/f	18 480				
31	Sundry accounts	SJ1	11 415				
			29 895				

Dr	+ Unemployment insurance fund contributions (Expense) – N12					Cr
20.9 Jul. 31	Total	b/f	242			
	SARS (UIF)	WJ1–4	83			
	SARS (UIF)	SJ1	95			
			420			

#### Malangeni Traders

Trial balance on 31 Jul.y 20.9					
		Fol.	Debit	Credit	
	<i>Balance sheet section</i>				
	Capital	B1		380 000	
	Drawings	B2	66 600		
	Land and buildings	B3	280 000		
	Equipment	B4	90 138		
	Trading inventory	B5	10 634		
	Bank	B6	7 658		
	Debtors control	B7	54 603		
	Creditors control	B8		69 693	
	Fixed deposit: Wilson Bank	B9	15 000		
	Cash float	B10	500		
	Petty cash	B11	23		
	VAT control	B12		8 261	
	<i>Nominal accounts section</i>				
	Sales	N1		496 700	
	Cost of sales	N2	372 810		
	Debtors allowances	N3	7 173		
	Stationery	N4	2 084		
	Telephone	N5	7 524		
	Rent income	N6		17 650	
	Interest on fixed deposit	N7		1 550	
	Discount allowed	N8	2 354		
	Discount received	N9		3 139	
	Water and electricity	N10	4 600		
	Sundry expenses	N11	10 821		
	Wages	N12	14 156		





	Salaries	N13	29 895	
	SARS (UIF) contributions	N14	420	
			976 993	976 993

### Activity 4 (Student's Book, page 246)

*Suggested answers*

Students' own examples

### Daily task 2 (Student's Book, page 246)

*Suggested answers*

1. If the debit and credit side do not balance, it means there is an error somewhere and it needs to be traced and resolved.
2. Incorrect additions in columns  
Balances or totals are entered in the wrong column  
Omission of an account and its balance  
Amounts incorrectly recorded from the General ledger
3. Errors when adding amounts on the debit or credit side  
Calculating error with balances  
Amounts inaccurately posted from journals  
Amounts entered on the wrong side of the ledger account  
Entries omitted  
Double entry incorrectly applied.

### Daily task 3 (Student's Book, page 247)

*Suggested answers*

Step 1: Check the Trial balance:

- for correct additions of columns
- for unusual balances
- for balances omitted
- for balances entered in the wrong column

If the error cannot be revealed through step 1, follow step 2.

Step 2: Check the General ledger accounts:

- for correct additions of columns
- for correct calculation of balances

If the error cannot be revealed through step 2, follow step 3.

Step 3: Check the journals:

- for correct additions of columns in all journals
- check for correct posting of journal entries to ledger accounts

If the error cannot be revealed through step 3, follow step 4.

Step 4: Check systematically through all the entries, transaction by transaction.

## Activity 5 (Student's Book, page 247)

Suggested answers

### Webb Traders

Trial balance on 28 Feb. 20.9					
			Fol.	Debit	Credit
		<i>Balance sheet section</i>			
		Capital (15 000 + 3 000)	B1		18 000
		Drawings	B2	2 200	
		Petty cash	B3	150	
		Cash float	B4	300	
		Debtors control	B5	16 250	
		Creditors control	B6		2 015
		Loan: Super Bank	B7		20 000
		Equipment	B8	4 200	
		Bank	B9	12 750	
		<i>Nominal accounts section</i>			
		Sales	N1		7 500
		Cost of sales	N2	4 170	
		Advertisements	N3	270	
		Rent income	N4		1 200
		Salaries and wages	N5	6 540	
		Stationery	N6	390	
		Bad debts	N7	120	
		Packing materials	N8	240	
		Interest on loan	N9	250	
		Sundry expenses	N10	360	
		Bad debts recovered	N11		75
		Pension contributions	N12	600	
				48 790	48 790

## Activity 6 (Student's Book, page 248)

Suggested answers

### Shaamena Stores

Trial balance on 31 August 20.9				
		Fol.	Debit	Credit
<i>Balance sheet section</i>				
	Capital	B1		61 500
	Drawings (4 250 + 620)	B2	4 870	
	Equipment	B3	30 000	
	Trading inventory	B4	18 300	
	Debtors control (18 500 – 5 300 – 5 300)	B5	7 900	
	Creditors control	B6		8 500
	Bank	B7	8 910	
<i>Nominal accounts section</i>				
	Sales	N1		75 610
	Cost of sales	N2	39 760	
	Debtors allowances	N3	4 280	
	Stationery (3 000 + 550)	N4	3 550	
	Telephone (2 875 – 620)	N5	2 255	
	Wages (19 800 + 600)	N6	20 400	
	Insurance	N7	1 900	
	Water and electricity	N8	3 450	
	Sundry expenses (1 250 – 550)	N9	700	
	Donations	N10		665
			146 275	146 275

## Questions for revising Unit 2 (Student's Book, page 250)

### Question 1

*Suggested answers*

#### Hani Stores

Trial balance on 30 September 20.9				
		Fol.	Debit	Credit
<i>Balance sheet section</i>				
	Capital			18 000
	Drawings		4 200	
	Bank		10 750	
	Petty cash		150	
	Cash float		300	
	Debtors control		16 250	
	Creditors control			2 015
	Loan			20 000
	Equipment		4 200	
<i>Nominal accounts section</i>				
	Sales			7 500
	Cost of sales		4 170	
	Rent income			1 200
	Bad debts recovered			75
	Pension contributions		600	
	Advertisement		270	
	Salaries and wages		6 540	
	Stationery		390	
	Bad debts		120	
	Packing materials		240	
	Interest on loan		250	
	Sundry expenses		360	
			48 790	48 790

### Question 2

*Suggested answers*

- 2.1 No, the amount would be incorrectly recorded from the General ledger in the Equipment account only, the contra account will be correct and the Trial balance will not balance.
- 2.2 No, double entry rule not followed.
- 2.3 Yes, the error did not affect the ledger. It will not affect the double entry and the Trial balance will balance.

- 2.4 No, the amount will have been entered correctly in the Trading inventory account, the double entry will be wrong and the Trial balance will not balance.
- 2.5 No, the contra account, such as Bank will have been entered, the double entry will be wrong and the Trial balance will not balance.
- 2.6 Yes, both Repairs and Equipment are debited in the Trial balance. The Trial balance will still be in balance.
- 2.7 No, the contra account will have been entered, the double entry will be wrong and the Trial balance will not balance.
- 2.8 Yes, the error will affect the debit and credit and is posted as such. Therefore the Trial balance will still be in balance with the incorrect amount.
- 2.9 Yes, the error is posted to the debit and credit side. Therefore the Trial balance will still be in balance with the incorrect amount.
- 2.10 No, the contra account will be correct and the Trial balance will not be in balance.

## Chapter challenge (Student's Book, page 252)

### Question 1

*Suggested answers*

General ledger of Village Traders							
Balance sheet section							
Dr				– Capital (Equity) +			
				B1 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
				20.9 Oct. 1	Balance	b/d	290 000
Dr				+ Drawings (Equity) –			
				B2 Cr			
20.9 Oct. 1	Balance	b/d	50 000	20.9 Oct. 31	Balance	c/d	50 700
31	Bank	CPJ1	700				
			50 700				50 700
Nov. 1	Balance	b/d	50 700				
Dr				+ Equipment (Asset) –			
				B3 Cr			
20.9 Oct. 1	Balance	b/d	140 000	20.9 Oct. 31	Balance	c/d	140 811
31	Creditors control	CJ1	811				
			140 811				140 811
Sep. 1	Balance	b/d	140 811				

Dr				+ Trading inventory (Asset) –				B4	Cr
20.9 Oct. 1	Balance	b/d	39 967	20.9 Oct. 31	Cost of sales	CRJ1	21 525		
31	Bank	CPJ1	3 790		Cost of sales	DJ1	6 131		
	Creditors control	CJ1	20 600		Creditors control	CAJ	865		
	Cost of sales	DAJ1	1 726		Balance	c/d	37 562		
			66 083				66 083		
Nov. 1	Balance	b/d	37 562						

Dr				+ Bank (Asset) –				B5	Cr
20.9 Oct. 1	Balance	b/d	5 400	20.9 Oct. 31	Total payments	CPJ1	67 326		
31	Total receipts	CRJ1	61 296						
	Balance	c/d	630						
			67 326				67 326		
				Nov. 1	Balance	b/d	630		

Dr				+ Debtors control (Asset) –				B6	Cr
20.9 Oct. 1	Balance	b/d	31 868	20.9 Oct. 31	Debtors allow- ances	DAJ1	2 952		
31	Sales	DJ1	10 483		Bank	CRJ1	19 888		
	Journal debits	GJ1	126		Discount allowed	CRJ1	820		
	Bank (R/D)	CPJ1	4 100		VAT control	CRJ	9		
					Journal credits	GJ1	285		
					Balance	c/d	22 623		
			46 577				46 577		
Nov. 1	Balance	b/d	22 623						

Dr				– Creditors control (Liability) +				B7	Cr
20.9 Oct. 31	Total allowances	CAJ1	1 318	20.9 Oct. 1	Balance	b/d	67 325		
	Bank	CPJ1	24 060	31	Total purchases	CJ1	26 136		
	Discount received	CPJ1	1 460		Journal credits	GJ1	95		
	VAT control	CPJ1	238						
	Journal debits	GJ1	254						
	Balance	c/d	66 226						
			93 556				93 556		
				Nov. 1	Balance	b/d	66 226		



