OBE for FET financial management: a logical approach level 3 lecturer's guide

Marika Kleyn Patrick Bean Issa Griesel Ingrid Norman Mellisa Pennington

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40 Heerengracht, Cape Town, 8001 P.O. Box 5197, Cape Town, 8000

Website: http://www.nasou-viaafrika.com

Cover design by Nasou Via Afrika

Set in 9.5 on 12pt Caecilia Light by KB Typesetting & Publishing Services

Printed and bound by Paarl Print, Oosterland Street, Paarl, South Africa

ISBN-13: 978-14154-003-6

First edition First impression – February 2008

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contents

introduction 1

How to use this Lecturer's Guide 1 The new curriculum 4 A suggested work schedule and assessment plan for OBE for FET Colleges Financial Management Level 3 16

assessment 21

Assessment tools (Rubrics and checklists) 32

chapter 1 Value-added tax 48

Unit 1 Defining and calculating VAT 50

- Unit 2 Accounting practices and procedures 53
- Unit 3 Completing the documentation required by SARS 58

chapter 2 Administration of salaries and wages 61

- Unit 1 Calculating and recording salaries and wages 64
- Unit 2 Payments related to salaries and wages 76

chapter 3 The petty cash system 83

- Unit 1 Disbursement of money for petty cash transactions 85
- Unit 2 Recording petty cash transactions and restoring the imprest amount 89
- Unit 3 General ledger and control procedures 98

chapter 4 Compiling reconciliation statements 113

- Unit 1 Bank reconciliation 116
- Unit 2 Debtors and creditors reconciliation 129
- Unit 3 General ledger reconciliation 134

chapter 5 Administration of non-current assets 143

Unit 1 Non-current assets and depreciation 146

Unit 2 Asset disposal 161

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Introduction

This series for the subject Financial Management 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 Financial Management 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 also 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.

introduction

INTRODUCTION

| ∢ | Cross-reference This icon shows forward or backward links or references to other sections in the book. |
|--------------|---|
| C | Outcomes 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) Financial Management Subject Guidelines. |
| ୍ଦୁ | Minds-on This icon indicates knowledge outcomes that students will acquire. |
| | Hands-on This icon shows skills-based outcomes that students will acquire. |
| \heartsuit | Hearts-on This icon shows values-based outcomes that will assist the students to express or develop particular values (or attitudes) to the issues raised. |
| Ô | Individual This icon indicates that students should work on their own. |
| Ø | Pair work This icon indicates that the students should work in pairs. |
| Ô | Group work 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. |
| | Time 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. |
| Q | End of unit revision questions 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. |
| Ċ | Assessment 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. |

introduction

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

| Career corner | These margin boxes provide the student with an opportunity to investigate or think about careers in the Financial Management field. |
|------------------|--|
| Word bank | New or difficult terms are explained or defined in these margin boxes. The aim is to extend the students' use of English and their Financial Management terminology. |
| Fact file | 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:

| Getting started | 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. |
|----------------------|---|
| Activities | This gives students the opportunity of doing activities to apply their knowledge, skills and values. |
| Summative activities | 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).

Financial Management 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 Financial Management for the National Certificate Level 3 in the FET Colleges band.

introduction

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

| Subject Outcomes | Assessment Standards | Learning Outcomes |
|---|---|--|
| 1.1 Define and identify value-added tax (VAT) concepts. | Value-added tax (VAT) is defined. Input and output taxes are defined. Various VAT rates identified. <i>Range: Current rate, zero rate and exempt.</i> VAT registration requirements explained. | Define Value-Added Tax (VAT). Define Input Tax. Define Output Tax. Identify various VAT rates. <i>Range: Current rate, zero rate, exempt rate.</i> Explain VAT registration requirements. VAT periods (monthly, bi-monthly, 6 months, yearly). <i>Range: according to the current Value-Added Tax (VAT) legal requirements by the South African Revenue Services (SARS).</i> |
| 1.2 & 1.3 Calculate and record VAT on basic transactions. Range: Purchase and sale of goods, petrol, stationery, refreshments, telephone, general operatina | VAT calculations are correctly applied for basic transactions which are inclusive and exclusive of VAT. <i>Range: Not zero rate or exempt.</i> Calculate VAT correctly taking trade discounts into account. VAT on basic transactions is recorded in appropriate journals. | Apply VAT calculations correctly to basic transactions, inclusive and exclusive of VAT. <i>Range: Not zero rate or exempt.</i> Explain the terms inclusive and exclusive VAT. Calculate VAT correctly and accurately, taking trade discounts into account. |
| transactions. | VAT received and paid is recorded in the appropriate journals and books. Range: Cash receipts and Cash payments journals/cash book, Petty cash journal/petty cash book, debtors/sales and creditor/purchases journals, debtors allowances/sales returns and creditors allowance/purchases returns journals. Totals are posted to the VAT control account. VAT control account is balanced to determine the VAT payable/receivable amount. Discrepancies are investigated and rectified. | Record VAT on basic transactions in appropriate journals. Range of journals: Cash receipts and Cash payments /Cash book, Petty cash journals / Petty cash book Debtor/Sales, Creditor/Purchases, Debtors Allowance/Sales returns, Creditors Allowance/Purchases returns. Post totals to VAT control account in General ledger. Balance VAT control account to deter- mine discrepancies. Investigate and correct discrepancies. |
| 1.4 Complete relevant documentation for SARS. | SARS return form for VAT is correctly identified and completed according to SARS requirements. Requisition for total payment due to SARS is completed and authorised if applicable. Completed form and payment (if applicable) is forwarded to SARS by due date. Documents are filed according to business policy and accounting practice. | Identify and complete SARS VAT return form correctly. Explain and apply procedures to deliver form and VAT payment to SARS. Range: Procedures include authorisation for payment, due date of payments at SARS and filing of documents according to SARS, business and accounting policy. |

Topic 1: Calculate and record value-added tax (VAT) concepts (28% weighted value)

introduction

-

Topic 2: Prepare salaries: An introduction (6% weighted value)

| Subject Outcomes | Assessment Standards | Learning Outcomes |
|--|---|--|
| 2.1, 2.2 and 2.3: Calcu- late gross salaries, net salaries, employees' deductions and employer's contributions. | Gross salaries for normal time are calculated and recorded. <i>Range: Practical exercises – in Salaries journal.</i> Gross salaries for overtime are calculated and recorded. <i>Range: Practical exercises – in Salaries journal.</i> Deductions are explained and accurately calculated for individual employees. <i>Range: Practical exercises. Deductions to include medical, pension, unemployment insurance fund (UIF), membership fees, pay as you earn (PAYE) and standard income tax on employees (SITE) deductions.</i> Deductions are recorded for individual employees. <i>Range: Practical exercises – in Salaries journal.</i> Net salaries are correctly calculated and recorded. <i>Range: Practical exercises – in Salaries journal.</i> Net salaries are correctly calculated and recorded. <i>Range: practical exercises – in Salaries journal.</i> The concept of employer's contribution is explained. <i>Range: In salaries context.</i> Employer's contribution is calculated and recorded. <i>Range: Practical exercises – in Salaries journal.</i> The concept of employer's contribution is explained. <i>Range: In salaries context.</i> Employer's contribution is calculated and recorded. <i>Range: Practical exercises – in Salaries journal.</i> | Explain and accurately calculate and record the following in the Salaries journal according to GAAP (Generally Accepted Accounting Procedures): gross salaries for normal time and overtime deductions for individual employees Range: Medical fund, pension fund, unemployment insurance fund (UIF), pay as you earn (PAYE), standard income tax on employees (SITE), staff association. net salaries employer's contribution Range: Medical fund, pension fund, unemployment insurance fund (UIF). |
| 2.4 Demonstrate month- end procedures in Salaries journal. | Closing off of Salaries journals is demonstrated. <i>Range: Practical exercises – in Salaries</i> <i>journal.</i> Salaries journal is posted to General ledger. <i>Range: Practical exercises – from Salaries</i> <i>journal to General ledger.</i> | Demonstrate closing off of Salaries journal. Demonstrate posting of columns in Salaries journal to General ledger accounts and balancing of General ledger accounts according to GAAP (Generally Accepted Accounting Procedures). |
| 2.5 Calculate payments to different stake- holders. | Payments to employees, different funds and South African Revenue Services (SARS) is calculated and recorded. <i>Range: Practical exercises – in Cash</i> <i>payments journal</i>. Cash payments journal is posted to the General ledger. <i>Range: Practical exercises – from Cash</i> <i>payments journal to General ledger.</i> Close off General ledger accounts. <i>Range: Practical exercises – in General</i> <i>ledger.</i> | Calculate and record payments of salaries, deductions and employer's contribution to employees, funds and SARS in the Cash payments journal (CPJ). Explain due dates of payments. Post Cash payments journal to General ledger accounts. Close off General ledger accounts according to GAAP (Generally Accepted Accounting Procedures). |