Dr				– Loan: Rhino Bank (Liability) +				B8	Cr
				20.9 Oct. 1	Balance	b/d		50 000	
Dr				+ Petty cash (Asset) –				B9	Cr
20.9 Oct. 1	Balance	b/d	500	20.9 Oct. 31	Sundry accounts	PCJ1		276	
					Balance	c/d		224	
			500					500	
Nov. 1	Balance	b/d	224						
Dr				(Input) – VAT control + (Output)				B10	Cr
20.9 Oct. 31	Bank	CRJ1	9	20.9 Oct. 1	Balance	b/d		3 500	
	Bank	CPJ1	742	31	Bank	CRJ1		4 520	
	Creditors control	CJ1	3 210		Bank	CPJ1		238	
	Debtors control	DAJ1	363		Creditors control	CAJ1		162	
	Petty cash	PCJ1	34		Debtors control	DJ1		1 287	
	Balance	c/d	5 349						
			9 707					9 707	
				Nov. 1	Balance	b/d		5 349	
Dr				– Creditors for wages (Liability) +				B11	Cr
20.9 Oct. 31	Bank	CPJ1	8 288	20.9 Oct. 31	Wages	WJ1–4		8 288	
Dr				– Creditors for salaries (Liability) +				B12	Cr
20.9 Oct. 31	Bank	CPJ1	9 962	20.9 Oct. 31	Salaries	SJ1		9 962	
Dr				– SARS (PAYE) (Liability) +				B13	Cr
20.9 Oct. 31	Bank	CPJ1	4 226	20.9 Oct. 31	Wages	WJ1–4		1 819	
					Salaries	SJ1		2 407	
			4 226					4 226	
Dr				– SARS (UIF) (Liability) +				B14	Cr
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount		
20.9 Oct. 31	Bank	CPJ1	512	20.9 Oct. 31	Wages	WJ1–4	84		
					UIF contributions	WJ1–4	84		
					Salaries	SJ1	172		
					UIF contributions	SJ1	172		
			512					512	



Dr				– Pension fund (Liability) +				B15	Cr
20.9 Oct. 31	Bank	CPJ1	2 140	20.9 Oct. 31	Wages	WJ1–4	415		
					Pension contribu- tions	WJ1–4	415		
					Salaries	SJ1	655		
					Pension contribu- tions	SJ1	655		
			2 140						2 140

Dr				– Medical aid fund (Liability) +				B16	Cr
20.8 Oct. 31	Bank	CPJ1	4 280	20.8 Oct. 31	Wages	WJ1–4	1 010		
					Medical aid contri- butions	WJ1–4	673		
					Salaries	SJ1	1 731		
					Medical aid contri- butions	SJ1	866		
			4 280						4 280

## Nominal accounts section

Dr				– Sales (Income) +				N1	Cr
				20.9 Oct. 1	Total	b/f	219 000		
				31	Bank	CRJ	32 288		
					Debtors control	DJ1	9 196		
							260 484		

Dr				+ Cost of sales (Expense) –				N2	Cr
20.9 Oct. 31	Total	b/f	179 516	20.9 Oct. 31	Trading inventory	DAJ1	1 726		
	Trading inventory	CRJ1	21 525						
	Trading inventory	DJ1	6 131						
			207 172						1 726

Dr				+ Debtors allowances (Expense) –				N3	Cr
20.9 Oct. 1	Total	b/f	2 210						
31	Debtors control	DAJ1	2 589						
			4 799						

Dr				+ Stationery (Expense) –				N4	Cr
20.9 Oct. 1	Total	b/f	4 185						
31	Creditors control	CJ1	723						
	Petty cash	PCJ1	96						
	Bank	CPJ1	530						
			5 534						



Dr + Advertising (Expense) – N5 Cr							
20.9 Oct. 1	Total	b/f	3 675				
Dr – Rent income (Income) + N6 Cr							
				20.9 Oct. 1	Total	b/f	16 758
				31	Bank	CRJ1	4 600
							21 358
Dr + Interest on loan (Expense) – N7 Cr							
20.9 Oct. 1	Total	b/f	1 500				
Dr + Discount allowed (Expense) – N8 Cr							
20.9 Oct. 1	Total	b/f	174				
31	Debtors control	CRJ1	820				
			994				
Dr – Discount received (Income) + N9 Cr							
				20.9 Oct. 1	Total	b/f	280
				31	Creditors control	CPJ1	1 460
							1 740
Dr + Sundry expenses (Expense) – N10 Cr							
20.9 Oct. 1	Total	b/f	4 848				
31	Bank	CPJ1	983				
	Petty cash	PCJ	104				
			5 935				
Dr + Repairs (Expense) – N11 Cr							
20.9 Oct. 1	Total	b/f	1 091				
Dr + Consumable stores (Expense) – N12 Cr							
20.9 Oct. 1	Total	b/f	17 412	20.9 Oct. 31	Creditors control	CAJ1	291
31	Creditors control	CJ1	792				
	Petty cash	PCJ1	42				
			18 246				291
Dr + Telephone (Expense) – N13 Cr							
20.9 Oct. 1	Total	b/f	12 520				
31	Bank	CPJ1	3 013				
			15 533				

Dr		+ Wages (Expense) –				N14	Cr
20.9 Oct. 1	Total	b/f	77 210				
31	Sundry accounts	WJ1–4	11 616				
			88 826				
Dr		+ Salaries (Expense) –				N15	Cr
20.9 Oct. 1	Total	b/f	73 252				
31	Sundry accounts	SJ1	14 927				
			88 179				
Dr		+ Unemployment insurance fund contributions (Expense) –				N16	Cr
20.9 Oct. 1	Total	b/f	1 535				
31	SARS (UIF)	WJ1–4	84				
	SARS (UIF)	SJ1	172				
			1 791				
Dr		+ Medical aid fund contributions (Expense) –				N17	Cr
20.9 Oct. 31	Medical aid fund	WJ1–4	673				
	Medical aid fund	SJ1	866				
			1 539				
Dr		+ Pension fund contributions (Expense) –				N18	Cr
20.9 Oct. 31	Pension Fund	WJ1–4	415				
	Pension Fund	SJ1	655				
			1 070				

# Village Traders

Trial balance on 31 October 20.9					
			Fol.	Debit	Credit
		<i>Balance sheet section</i>			
		Capital	B1		290 000
		Drawings	B2	50 700	
		Equipment	B3	140 811	
		Trading inventory	B4	37 562	
		Bank	B5		630
		Debtors control	B6	22 623	
		Creditors control	B7		66 226
		Loan: Rhino Bank (12% p. a.)	B8		50 000
		Petty cash	B9	224	
		VAT control	B10		5 349
		<i>Nominal accounts section</i>			
		Sales	N1		260 484
		Cost of sales	N2	205 446	
		Debtors allowances	N3	4 799	
		Stationery	N4	5 534	
		Advertising	N5	3 675	
		Rent income	N6		21 358
		Interest on loan	N7	1 500	
		Discount allowed	N8	994	
		Discount received	N9		1 740
		Sundry expenses	N10	5 935	
		Repairs	N11	1 091	
		Consumable stores	N12	17 955	
		Telephone	N13	15 533	
		Wages	N14	88 826	
		Salaries	N15	88 179	
		SARS (UIF) contributions	N16	1 791	
		Medical aid contributions	N17	1 539	
		Pension fund contributions	N18	1 070	
				695 787	695 787

## Question 2

Suggested answers

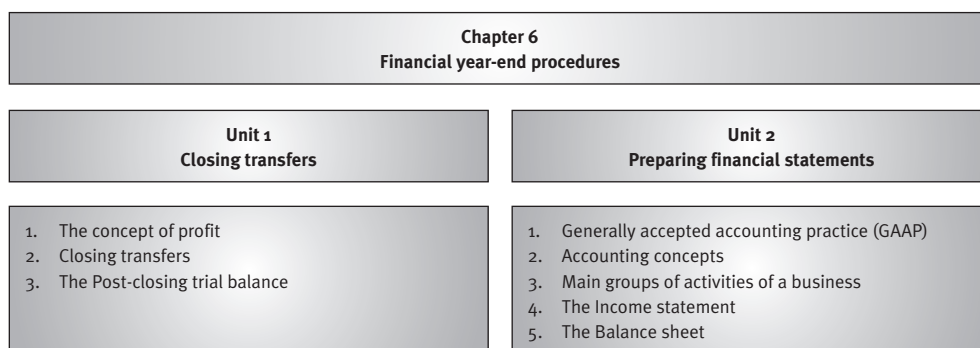
### Marawa Traders

Trial balance on 31 October 20.9				
		Fol.	Debit	Credit
	<i>Balance sheet section</i>			
	Capital	B1		1 050 000
	Drawings (124 600 + 680)	B2	125 280	
	Bank	B3		29 614
	Cash float	B4	1 000	
	Petty cash	B5	500	
	Land and buildings	B6	770 000	
	Trading inventory (64 758 + 600)	B7	65 358	
	Equipment	B8	525 000	
	Fixed deposit	B9	120 000	
	Debtors control (100 200 + 150 – 1 200)	B10	99 150	
	Loan	B11	160 000	
	Creditors control	B12	77 000	
	<i>Nominal accounts section</i>			
	Sales	N1		1 755 600
	Cost of sales (877 800 – 600)	N2	877 200	
	Debtors allowances (53 400 + 1 200)	N3	54 600	
	Packing materials (32 090 + 2 470)	N4	34 560	
	Sundry expenses (220 034 – 2 470 – 549)	N5	217 015	
	Telephone (15 250 – 680)	N6	14 570	
	Trading licence	N7	1 649	
	Salaries and wages	N8	157 860	
	Rent income	N9		18 000
	Medical aid contributions	N10	3 300	
	Bad debts	N11	5 258	
	Bad debts recovered (500 + 150)	N12		650
	Discount allowed	N13	2 100	
	Discount received	N14		3 136
	Interest on fixed deposit	N15		4 800
	Interest on loan	N16	25 600	
	Interest on overdue debtors	N17	1 200	
			3 100 000	3 100 000

# chapter 6

## financial year-end procedures

This diagram summarises the work covered in Chapter 6.



### This chapter and the curriculum

This chapter addresses Topic 6: Financial year-end procedures.

Topic and Subject Outcomes	Assessment Standards	Units
6.1 Explain the concept of profit	<ul style="list-style-type: none"> <li>The concept of gross profit is explained.</li> <li>The concept of net profit is explained.</li> </ul>	Unit 1
6.2 Explain closing transfers of the nominal accounts	<ul style="list-style-type: none"> <li>The closing transfers are done in the General journal. <i>Range: practical exercises – from the Trial balance to General journal.</i></li> <li>The closing transfers are posted to the General ledger. <i>Range: practical exercises – from the General journal to General ledger.</i></li> </ul>	Unit 1
6.3 Prepare the basic income statement. <i>Range: Use the continuous inventory system</i>	<ul style="list-style-type: none"> <li>The purpose of the income statement is explained.</li> <li>The income statement is prepared.</li> </ul>	Unit 2
6.4 Prepare a basic balance sheet	<ul style="list-style-type: none"> <li>The purpose of the balance sheet is explained.</li> <li>The balance sheet is prepared. <i>Range: notes are limited to non-current assets, cash and cash equivalents and capital.</i></li> </ul>	Unit 2



## Getting started (Student's Book, page 258)

### *Suggested answers*

1. Profit is the difference between income and expenses, when income is greater than expenses. It is calculated by subtracting total expenses from total income.
2. It is cheaper because you don't have to pay interest as in the case of borrowed money and it decreases the financial risk of your business.
3. Premises (land and buildings)  
Fixtures and fittings  
Equipment
4. Bank  
Inventory  
Debtors control
5. Assets are classified as non-current because of their permanent nature and because the value of these items does not change much over a short period of time. They normally have a life expectancy of more than one year and are used by the business, but are not consumed.  
Current assets' value changes all the time. These assets are in the form of cash or can be converted into cash within one year.
6. It is money lent to a person or a business by the bank to purchase property. A bond is registered so that the bank can sell it to get their money back if you do not pay the instalments.
7. Cash is made up of the money in the business's bank account, cash float (money kept in the cash register) as well as petty cash (cash payments for small things). Working capital is all the current assets in the business, the assets that work for the business to generate an income. Profit is the difference between income and expenses, when income exceeds expenses.
8. He does this because of a GAAP concept called the historical cost concept. This accounting concept requires a business to record all assets at the historical price, i. e. the price originally paid for the asset.
9. He is following the GAAP concept called the business entity concept. This concept states that the financial affairs of the owner must be kept entirely separated from the financial affairs of the owner.
11. The business is doing better because it has paid off a large amount of its mortgage. Its Debtors control has also decreased, which is a sign that the business is controlling debtors better. Another good thing is that the business managed to maintain inventory levels. The only bad thing is that the non-current assets of the business (premises, fixtures, fittings and equipment) has lost value from last year, this is possibly due to depreciation on fixtures, fittings and equipment.
12. The period during which the activities of an enterprise take place.
13. Students' own answers.





## unit 1

# closing transfers

## Unit outcomes

Topic and Subject Outcomes	Assessment Standards	Activities
6.1 Explain the concept of profit	<ul style="list-style-type: none"> <li>The concept of gross profit is explained.</li> <li>The concept of net profit is explained.</li> </ul>	Activities 1, 2, 3, 4 Daily tasks 1, 2, 3
6.2 Explain closing transfers of the nominal accounts	<ul style="list-style-type: none"> <li>The closing transfers are done in the General journal. <i>Range: practical exercises – from the Trial balance to General journal.</i></li> <li>The closing transfers are posted to the General ledger. <i>Range: practical exercises – from the General journal to General ledger.</i></li> </ul>	Activities 1, 2, 3, 4 Daily tasks 1, 2, 3

## Daily task 1 (Student's Book, page 261)

### Suggested answers

- Step 1: The transaction takes place  
Step 2: Complete source documents  
Step 3: Record transactions in journals  
Step 4: Post journals to ledgers  
Step 5: Draw up a Trial balance  
Step 6: Prepare financial statements  
Step 7: Analyse and interpret financial statements
- To determine the financial result (profit) of the business.
- To enable the business to start a new set of accounts for the new financial year.
- The difference between income and expenses, when income exceeds expenses.  
Gross profit: This is the profit made from sales. It is calculated by subtracting the cost of sales (the cost to the business of the goods sold) from the net sales figure for the financial period.  
Net profit: This is the final profit made by the business. It is calculated by adding other income (other than sales) to the gross profit and subtracting all other expenses.



## Activity 1 (Student's Book, page 262)

*Suggested answers*

1.

### BALLET'S

	2006	2007	2008	2009
Gross sales	772 200	902 600	1 123 200	<b>1 263 600</b>
Debtors allowances	(15 444)	(18 052)	<b>(22 464)</b>	(25 272)
Net sales	756 756	<b>884 548</b>	1 100 736	1 238 328
Cost of sales	(210 600)	(280 800)	<b>(398 736)</b>	(499 999)
Gross profit	546 156	<b>603 748</b>	702 000	<b>738 329</b>
Other income	115 830	135 390	168 480	<b>189 540</b>
Expenses	(351 000)	(491 140)	<b>(627 800)</b>	(699 699)
Net profit	310 986	<b>247 998</b>	238 680	228 170

2.
  - a) Gross sales have risen by 38,8 % over the four years.  
 $(R1\ 263\ 600 - R772\ 200 = R491\ 400 \times 100 \div R1\ 263\ 600 = 38,8\%)$
  - b) Cost of sales has risen by 57,9 % over the four years.  
 $(R499\ 999 - R210\ 600 = R289\ 399 \times 100 \div R499\ 999 = 57,9\%)$
  - c) Gross profit has risen by 26 % over the four years.  
 $(R738\ 329 - R546\ 156 = R192\ 173 \times 100 \div R738\ 329 = 26\%)$
  - d) Net profit has declined by 26,6 % over the four years.  
 $(R310\ 986 - R228\ 170 = R82\ 816 \times 100 \div R310\ 986 = 26,6\%)$
3. The data suggests that the business is performing poorly. The net profit has decreased every year. This is because cost of sales and operating expenses have increased much faster as a percentage than sales. Unless the business can control its costs better, further growth in sales will see an even greater decline in the net profit.

## Daily task 2 (Student's Book, page 274)

*Suggested answers*

1. The Trading account is where the gross profit for the financial year is calculated. The Profit and loss account is where the net profit or loss for the financial year is calculated.  
 The section in the General ledger where nominal accounts will be closed off to, to calculate the profit or loss for the year, is called the Final accounts section.
2. The eight steps on pages 265 to 273 of the Student's Book.





## Activity 2 (Student's Book, page 274)

Suggested answers

### Malangeni Traders

General journal – August 20.9				GJ1	
Doc No.	Day	Details	Fol.	Debit	Credit
JV1	31	Sales	N1	5 132	
		Debtors allowances	N2		5 132
		<i>Transfer of debtors allowances</i>			
JV2		Sales	N1	498 868	
		Trading account	F1		498 868
		<i>Closing transfer</i>			
JV3		Trading account	F1	372 000	
		Cost of sales	N3		372 000
		<i>Closing transfer</i>			
JV4		Trading account	F1	126 868	
		Profit and loss account	F2		126 868
		<i>Transfer of gross profit</i>			
JV5		Rent income	N6	18 500	
		Interest on fixed deposit	N7	2 000	
		Discount received	N9	3 578	
		Profit and loss account	F2		24 078
		<i>Closing transfers</i>			
JV6		Profit and loss account	F2	78 889	
		Stationery	N4		2 128
		Telephone	N5		9 028
		Discount allowed	N8		3 408
		Water and electricity	N10		5 520
		Sundry expense	N11		14 903
		Wages	N12		18 830
		Salaries	N13		23 630
		SARS (UIF) contributions	N14		622
		Bank charges	N15		820
		<i>Closing transfers</i>			
JV7	28	Profit and loss account	F2	72 057	
		Capital	B1		72 057
		<i>Transfer of net profit</i>			
JV8	28	Capital	B1	63 240	
		Drawings	B2		63 240
		<i>Transfer of drawings</i>			

General ledger of Malangeni Traders

Balance sheet section							
Dr				– Capital (Equity) +			
				B1 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Drawings	GJ1	63 240	20.9 Aug. 31	Balance	b/d	380 000
	Balance	c/d	388 8817		Profit and loss account	GJ1	72 057
			452 057				452 057
				Sep. 1	Balance	b/d	388 817
Dr				+ Drawings (Equity) –			
				B2 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Balance	b/d	63 240	20.9 Aug. 31	Capital	GJ1	63 240
Dr				+ Land and buildings (Asset) –			
				B3 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Balance	b/d	280 000				
Dr				+ Equipment (Asset) –			
				B4 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Balance	b/d	79 505				
Dr				+ Trading inventory (Asset) –			
				B5 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Balance	b/d	16 594				
Dr				+ Bank (Asset) –			
				B6 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Balance	b/d	7 816				
Dr				+ Debtors control (Asset) –			
				B7 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Balance	b/d	15 600				
Dr				– Creditors control (Liability) +			
				B8 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
				20.9 Aug. 31	Balance	b/d	22 400
Dr				+ Fixed deposit (Asset) –			
				B9 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Balance	b/d	15 000				