introduction

| Subject Outcomes | Assessment Standards | Learning Outcomes |
|--|--|--|
| 3.1, 3.2 & 3.3: Calculate gross wages, net wages, employee deductions and employer's contributions. | Gross wages for normal time are explained, calculated and recorded. <i>Range: Practical exercises – in Wages journal.</i> Gross wages for overtime are explained, calculated and recorded. <i>Range: Practical exercises – in Wages journal.</i> Deductions are explained and accurately calculated for individual employees. <i>Range: Practical exercises. Deductions to include medical, pension, unemployment insurance fund (UIF), membership fees, pay as you earn (PAYE) and standard income tax on employees.</i> <i>Range: Practical exercises – in Wages journal.</i> Deductions are recorded for individual employees. <i>Range: Practical exercises – in Wages journal.</i> Net wages are correctly calculated and recorded. <i>Range: practical exercises – in Wages journal.</i> The concept of employer's contribution is explained. <i>Range: In wages context.</i> Employer's contribution is calculated and recorded. <i>Range: Practical exercises – in Wages journal.</i> The concept of employer's contribution is explained. <i>Range: In wages context.</i> Employer's contribution is calculated and recorded. <i>Range: Practical exercises – in Wages journal.</i> The concept of employer's contribution to include, but not limited to, medical, pension and UIF contributions. | Explain and accurately calculate and record in the Wages journal: gross wages for normal time and overtime deductions for individual employees Range: Medical fund, pension fund, unemployment insurance fund (UIF), pay as you earn (PAYE), standard income tax on employees (SITE), staff association. net wages employer's contribution Range: Medical fund, pension fund, unemployment insurance fund (UIF), according to GAAP (Generally Accepted Accounting Procedures). |
| 3.4 Demonstrate month- end procedures in Wages journal. | Closing off of Wages journals is demonstrated. Range: Practical exercises – in Wages journal. Wages journal is posted to General ledger. Range: Practical exercises – from Wages journal to General ledger. | Demonstrate closing off of Wages journal. Demonstrate posting of columns in Wages journal to General ledger accounts and balancing of General ledger accounts according to GAAP (Generally Accepted Accounting Procedures). |
| 3.5 Calculate payments to different stake- holders. | Payments to employees, different funds and South African Revenue Services (SARS) are calculated and recorded. <i>Range: Practical exercises – in Cash</i> <i>payments journal</i> Cash payments journal is posted to the General ledger. <i>Range: Practical exercises – from Cash</i> <i>payments journal to General ledger.</i> Close off General ledger accounts. <i>Range: Practical exercises – in General</i> <i>ledger.</i> | Calculate and record payments of wages, deductions and employer's contribution to employees, funds and SARS in the Cash payments journal (CPJ). Explain due dates of payments. Posting of Cash payments journal to General ledger accounts Close off General ledger accounts. according to GAAP (Generally Accepted Accounting Procedures). |