Nominal accounts section							
Dr				– Sales (Income) +			
				N1 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Debtors allow- ances	Gj1	5 132	20.9 Aug. 31	Total	b/f	504 000
	Trading account	Gj1	498 868				
			504 000				504 000
Dr				+ Debtors allowances (Expense) –			
				N2 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Total	b/f	5 132	20.9 Aug. 31	Sales	Gj1	5 132
Dr				+ Cost of sales (Income) –			
				N3 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Total	b/f	372 000	20.9 Aug. 31	Trading account	Gj1	372 000
Dr				+ Stationery (Expense) –			
				N4 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Total	b/f	2 128	20.9 Aug. 31	Profit and loss account	Gj1	2 128
Dr				+ Telephone (Expense) –			
				N5 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Total	b/f	9 028	20.9 Aug. 31	Profit and loss account	Gj1	9 028
Dr				– Rent income (Income) +			
				N6 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Profit and loss account	Gj1	18 500	20.9 Aug. 31	Total	b/f	18 500
Dr				– Interest on fixed deposit (Income) +			
				N7 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Profit and loss account	Gj1	2 000	20.9 Aug. 31	Total	b/f	2 000
Dr				+ Petty cash (Asset) –			
				B11 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Balance	b/d	200				
Dr				– VAT control (Liability) +			
				B12 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
				20.9 Aug. 31	Balance	b/d	3 998

Dr + Cash float (Asset) –				B10 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Balance	b/d	500				

Dr + Discount allowed (Expense) –				N8 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Total	b/f	3 408	20.9 Aug. 31	Profit and loss account	GJ1	3 408

Dr + Salaries (Expense) –				N13 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Total	b/f	23 630	20.9 Aug. 31	Profit and loss account	GJ1	23 630

Dr + SARS (UIF) contributions (Expense) –				N14 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Total	b/f	622	20.9 Aug. 31	Profit and loss account	GJ1	622

Dr + Bank charges (Expense) –				N15 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Total	b/f	820	20.9 Aug. 31	Profit and loss account	GJ1	820

Dr + Sundry expenses (Expense) –				N11 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Total	b/f	14 903	20.9 Aug. 31	Profit and loss account	GJ1	14 903

Dr + Wages (Expense) –				N12 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Total	b/f	18 830	20.9 Aug. 31	Profit and loss account	GJ1	18 830

Dr – Discount received (Income) +				N9 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Profit and loss account	GJ1	3 578	20.9 Aug. 31	Total	b/f	3 578

Dr + Water and electricity (Expense) –				N10 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Total	b/f	5 520	20.9 Aug. 31	Profit and loss account	GJ1	5 520

Final accounts section							
Dr				Trading account		F1	Cr
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Cost of sales	GJ1	372 000	20.9 Aug. 31	Sales	GJ1	498 868
	Profit and loss account	GJ1	126 868				
			498 868				498 868

Dr				Profit and loss account		F2	Cr
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Aug. 31	Stationery	GJ1	2 128	20.9 Aug. 31	Trading Account	GJ1	126 868
	Telephone	GJ1	9 028		Rent income	GJ1	18 500
	Discount allowed	GJ1	3 408		Interest on fixed deposit	GJ1	2 000
	Water and electricity	GJ1	5 520		Discount received	GJ1	3 578
	Sundry expenses		14 903				
	Wages	GJ1	18 830				
	Salaries	GJ1	23 630				
	SARS UIF contributions	GJ1	622				
	Bank charges	GJ1	820				
	Capital	GJ1	72 057				
			150 946				150 946

### Daily task 3 (Student's Book, page 276)

#### Suggested answers

1. The Post-closing trial balance is drawn up to ensure that the closing transfers were carried out according to the double entry principle.
2. Once all the closing transfers have been posted to the relevant accounts in the General ledger, the nominal accounts are closed and have no balances/totals to carry over to the next financial period. However, the balance sheet accounts still have balances and the Post-closing trial balance is drawn up consisting of all the accounts in the Balance sheet section of the General ledger that still have balances.
3. The Drawings account won't be included in the Post-closing trial balance because this account has a nil balance after it has been closed off to the Capital account.

### Activity 3 (Student's Book, page 276)

Suggested answers

#### Malangeni Traders

Post-closing trial balance on 31 August 20.9

			Fol.	Debit	Credit
		<i>Balance sheet section</i>			
		Capital	B1		388 817
		Land and buildings	B3	280 000	
		Equipment	B4	79 505	
		Trading inventory	B5	16 594	
		Bank	B6	7 816	
		Debtors control	B7	15 600	
		Creditors control	B8		22 400
		Fixed deposit: Wilson Bank	B9	15 000	
		Cash float	B10	500	
		Petty cash	B11	200	
		VAT control	B12		3 998
				415 215	415 215

### Activity 4 (Student's Book, page 276)

Suggested answers

#### Perreti Stores

General journal – January 20.8					GJ1
Doc. No.	Day	Details	Fol.	Debit	Credit
JV1	31	Sales	N1	1 102	
		Debtors allowances	N2		1 102
		<i>Transfer of debtors allowances</i>			
JV2		Sales	N1	53 387	
		Trading account	F1		53 387
		<i>Closing transfer</i>			
JV3		Trading account	F1	36 776	
		Cost of sales	N3		36 776
		<i>Closing transfer</i>			
JV4		Trading account	F1	16 611	
		Profit and loss account	F2		16 611
		<i>Transfer of gross profit</i>			
JV5		Discount received	N9	354	
		Donations received	N10	150	
		Interest on current account	N11	58	

		Bad debts recovered	N12	110	
		Profit and loss account	F2		672
		<i>Closing transfers</i>			
JV6		Profit and loss account	F2	25 577	
		Stationery	N4		55
		Sundry expense	N5		3 897
		Rent expense	N6		2 400
		Interest on loan	N7		120
		Discount allowed	N8		843
		Wages	N13		8 000
		Salaries	N14		9 500
		UIF contributions	N15		175
		Bank charges	N16		508
		Repairs	N17		79
		<i>Closing transfers</i>			
JV7	28	Capital	B1	8 294	
		Profit and loss account	F2		8 294
		<i>Transfer of net loss</i>			
JV8	28	Capital	B1	1 972	
		Drawings	B2		1 972
		<i>Transfer of drawings</i>			

#### General ledger of Perreti Stores

Balance sheet section							
Dr				– Capital (Equity) +			
				B1 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.8 Jan. 31	Drawings	Gj1	1 972	20.8 Jan. 31	Balance	c/d	14 000
	Profit and loss account	Gj1	8 294				
	Balance	c/d	3 734				
			14 000				14 000
				20.8 Feb. 1	Balance	b/d	3 734
Dr				+ Drawings (Equity) –			
				B2 Cr			
20.8 Jan. 31	Balance	b/d	1 972	20.8 Jan. 31	Capital	Gj1	1 972
Dr				+ Equipment (Asset) –			
				B3 Cr			
20.8 Jan. 31	Balance	b/d	8 817				
Dr				+ Trading inventory (Asset) –			
				B4 Cr			
20.8 Jan. 31	Balance	b/d	7 547				

Dr + Bank (Asset) –							B5	Cr
				20.8 Jan. 31	Balance	b/d		8 779

Dr + Debtors control (Asset) –							B6	Cr
20.8 Jan. 31	Balance	b/d	27 467					

Dr – Cr editors control (Liability) +							B7	Cr
				20.8 Jan. 31	Balance	b/d		32 036

Dr – Loan: Super Loans (Liability) +							B8	Cr
				20.8 Jan. 31	Balance	b/d		7 500

Dr + Petty cash (Asset) –							B9	Cr
20.8 Jan. 31	Balance	b/d	145					

Dr (Input) – VAT control + (Output)							B10	Cr
20.8 Jan. 31	Balance	b/d	817					

Dr + Office furniture (Asset) –							B11	Cr
20.8 Jan. 31	Balance	b/d	2 256					

Dr + Fixed deposit (Asset) –							B12	Cr
20.8 Jan. 31	Balance	b/d	5 000					

Dr + Cost of sales (Expense) –							N2	Cr
20.8 Jan. 31	Total	b/f	36 776	20.8 Jan. 31	Trading account	Gj1		36 776

Dr + Debtors allowances (Expense) –							N3	Cr
20.8 Jan. 31	Totall	b/f	1 102	20.8 Jan. 31	Sales	Gj1		1 102

Dr + Stationery (Expense) –							N4	Cr
20.8 Jan. 31	Total	b/f	55	20.8 Jan. 31	Profit and loss account	Gj1		55

Dr + Sundry expenses (Expense) –							N5	Cr
20.8 Jan. 31	Total	b/f	3 897	20.8 Jan. 31	Profit and loss account	Gj1		3 897

Dr + Rent expense (Expense) –							N6	Cr
20.8 Jan. 31	Total	b/f	2 400	20.8 Jan. 31	Profit and loss account	Gj1		2 400

Dr + Interest on loan (Expense) –							N7	Cr
20.8 Jan. 31	Total	b/f	120	20.8 Jan. 31	Profit and loss account	Gj1		120



Nominal accounts section							
Dr				– Sales (Income) +			
						N1	Cr
20.8 Jan. 31	Debtors allow-ances	GJ1	1 102	20.9 Jan. 31	Total	b/f	54 489
	Trading account	GJ1	53 387				
			54 489				54 489
Dr				+ Discount allowed (Expense) –			
						N8	Cr
20.8 Jan. 31	Total	b/f	843	20.8 Jan. 31	Profit and loss account	GJ1	843
Dr				– Discount received (Income) +			
						N9	Cr
20.8 Jan. 31	Profit and loss	GJ1	354	20.8 Jan. 31	Total	b/f	354
Dr				– Donations received (Income) +			
						N10	Cr
20.8 Jan. 31	Profit and loss account	GJ1	150	20.8 Jan. 31	Total	b/f	150
Dr				– Interest on current account (Income) +			
						N11	Cr
20.8 Jan. 31	Profit and loss account	GJ1	58	20.8 Jan. 31	Total	b/f	58
Dr				– Bad debts recovered (Income) +			
						N12	Cr
20.8 Jan. 31	Profit and loss account	GJ1	110	20.8 Jan. 31	Total	b/f	110
Dr				+ Wages (Expense) –			
						N13	Cr
20.8 Jan. 31	Total	b/f	8 000	20.8 Jan. 31	Profit and loss account	GJ1	8 000
Dr				+ Salaries (Expense) –			
						N14	Cr
20.8 Jan. 31	Total	b/f	9 500	20.8 Jan. 31	Profit and loss account	GJ1	9 500
Dr				+ Unemployment Insurance Fund contributions (Expense) – N15			
							Cr
20.8 Jan. 31	Total	b/f	175	20.8 Jan. 31	Profit and loss account	GJ1	175
Dr				+ Repairs (Expense) –			
						N16	Cr
20.8 Jan. 31	Total	b/f	79	20.8 Jan. 31	Profit and loss account	GJ1	79
Dr				+ Bank charges (Expense) –			
						N17	Cr
20.8 Jan. 31	Total	b/f	508	20.8 Jan. 31	Profit and loss account	GJ1	508
Final accounts section							
Dr				Trading account			
						F1	Cr
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.8 Jan. 31	Cost of sales	GJ1	36 776	20.8 Jan. 31	Sales	GJ1	53 387
	Profit and loss account	GJ1	16 611				
			53 387				53 387



Dr Profit and loss account				F2 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.8 Jan. 31	Stationery	Gj1	55	20.8 Jan. 31	Trading account	Gj1	16 611
	Sundry expense	Gj1	3 897		Discount received	Gj1	354
	Rent expense	Gj1	2 400		Donations received	Gj1	150
	Interest on loan	Gj1	120		Interest on current account	Gj1	58
	Discount allowed	Gj1	843		Bad debts recovered	Gj1	110
	Wages	Gj1	8 000		Capital	Gj1	8 294
	Salaries	Gj1	9 500				
	UIF contributions	Gj1	175				
	Bank charges	Gj1	508				
	Repairs	Gj1	79				
			25 577				25 577

#### Perreti Stores

Post-closing trial balance on 31 January 20.8					
			Fol.	Debit	Credit
		<i>Balance sheet section</i>			
		Capital	B1		3 734
		Equipment	B3	8 817	
		Trading inventory	B4	7 547	
		Bank	B5		8 779
		Debtors control	B6	27 467	
		Creditors control	B7		32 036
		Loans: Super Loans	B8		7 500
		Petty cash	B9	145	
		VAT control	B10	817	
		Office furniture	B11	2 256	
		Fixed deposit	B12	5 000	
				52 049	52 049



## Questions for revising Unit 1 (Student's Book, page 277)

### Question 1

*Suggested answers*

- 1.1 The period during which the activities of an enterprise take place, usually 12 months.
- 1.2 Gross profit: This is the profit made from sales. It is calculated by subtracting the cost of sales (the cost to the business of the goods sold) from the net sales figure for the financial period.  
Net profit: This is the final profit made by the business. It is calculated by adding other income (other than sales) to the gross profit and subtracting all other expenses.
- 1.3 The Trading account where the gross profit for the financial year is calculated. The Profit and loss account where the net profit or loss for the financial year is calculated.
- 1.4 The Post-closing trial balance is drawn up to ensure that the closing transfers were carried out according to the double entry principle.

### Question 2

*Suggested answers*

#### Village Traders

General journal – December 20.8				GJ1	
Doc No.	Day	Details	Fol.	Debit	Credit
JV1	31	Sales	N1	6 880	
		Debtors allowances	N2		6 880
		<i>Transfer of debtors allowances</i>			
JV2		Sales	N1	467 120	
		Trading account	F1		467 120
		<i>Closing transfer</i>			
JV3		Trading account	F1	208 500	
		Cost of sales	N3		208 500
		<i>Closing transfer</i>			
JV4		Trading account	F1	258 620	
		Profit and loss account	F2		258 620
		<i>Transfer of gross profit</i>			
JV5		Discount received	N9	620	
		Profit and loss account	F2		620
		<i>Closing transfers</i>			
JV6		Profit and loss account	F2	254 000	
		Stationery	N4		6 015
		Advertising	N5		5 175
		Rent expenses	N6		22 344

		Interest on loan	N7		2 100
		Discount allowed	N8		424
		Sundry expenses	N10		5 262
		Repairs	N11		1 241
		Consumable stores	N12		19 832
		Telephone	N13		13 020
		Wages	N14		82 710
		Salaries	N15		93 752
		SARS (UIF) contributions	N16		2 045
		Bad debts	N17		80
		<i>Closing transfers</i>			
JV7	28	Profit and loss account	F2	5 240	
		Capital	B1		5 240
		<i>Transfer of net profit</i>			
JV8	28	Capital	B1	95 000	
		Drawings	B2		95 000
		<i>Transfer of drawings</i>			

## General ledger of Village Traders

Balance sheet section							
Dr				– Capital (Equity) +			
				B1 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.8 Dec. 31	Drawings	GJ1	95 000	20.8 Dec. 31	Balance	b/d	310 000
	Balance	c/d	220 240		Profit and loss account	GJ1	5 240
			315 240				315 240
				20.9 Jan. 1	Balance	b/d	220 240

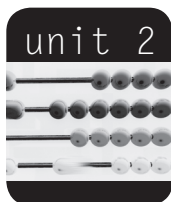
  

Final accounts section							
Dr				Trading account			
				F1 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.8 Dec. 31	Cost of sales	GJ1	208 500	20.8 Dec. 31	Sales	GJ1	467 120
	Profit and loss account	GJ1	258 620				
			467 120				467 120

Dr				Profit and loss account				F2		Cr
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount			
20.8 Dec. 31	Stationery	GJ1	6 015	20.8 Dec. 31	Trading account	GJ1	258 620			
	Advertising	GJ1	5 175		Discount received	GJ1	620			
	Rent expenses	GJ1	22 344							
	Interest on loan	GJ1	2 100							
	Discount allowed	GJ1	424							
	Sundry expenses	GJ1	5 262							
	Repairs	GJ1	1 241							
	Consumable stores	GJ1	19 832							
	Telephone	GJ1	13 020							
	Wages	GJ1	82 710							
	Salaries	GJ1	93 752							
	SARS (UIF) contribu- tions	GJ1	2 045							
	Bad debts	GJ1	80							
	Capital	GJ1	5 240							
			259 240							259 240

#### Village Traders

Post-closing trial balance on 31 December 20.8					
			Fol.	Debit	Credit
		<i>Balance sheet section</i>			
		Capital	B1		220 240
		Equipment	B3	227 500	
		Trading inventory	B4	42 467	
		Bank	B5	9 900	
		Debtors control	B6	47 368	
		Creditors control	B7		60 725
		Loan: Rhino Bank	B8		45 000
		Petty cash	B9	500	
		VAT control	B10		1 770
				327 735	327 735



## unit 2

# preparing financial statements

## Unit outcomes

Topic and Subject Outcomes	Assessment Standards	Activities
6.3 Prepare the basic income statement. <i>Range: use the continuous inventory system</i>	<ul style="list-style-type: none"> <li>The purpose of the income statement is explained.</li> <li>The income statement is prepared.</li> </ul>	Activities 1, 2, 3, 4, 5, 6, 7 Daily tasks 1, 2, 3, 4
6.4 Prepare a basic balance sheet	<ul style="list-style-type: none"> <li>The purpose of the balance sheet is explained.</li> <li>The balance sheet is prepared.</li> </ul> <i>Range: notes are limited to non-current assets, cash and cash equivalents and capital.</i>	Activities 1, 2, 3, 4, 5, 6, 7 Daily tasks 1, 2, 3, 4

## Daily task 1 (Student's Book, page 281)

### Suggested answers

- The Income statement reports on the financial result of the business and provides details of the income earned and expenses incurred during a financial year. The Balance sheet reports on the financial position of the business on a particular day. The financial position is shown through the accounting equation:  
 $\text{Assets} = \text{Equity} + \text{Liabilities}$ .
- Generally Accepted Accounting Practice
- GAAP concepts:

**Business entity concept:** The financial records and reports of a business should not include the personal transactions or assets of either its owner(s) or those of another business.

**Historical cost concept:** Assets purchased by the business must be recorded in the books at their original cost price (the price originally paid for them) and not at what they can be sold for or their replacement value..

**Going-concern concept:** Financial statements need to be prepared on the assumption that the business is a going concern, meaning that the business will continue trading for some time in the future.

**Matching concept:** Transactions must be recorded in the financial period in which each occurs, regardless of when the cash is received or paid. Income and expenses must be matched in the correct financial year.

**Prudence concept:** This means that accountants must be conservative in their approach to these uncertainties when preparing financial statements. They should rather understate than overstate profits and provide for an expense when they are reasonably possible, but only provide for an income if they are certain.

**Materiality concept:** This concept requires that all material items should be shown separately in the financial statements, immaterial amounts need not to be shown separately, but added to other amounts of a similar nature.