Topic 3: Prepare wages: An introduction (6% weighted value)

introduction

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Topic 4: The petty cash system (14% weighted value)

| Subject Outcomes | Assessment Standards | Learning Outcomes | |
|---|---|--|--|
| 4.1 Disburse money for petty cash transactions. | Source documents are identified correctly. Request for petty cash is received, validated and authorised according to company policy. Cash is issued as per authorised request. Cash slip and change received is reconciled accurately. Petty cash voucher is completed and till slip is attached in accordance with purchases made. | Identify source documents correctly Explain and demonstrate: request for petty cash issuing of cash reconciliation of change received and cash slip completion of petty cash voucher and attaching of till slip as per company policy and authorisation policy | |
| 4.2 Record petty cash transactions. | The petty cash vouchers are numbered in sequence according to company policy. Petty cash vouchers are correctly recorded in the petty cash book or Petty cash journal. Petty cash analysis columns are totalled accurately. Petty cash vouchers are correctly filed according to company policy. | Explain and demonstrate numbering of petty cash vouchers in correct sequence according to company policy. Record petty cash vouchers in Petty cash journal or petty cash book. Total petty cash analysis columns accurately and post to accounts in General ledger. Explain and demonstrate filing of petty cash vouchers according to company policy. | |
| 4.3 Restore imprest amount. | The amount of the petty cash float is indicated as required by company. Amount required to restore imprest amount is calculated correctly. Money in cash box is reconciled with petty cash book balance. Amount required is requested according to required coins and notes. Coins and notes received are counted and placed in cash box. | Indicate petty cash float amount. Calculate imprest amount correctly in petty cash account in General ledger or petty cash book. Explain and demonstrate how to reconcile money in cash box with petty cash book balance. Explain and demonstrate how to request and receive required imprest amount in required coins and notes according to company policy. | |
| 4.4 Control procedures for petty cash are adhered to. | Petty cash float is secured according to company policy. The petty cash float is regularly reconciled with petty cash book. Discrepancies are investigated and corrected within a reasonable period of time. Discrepancies arising from the reconciliation of petty cash are either resolved or referred to the appropriate person. | Explain and/or demonstrate: securing of petty cash float regular reconciliation of petty cash float with petty cash book investigation and correction | |