### Activity 1 (Student's Book, page 281)

*Suggested answers*

1. Concept of materiality
2. Business entity concept
3. Historical cost concept
4. Going-concern concept
5. Prudence concept
6. Matching principle

### Daily task 2 (Student's Book, page 283)

*Suggested answers*

1. **Operating activities:** Include all activities in the day to day functioning of the business for example the buying and selling of trading inventory, the receipt of other income as well as the paying of expenses such as salaries, rent, telephone, etc.  
**Financing activities:** Include own capital invested by the owner or money borrowed in the form of a loan from the bank or a bank overdraft. Repayment of loan or bank overdraft as well as the interest calculated on borrowed money will also be classified as a financing activity.  
**Investing activities:** Include all activities involving the buying of fixed assets such as land and buildings, vehicles, equipment, etc. and investments such as fixed deposits, savings accounts, etc. Money received from the sale of fixed assets, the maturity of a fixed deposit or savings account as well as the receipt of interest on fixed deposit and savings account will also be classified as a financing activity.
2. **Non-current assets** are assets of a permanent nature whose value does not change much over a short period of time and used by the business but not consumed or traded.  
**Current assets** are assets whose value changes all the time. These assets are cash or can be converted into cash within one year.
3. **Non-current liabilities** are liabilities that take longer than 12 months to be repaid; also classified as long-term liabilities.  
**Current liabilities** are liabilities that must be repaid within 12 months; also referred to as short-term liabilities.



## Activity 2 (Student's Book, page 283)

*Suggested answers*

	Business activity	Operating	Financing	Investing
1	Cash sales of merchandise	✓		
2	Buy a vehicle on credit			✓
3	Invest in a fixed deposit			✓
4	Buy trading inventory on credit	✓		
5	Receive cash from a tenant for rent	✓		
6	Pay salaries and wages	✓		
7	Repair equipment	✓		
8	Receive a loan		✓	
9	Receive interest on fixed deposit			✓
10	Part payment of loan		✓	
11	Receive a cash donation	✓		
12	Capital contributed by owner in the form of equipment		✓	
13	Pay creditors	✓		
14	Pay for packing materials	✓		
15	Fixed deposit matured			✓
16	Pay for advertisements	✓		
17	Transfer amount from savings account to current bank account			✓
18	Cash withdrawal by owner		✓	
19	Additional capital contributed by owner in the form of cash.		✓	
20	Pay interest on loan		✓	

## Daily task 3 (Student's Book, page 286)

*Suggested answers*

- The purpose of the Income statement is to report on the financial results of the business – that is the profit or loss the business shows over a period of time.
- The trading section (similar to the Trading account), where gross profit is calculated by subtracting cost of sales from net sales.  
The profit and loss section (similar to the Profit and loss account), where net profit is calculated by adding all other income to the gross profit and subtracting all other expenses (other than cost of sales) from it.
- Interest income and Interest expense will be shown separately at the bottom of the Income statement because these items are regarded as investing and financing activities and not operating activities like the rest of the items in the income statement.
- Nominal accounts section





### Activity 3 (Student's Book, page 286)

Suggested answers

#### Ceasars Traders

Income statement for the year ended 30 June 20.9	
Sales (less debtors allowances) (453 613 – 8 650)	444 963
Cost of sales	(256 656)
Gross profit	188 307
<b>Other operating income</b>	<b>5 464</b>
Bad debts recovered	162
Rent income	4 800
Discount received	502
<b>Operating expenses</b>	<b>(142 729)</b>
Advertising	2 877
Salaries	84 000
Bad debts	308
Stationery	3 756
Telephone	4 299
Wages	33 133
Water and electricity	5 315
Insurance	1 650
Rates	4 439
Discount allowed	382
UIF contributions	2 570
Operating profit	51 042
Interest income (interest on overdue debtors )	220
Profit before interest expense	51 262
Interest expense (interest on loan)	(900)
Net profit for the year	50 362

## Activity 4 (Student's Book, page 287)

*Suggested answers*

Malangeni Traders	
Income statement for the year ended 31 August 20.9	
Sales (less debtors allowances) (504 000 – 5132)	498 868
Cost of sales	(372 000)
Gross profit	126 868
<b>Other operating income</b>	22 078
Rent income	18 500
Discount received	3 578
<b>Operating expenses</b>	(78 889)
Stationery	2 128
Telephone	9 028
Discount allowed	3 408
Water and electricity	5 520
Sundry expenses	14 903
Wages	18 830
Salaries	23 630
SARS (UIF) contributions	622
Bank charges	820
Operating profit	70 057
Interest income (interest on fixed deposit)	2 000
Profit before interest expense	72 057
Interest expense	–
Net profit for the year	72 057

## Daily task 4 (Student's Book, page 290)

*Suggested answers*

1. The purpose of the Balance sheet is to report on the financial position of the business – what the business is worth.
2. Balance sheet section
3. We use notes to financial statements to make financial statements more meaningful by providing details of some of the items presented in the Balance sheet.

## Activity 5 (Student's Book, page 290)

Suggested answers

### Ceasars Traders

Balance sheet as at 30 June 20.9		
ASSETS	Note	
<b>Non-current assets</b>		282 840
Fixed/Tangible assets	1	282 840
Financial assets		
Fixed deposit		–
<b>Current assets</b>		39 654
Trading inventory		27 222
Trade debtors		12 232
Cash and cash equivalents	2	200
<b>TOTAL ASSETS</b>		322 494
<b>EQUITY AND LIABILITIES</b>		
<b>Owner's equity</b>	3	298 791
<b>Non-current liabilities</b>		10 000
Loan: Cape Bank		10 000
<b>Current liabilities</b>		13 703
Trade creditors		10 900
Bank overdraft		2 803
<b>TOTAL EQUITY AND LIABILITIES</b>		322 494

### Notes to financial statements for the year ended 30 June 20.9

#### 1. Fixed/Tangible assets

	Land and build-ings	Vehicles	Equipment	Total
Cost at beginning of the year	190 000	80 440	12 400	282 840
Movements/additional cost	–	–	–	–
Cost at the end of the year	190 000	80 440	12 400	282 840

#### 2. Cash and cash equivalents

Cash float 200

#### 3. Owner's equity

Balance at beginning of year	267 000
Net profit (loss) for the year	50 362
Additional capital contributed	–
Drawings	(18 571)
Balance at the end of year	298 791

## Activity 6 (Student's Book, page 291)

Suggested answers

### Malangeni Traders

Balance sheet as at 30 June 20.9		
ASSETS	Note	
<b>Non-current assets</b>		374 505
Fixed/Tangible assets	1	359 505
Financial assets		
Fixed deposit: Wilson Bank		15 000
<b>Current assets</b>		40 710
Trading inventory		16 594
Trade debtors		15 600
Cash and cash equivalents	2	8 516
<b>TOTAL ASSETS</b>		415 215
<b>EQUITY AND LIABILITIES</b>		
<b>Owner's equity</b>	3	388 817
<b>Non-current liabilities</b>		
Loan		-
<b>Current liabilities</b>		26 398
Trade creditors		22 400
VAT control		3 998
<b>TOTAL EQUITY AND LIABILITIES</b>		415 215

### Notes to financial statements for the year ended 31 August 20.9

#### 1. Fixed/Tangible assets

	Land and buildings	Equipment	Total
Cost at beginning of the year	280 000	79 505	359 505
Movements/additional cost	-	-	-
Cost at the end of the year	280 000	79 505	359 505

#### 2. Cash and cash equivalents

Bank	7 816
Cash float	500
Petty cash	200
	8 516

#### 3. Owner's equity

Balance at beginning of year	380 000
Net profit (loss) for the year	72 057
Additional capital contributed	-
Drawings	(63 240)
Balance at the end of year	388 817

## Activity 7 (Student's Book, page 291)

Suggested answers

### Perreti Stores

Income statement for the year ended 31 January 20.8	
Sales (less debtors allowances) (54 489 – 1 102)	53 387
Cost of sales	(36 776)
Gross profit	16 611
<b>Other operating income</b>	614
Discount received	354
Donations received	150
Bad debts recovered	110
<b>Operating expenses</b>	(25 457)
Stationery	55
Sundry expense	3 897
Rent expense	2 400
Discount allowed	843
Wages	8 000
Salaries	9 500
UIF contributions	175
Bank charges	508
Repairs	79
Operating loss	(8 232)
Interest income (interest on current account )	58
Loss before interest expense	(8 174)
Interest expense (interest on loan)	(120)
Net profit for the year	(8 294)

Perreti Stores

Balance sheet as at 31 January 20.8		
ASSETS	Note	
<b>Non-current assets</b>		16 073
Fixed/Tangible assets	1	11 073
Financial assets		
Fixed deposit:		5 000
<b>Current assets</b>		35 976
Trading inventory		7 547
Trade debtors {27 467 + 817 (VAT control)}		28 284
Cash and cash equivalents	2	145
<b>TOTAL ASSETS</b>		52 049
<b>EQUITY AND LIABILITIES</b>		
<b>Owner's equity</b>	3	3 734
<b>Non-current liabilities</b>		7 500
Loan: Super Loans		7 500
<b>Current liabilities</b>		40 815
Trade creditors		32 036
Bank overdraft		8 779
<b>TOTAL EQUITY AND LIABILITIES</b>		52 049

Notes to financial statements for the year ended 31 January 20.8

1. Fixed/Tangible assets

	Land and buildings	Equipment	Total
Cost at beginning of the year	8 817	2 256	11 073
Movements/additional cost	–	–	–
Cost at the end of the year	8 817	2 256	11 073

2. Cash and cash equivalents

Petty cash R145

3. Owner's equity

Balance at beginning of year	14 000
Net profit (loss) for the year	(8 294)
Additional capital contributed	–
Drawings	(1 972)
Balance at the end of year	3 734