introduction

| Subject Outcomes | Assessment Standards | Learning Outcomes |
|---|--|---|
| 5.1 Compare receipts and payments to the bank statement. | The credits on the bank statement are compared with the bank column of the Cash receipts journal or cash book and the differences identified and recorded in the Cash receipts journal or cash book. The debits on the bank statement are compared with the bank column of the Cash payments journal or cash book and the differences identified and recorded in the Cash payments journal or cash book. The journals are posted to the bank account and balanced, or balance the cash book. | Compare credits on bank statement with bank column in Cash receipts journal and correctly identify differences. Compare debits on bank statement with bank column in Cash payments journal and correctly identify differences. Record differences in Cash receipts journal and Cash payments journal/cash book. Balance journals and post journals to bank account in General ledger and balance off accounts or balance off cash book. |
| 5.2 Compile the bank reconciliation statement. | The closing balance on the current month's bank statement is correctly entered in the current month's bank reconciliation statement. The outstanding or reconciling items appearing on the previous month's reconciliation statement are cleared or carried forward to the current month's reconciliation statement. Amounts in the Cash receipts journal or cash book that do not appear on the bank statement are entered in the bank reconciliation statement. Amounts in the Cash payments journal or cash book that do not appear on the bank statement are entered in the bank reconciliation statement. Amounts in the Cash payments journal or cash book that do not appear on the bank statement are entered in the bank reconciliation statement. The total of the bank reconciliation statement. The total of the bank reconciliation statement is in agreement with the bank balance in the books of the business. The monthly reconciliation statement is interpreted and outstanding items are investigated in order to highlight potential penalties or unresolved issues. | Enter the closing balance of the current month's bank statement correctly in the current month's bank reconciliation statement. Clear the outstanding or reconciling items on the previous month's bank reconciliation statement and carry it forward to the current month's bank reconciliation statement. Record amounts in the Cash payments journal and Cash receipts journal, which are not on the bank statement, in the bank reconciliation statement. Carry forward the balance of the bank account to the bank reconciliation statement. Interpret outstanding items on the monthly bank reconciliation statement to highlight potential penalties or unresolved issues. |
| 5.3 Compile a basic Debtors and Creditors Reconciliation Statement. | A list of balances of outstanding debtors is compiled from the debtors ledger. The debtors list is compared to the debtors control account in the General ledger. Discrepancies identified are to be resolved or referred to the appropriate person. A list of balances of outstanding creditors is compiled from the creditors ledger. The creditors list is compared to the creditors control account in the General ledger. Discrepancies identified are resolved or referred to the appropriate person. | Compile a list of balances of outstanding debtors and creditors for debtors and creditors ledger. Compare the debtors and creditors lists to the debtors control and creditors control accounts respectively in the General ledger. Identify and resolve discrepancies or refer to appropriate person. |
| 5.4 Compile a basic General ledger reconciliation statement. | General ledger control accounts and balances are analysed and the transactions verified according to accounting policy. Discrepancies, misappropriations and errors are identified in the analysis process and resolved with reference to incorrect double entries, misallocations, missing entries or incorrect calculations. | Analyse General ledger control accounts and balances. Verify applicable transactions. Identify and correct discrepancies, errors, incorrect double entries, misallocations, missing entries or incorrect calculations according to accounting policy. |

Topic 5: Compile reconciliation statements (30% weighted value)

introduction

INTRODUCTION

| Subject Outcomes | Assessment Standards | Learning Outcomes |
|--|--|---|
| 6.1 Explain basic concepts of non- current assets. | The concept of non-current assets is explained. The importance of non-current assets in the business is explained. The impact of changes in non-current assets on the financial position of the business is explained. | Explain the concept and importance of non-current assets in a business. Explain the financial impact of changes in non-current assets on the business. |
| 6.2 Calculate depreciation on non- current assets. | The concept of depreciation is explained. Methods of calculating depreciation on non- current assets are demonstrated. Range: Practical exercises – in cost price (straight line) and diminished balance (carrying amount) methods. | Explain concept of depreciation. Demonstrate methods to calculate depreciation for a financial year period or shorter. Range of methods: Cost price (straight line) method and diminished balance (carrying amount) method. |
| 6.3 Complete the asset register. | The format of the asset register is explained. The details of each non-current asset are completed in the asset register. <i>Range: Practical exercises.</i> Depreciation for each non-current asset is completed on asset register. <i>Range: Practical exercises – complete depreciation columns for more than one financial year.</i> | Understand the format of an asset register. Complete details of non-current asset on asset register. Complete date of depreciation, depreciation and accumulated depreciation in asset register according to company policy. |
| 6.4 Explain asset disposal. | The concept of asset disposal is explained. Depreciation is calculated until date of sale. <i>Range: Practical exercises.</i> Details of the asset disposal transaction are completed in the asset register. <i>Range: Practical exercises – in asset register.</i> The profit or loss calculation on the asset disposal transaction is demonstrated. <i>Range: Practical exercises</i> | Explain the concept of asset disposal. Demonstrate accurate calculating of depreciation until date of sale. Complete details of asset disposal in the asset register. Demonstrate calculation of profit or loss on asset disposal. |