## Activity 8 (Student's Book, page 291)

Suggested answers

### Baytown Traders

General journal – 28 February 20.9					GJ1
Doc No.	Day	Details	Fol.	Debit	Credit
JV1	28	Sales		4 656	
		Debtors allowances			4 656
		<i>Transfer of debtors allowances</i>			
JV2		Sales		909 600	
		Trading account			909 600
		<i>Closing transfer</i>			
JV3		Trading account		607 506	
		Cost of sales			607 506
		<i>Closing transfer</i>			
JV4		Trading account		302 094	
		Profit and loss account			302 094
		<i>Transfer of gross profit</i>			
JV5		Bad debts recovered		180	
		Discount received		1 560	
		Profit and loss account			1 740
		<i>Closing transfers</i>			
JV6		Profit and loss account		363 608	
		Advertising			7 128
		Bad debts			588
		Bank charges			744
		Consumable stores			15 312
		Discount allowed			360
		Water and electricity			7 760
		Insurance			12 600
		Interest on mortgage bond			54 600
		Rates and taxes			3 420
		Pension Fund contributions			18 200
		Rent expense			60 000
		Salaries and wages			119 140
		Sundry expenses			42 692
		Telephone			18 184
		UIF contributions			2 880
		<i>Closing transfers</i>			
JV7	28	Capital		59 774	
		Profit and loss account			59 774
		<i>Transfer of net loss</i>			



JV8	28	Capital		28 000	
		Drawings			28 000
		Transfer of drawings			

#### General ledger of Baytown Traders

Balance sheet section							
Dr				– Capital (Equity) +			
				B1 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Feb. 28	Profit and loss account	GJ1	59 774	20.9 Feb. 28	Balance	b/d	319 200
	Drawings	GJ1	28 000				
	Balance	c/d	231 426				
			319 200				319 200
				20.9 Mar. 1	Balance	b/d	231 426
Dr				+ Drawings (Equity) –			
				B11 Cr			
20.9 Feb. 28	Balance	b/d	28 000	20.9 Feb. 28	Capital	GJ1	28 000
Nominal accounts section							
Dr				– Sales (Income) +			
				N1 Cr			
20.9 Feb. 28	Debtors allowances	GJ1	4 656	20.9 Feb. 28	Total	b/f	914 256
	Trading account	GJ1	909 600				
			914 256				914 256
Dr				+ Bad debts (Expense) –			
				N4 Cr			
20.9 Feb. 28	Total	b/f	588	20.9 Feb. 28	Profit and loss account	GJ1	588
Dr				– Bad debts recovered (Income) +			
				N5 Cr			
20.9 Feb. 28	Profit and loss account	GJ1	5 760	20.9 Feb. 28	Total	b/f	5 760
Dr				+ Debtors allowances (Expense) –			
				N4 Cr			
20.9 Feb. 28	Total	b/f	4 656	20.9 Feb. 28	Sales	GJ1	4 565
Final accounts section							
Dr				Trading account			
				F1 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Feb. 28	Cost of sales	GJ1	607 506	20.9 Feb. 28	Sales	GJ1	909 600
	Profit and loss account	GJ1	302 094				
			909 600				909 600





Dr				Profit and loss account				F2		Cr
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount			
20.9 Feb. 28	Advertising	GJ1	7 128	20.9 Feb. 28	Trading account	GJ1	302 094			
	Bad debts	GJ1	588		Bad debts recovered	GJ1	180			
	Bank charges	GJ1	744		Discount received	GJ1	1 560			
	Consumable stores	GJ1	15 312		Capital (net loss)	GJ1	59 774			
	Discount allowed	GJ1	360							
	Water and electricity	GJ1	7 760							
	Insurance	GJ1	12 600							
	Interest on mortgage bond	GJ1	54 600							
	Rates and taxes	GJ1	3 420							
	Pension fund contributions	GJ1	18 200							
	Rent expense	GJ1	60 000							
	Salaries and wages	GJ1	119 140							
	Sundry expenses	GJ1	42 692							
	Telephone	GJ1	18 184							
	UIF contributions	GJ1	2 880							
			363 608							363 608

#### Baytown Traders

Post-closing trial balance on 28 February 20.9					
			Fol.	Debit	Credit
		<i>Balance sheet section</i>			
		Capital	B1		231 426
		Motor vehicles	B3	227 988	
		Equipment	B4	237 900	
		Trading stock	B5	61 080	
		Debtors control	B6	14 693	
		Bank	B7	14 395	
		Petty cash	B8	800	
		Creditors control	B9		13 430
		Mortgage bond: Nation Bank @ 15% p. a.	B10		312 000
				556 856	556 856

Baytown Traders

Income statement for the year ended 28 February 20.9	
Sales (less debtors allowances) (914 256 – 4 656)	909 600
Cost of sales	(607 506)
Gross profit	302 094
<b>Other operating income</b>	1 740
Bad debts recovered	180
Discount received	1 560
<b>Operating expenses</b>	(309 008)
Advertising	7 128
Bad debts	588
Bank charges	744
Consumable stores	15 312
Discount allowed	360
Water and electricity	7 760
Insurance	12 600
Interest on mortgage bond	54 600
Rates and taxes	3 420
Pension Fund contributions	18 200
Rent expense	60 000
Salaries and wages	119 140
Sundry expenses	42 692
Telephone	18 184
UIF contributions	2 880
Operating profit (loss)	(5 174)
Interest income	–
Profit before interest expense	(5 174)
Interest expense	(54 600)
Net loss for the year	(59 774)

Baytown Traders

Balance sheet as at 28 February 20.9		
ASSETS	Note	
<b>Non-current assets</b>		465 888
Fixed/Tangible assets	1	465 888
Financial assets		–
<b>Current assets</b>		90 968
Trading inventory		61 080
Trade debtors		14 693
Cash and cash equivalents	2	15 195
<b>TOTAL ASSETS</b>		556 856
<b>EQUITY AND LIABILITIES</b>		
<b>Owner's equity</b>	3	231 426
<b>Non-current liabilities</b>		312 000
Loan: Nation Bank		312 000
<b>Current liabilities</b>		13 430
Trade creditors		13 430
<b>TOTAL EQUITY AND LIABILITIES</b>		556 856

Notes to financial statements for the year ended 28 February 20.9

1. Fixed/Tangible assets

	Land and buildings	Vehicles	Equipment	Total
Cost at beginning of the year	–	227 988	237 900	465 888
Movements/additional cost	–	–	–	–
Cost at the end of the year	–	227 988	237 900	465 888

2. Cash and cash equivalents

Bank	14 395
Petty cash	800
	15 195

3. Owner's equity

Balance at beginning of year	319 200
Net profit (loss) for the year	(59 774)
Additional capital contributed	
Drawings	(28 000)
Balance at the end of year	231 426

Questions for revising Unit 2 (Student's Book, page 293)

Question 1

- e)
- c)
- f)
- b)
- a)
- d)

## Question 2

### Enzo Stores

Income statement for the year ended 28 February 20.9	
Sales (less debtors allowances)	648 210
Cost of sales	(480 150)
Gross profit	168 060
<b>Other operating income</b>	29 544
Rent income	25 840
Discount received	2 504
Bad debts recovered	1 200
<b>Operating expenses</b>	(130 454)
Rates and taxes	1 325
Salaries	98 830
Packing materials	7 100
Stationery	1 070
Insurances	4 090
Telephone	5 309
Water and electricity	4 000
Discount allowed	540
Bank charges	920
Bad debts	2 000
SARS (UIF) contributions	1 020
Pension fund contributions	4 250
Operating profit	67 150
Interest income (interest on fixed deposit 2 850 + interest on overdue debtors 730 )	3 580
Profit before interest expense	70 730
Interest expense (interest on loan)	(7 000)
Net profit for the year	63 730

## Enzo Stores

Balance sheet as at 28 February 20.9		
ASSETS	Note	
<b>Non-current assets</b>		578 000
Fixed/Tangible assets	1	558 000
Financial assets		
Fixed deposit: Zulu Bank		20 000
<b>Current assets</b>		149 150
Trading inventory		72 300
Trade debtors		62 100
Cash and cash equivalents	2	14 750
<b>TOTAL ASSETS</b>		727 150
<b>EQUITY AND LIABILITIES</b>		
<b>Owner's equity</b>	3	549 250
<b>Non-current liabilities</b>		70 000
Loan: Xhosa Bank		70 000
<b>Current liabilities</b>		107 900
Trade creditors		107 900
<b>TOTAL EQUITY AND LIABILITIES</b>		727 150

### Notes to financial statements for the year ended 28 February 20.9

#### 1. Fixed/Tangible assets

	Land and Buildings	Vehicles
Cost at beginning of the year	420 000	52 000
Movements/additional cost	—	60 000
Cost at the end of the year	420 000	112 000

## Chapter challenge (Student's Book, page 294)

### Question 1

Suggested answers

- 1.1 financial period
- 1.2 financing
- 1.3 operating
- 1.4 matching
- 1.5 historical cost
- 1.6 gross
- 1.7 net
- 1.8 business entity
- 1.9 trading
- 1.10 profit and loss

- 1.11 current
- 1.12 current
- 1.13 financial
- 1.14 non-current
- 1.15 capital

## Question 2

### Letsatsi Traders

General journal – 28 February 20.9					GJ1
Doc No.	Day	Details	Fol.	Debit	Credit
JV1	28	Sales	N1	5 380	
		Debtors allowances	N3		5 380
		<i>Transfer of debtors allowances</i>			
JV2		Sales	N1	538 955	
		Trading account	F1		538 955
		<i>Closing transfer</i>			
JV3		Trading account	F1	287 988	
		Cost of sales	N2		287 988
		<i>Closing transfer</i>			
JV4		Trading account	F1	250 967	
		Profit and loss account	F2		250 967
		<i>Transfer of gross profit</i>			
JV5		Bad debts recovered	N10	195	
		Rent income	N14	5 760	
		Discount received	N17	602	
		Interest on overdue debtors	N18	264	
		Interest on fixed deposit	N19	1 400	
		Profit and loss account	F2		8 221
		<i>Closing transfers</i>			
JV6		Profit and loss account	F2	177 354	
		Advertising	N4		3 453
		Salaries	N5		100 800
		Bad debts	N6		370
		Stationery	N7		4 508
		Telephone	N8		5 159
		Wages	N9		39 760
		Interest on loan	N11		1 080
		Water and electricity	N12		6 212
		Insurance	N13		1 980
		Rates	N15		5 327
		Discount allowed	N16		458
		UIF contributions	N20		2 016

		Medical aid contributions	N21		6 231
		<i>Closing transfers</i>			
JV7	28	Profit and loss account	F2	81 834	
		Capital	B1		81 834
		<i>Transfer of net profit</i>			
JV8	28	Capital	B1	22 285	
		Drawings	B2		22 285
		<i>Transfer of drawings</i>			

#### General ledger of Letsatsi Traders

Balance sheet section							
Dr				– Capital (Equity) +			
				B1 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Feb. 28	Drawings	GJ1	22 285	20.9 Feb. 28	Balance	b/d	320 400
	Balance	c/d	379 949		Profit and loss account	GJ1	81 834
			402 234				402 234
				20.9 Mar. 1	Balance	b/d	379 949
Nominal accounts section							
Dr				– Sales (Income) +			
				N1 Cr			
20.9 Feb. 28	Debtors allowances	GJ1	5 380	20.9 Feb. 28	Total	b/f	544 335
	Trading account	GJ1	538 955				
			544 335				544 335
Dr				+ Stationery (Expense) –			
				N7 Cr			
20.9 Feb. 28	Total	b/f	4 508	20.9 Feb. 28	Profit and loss account	GJ1	4 508
Dr				– Rent income (Income) +			
				N14 Cr			
20.9 Feb. 28	Profit and loss account	GJ1	5 760	20.9 Feb. 28	Total	b/f	5 760
Final accounts section							
Dr				Trading account			
				F1 Cr			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
20.9 Feb. 28	Cost of sales	GJ1	287 988	20.9 Feb. 28	Sales	GJ1	538 955
	Profit and loss account	GJ1	250 967				
			538 955				538 955

Dr				Profit and loss account				F2	Cr
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount		
20.9 Feb. 28	Advertising	GJ1	3 453	20.9 Feb. 28	Trading account	GJ1	250 967		
	Salaries	GJ1	100 800		Bad debts recovered	GJ1	195		
	Bad debts	GJ1	370		Rent income	GJ1	5 760		
	Stationery	GJ1	4 508		Discount received	GJ1	602		
	Telephone	GJ1	5 159		Interest on overdue debtors	GJ1	264		
	Wages	GJ1	39 760		Interest on fixed deposit	GJ1	1 400		
	Interest on loan	GJ1	1 080						
	Water and electricity	GJ1	6 212						
	Insurance	GJ1	1 980						
	Rates	GJ1	5 327						
	Discount allowed	GJ1	458						
	UIF contributions	GJ1	2 016						
	Medical aid contributions	GJ1	6 231						
	Capital	GJ1	81 834						
			259 188						259 188

## Letsatsi Traders

Post-closing trial balance on 28 February 20.9					
		Fol.	Debit	Credit	
	<i>Balance sheet section</i>				
	Capital	B1		379 949	
	Land and buildings	B3	228 000		
	Vehicles	B4	96 528		
	Equipment	B5	14 880		
	Trading inventory	B6	32 666		
	Debtors control	B7	14 218		
	Bank	B8		1 963	
	Cash float	B9	240		
	Creditors control	B10		13 080	
	Loan: Umhlanga Bank	B11		12 000	
	Fixed deposit: Toti Bank	B12	20 000		
	Petty cash	B13	460		
			406 992	406 992	



Letsatsi Traders

Income statement for the year ended 28 February 20.9	
Sales (less debtors allowances) (544 335 – 5 380)	538 995
Cost of sales	(287 988)
Gross profit	250 967
<b>Other operating income</b>	<b>6 557</b>
Bad debts recovered	195
Rent income	5 760
Discount received	602
<b>Operating expenses</b>	<b>(176 274)</b>
Advertising	3 453
Salaries	100 800
Bad debts	370
Stationery	4 508
Telephone	5 159
Wages	39 760
Water and electricity	6 212
Insurance	1 980
Rates	5 327
Discount allowed	458
UIF contributions	2 016
Medical aid contributions	6 231
Operating profit	81 250
Interest income (264 + 1 400)	1 664
Profit before interest expense	82 914
Interest expense	(1 080)
Net profit for the year	81 834

Letsatsi Traders

Balance sheet as at 28 February 20.9		
ASSETS	Note	
<b>Non-current assets</b>		359 408
Fixed/Tangible assets	1	339 408
Financial assets		
Fixed deposit: Toti Bank		20 000
<b>Current assets</b>		47 584
Trading inventory		32 666
Trade debtors		14 218
Cash and cash equivalents	2	700
<b>TOTAL ASSETS</b>		406 992
<b>EQUITY AND LIABILITIES</b>		
<b>Owner's equity</b>	3	379 949
<b>Non-current liabilities</b>		12 000
Loan: Umhlanga Bank		12 000
<b>Current liabilities</b>		15 043
Trade creditors		13 080
Bank overdraft		1 963
<b>TOTAL EQUITY AND LIABILITIES</b>		406 992

Notes to financial statements for the year ended 28 February 20.9

1. Fixed/Tangible assets

	Land and buildings	Vehicles	Equipment	Total
Cost at beginning of the year	228 000	26 528	11 080	265 608
Movements/additional cost	–	70 000	3 800	73 800
Cost at the end of the year	228 000	96 528	14 880	339 408

2. Cash and cash equivalents

Cash float	240
Petty cash	460
	700

3. Owner's equity

Balance at beginning of year	320 400
Net profit (loss) for the year	81 834
Additional capital contributed	–
Drawings	(22 285)
Balance at the end of year	379 949

# chapter 7

## consolidated assignment

This assignment consolidates all the content and skills learned in Applied Accounting Level 3. You will find the answers in MS Excel format and PDF format on the CD that accompanies this Lecturer's Guide.

### Completing the source documents

Here are some guidelines for assessing the completion of source documents where relevant.

#### General guidelines

- Deduct marks for untidy work and illegible handwriting.
- Amounts must be written in words and figures without spaces before or after so as to prevent fraud.
- Information provided in transactions should be accurately transferred to documents. This includes spelling, amounts and so on.

#### Specific guidelines for certain key documents

**Receipts** must include the following:

- The document number, if it is not printed, even if it is not provided in the question
- The date in an acceptable format (dd-mm-yy)
- The name of the person or business to whom the receipt is issued
- The correct amount in figures (adhere to anti-fraud measures)
- The same amount in words (adhere to anti-fraud measures)
- Narration that indicates what the receipt is for

**Credit notes and Debit notes** must include the following:

- The name and address of the business issuing the document if this information is not printed on the document
  - The VAT registration number if it is not printed on the document
  - The date in an acceptable format (dd-mm-yy)
  - The document number, if it is not printed, even if it is not provided in the question
  - The name and address of the client to whom the document is issued
  - The account number of the client if provided
- A description of similar items returned (per line) as follows:
- | Code | Description |
|------|-------------|
|------|-------------|

Quantity

Unit price (excluding VAT)

VAT total for similar units, unless indicated in the totals

Total price for similar units

- The total of the subtotals
- The VAT on the total (if not indicated already)
- The signature of the person who completed the document (optional)

**Cheques** must include the following:

- The date in an acceptable format (dd-mm-yy)
- The name of the payee (correct spelling)
- The correct amount in figures (adhere to anti-fraud measures)
- The same amount in words (include anti-fraud measures)
- The signature of the owner or manager
- Crossing done correctly
- The cheque number if not printed

**Cheque counterfoils** must include the following:

- The date in an acceptable format (dd-mm-yy)
- The name of the payee
- A brief narration
- The opening balance, any deposits, the amount of this cheque and the new balance
- The counterfoil number, corresponding with the corresponding cheque, if not printed

**Invoices** (credit or cash sales) must include the following:

- The name and address of the business issuing the invoice if not printed
- The VAT registration number if not printed
- The date in an acceptable format (dd-mm-yy)
- The document number if it is not printed, even if it is not provided in the question
- The name and address of the client the invoice is issued to
- The account number of the client if provided
- The payment method used
- A description of similar items returned (per line) as follows:

Code

Description

Quantity

Unit price (excluding VAT)

VAT total for similar units, unless indicated in the totals

Total price for similar units

- The total of the subtotals
- The VAT on the total (if not indicated already)
- The signature of the person who completed the document (optional)

**Bank deposit slips** must include the following:

- The name of the bank if not printed
- The date in an acceptable format (dd-mm-yy)
- The name of the account in which money must be deposited
- The correct account number in which money must be deposited
- The total value of bank notes, nickel, bronze and postal orders (each separately)
- The subtotal of the above
- The details of the cheques deposited per line as follows:
  - Drawer's name
  - Drawer's bank
  - Drawer's bank branch code
  - The correct amount in figures (adhere to anti-fraud measures)
- Total of subtotal and all cheques
- The signature of the person who made the deposit