Topic 6: Basic administration of non-current assets manually (by hand) (16% weighted value)

introduction

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

- 1. Identify problems using creative thinking to manage finances and to determine progress in a business venture needs.
- 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.
- 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 16 to 20 of this Lecturer's Guide.

| Chapter in the Student's Book | Topic in the curriculum |
|-------------------------------|---|
| Chapter 1 | Topic 1: Calculate and record value-added tax |
| Chapter 2 | Topics 2 and 3: Prepare wages and salaries |
| Chapter 3 | Topic 4: The petty cash system |
| Chapter 4 | Topic 5: Compile reconciliation statements |
| Chapter 5 | Topic 6: Basic administration of non-current assets |

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

introduction

- 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 Financial Management 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 16 to 20 of this Lecturer's Guide.

Financial Management 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 and scope of the six 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.

introduction

INTRODUCTION

In Financial Management 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 below.

| 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) |
| х | Employment equity and basic conditions 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 |
| хх | 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 and will ensure that knowledge, skills and values are articulated.

introduction

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 Financial Management 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).

| Subject | Possible areas of integration |
|-------------------------|---|
| Economic Environment | Contemporary socio-economic issues that impact on businessSavings and investment |
| New Venture Creation | Principles of operating a small business |
| Mathematical Literacy | Numerical calculations Numerical relationships Mathematical knowledge and skills to plan personal finances to be an effective economic participant Data handling |
| Language | • Communication skills (e.g. oral presentations, formal debates, comprehension tests, research activities) |
| Applied Accounting | Access to financial informationProcedures, books and accounts |
| Life Orientation | Acquisitions of IT skills specific to Financial Management |

The table below shows some examples where Financial Management has clear links with other subjects.

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.

introduction

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 Financial Management 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)

introduction

A suggested work schedule and assessment plan for OBE for FET Colleges Financial Management Level 3

Term 1

| Торіс | Week | S 0 | AS | Chapter, Unit and Section in the Student's Book | Assessment activity and page number in the Student's Book |
|-------|------|------------|---|---|--|
| 1 | 1-2 | 1 | 1.1 | Chapter 1: Value-added tax | Getting started (p. 4) |
| | | | 1.2 1.3 | Unit 1: Defining and calculating VAT | |
| | | | | 1. What is VAT? 2. Input VAT 3. Output VAT 4. VAT calculations | Activity 1 (p. 8) Activity 2 individual (p. 8) |
| | | | | 5. Tax rates 6. Zero rated supplies 7. Exempt supplies 8. Registration as a vendor 9. VAT periods | Activity 3 (p. 10) Activity 4 (p. 11) |
| | | | | | Assess your progress (p. 11) Questions for revising Unit 1 (p. 12) |
| | 2-4 | 2&3 | 2.1 2.2 2.3 3.1 3.2 3.3 3.4 | Unit 2: Accounting practices and procedures | |
| | | | | 1. Tax invoices | Activity 1 individual (p. 14) Activity 2 (p. 16) Activity 3 individual (p. 16) |
| | | | | 2. Collection, payment and settlement of VAT | |
| | | | | 3. Recording of VAT | Activity 4 (p. 18) Activity 5 group work (p. 20) Activity 6 individual (p. 22) Activity 7 (p. 24) Activity 8 individual (p. 24) Activity 9 individual (p. 26) |
| | | | | | Assess your progress (p. 26) Questions for revising Unit 2 (p. 27) |
| | 5 | 4 | 4.1 42 4.3 4.4 | Unit 3: Completing the documentation required by SARS | Activity 1 pair work (p. 28) |
| | | | | 1. VAT returns 2. Penalties and interest 3. Refunds | Activity 2 (p. 30) |
| | | | | 4. The VAT 101 form | Activity 3 group work (p. 40) |
| | | | | 5. The VAT 201 form | Activity 4 group work (p. 42) |
| | | | | | Assess your progress (p. 42) Questions for revising Unit 3 (p. 43) Chapter challenge (p. 44) |

introduction

| Торіс | Week | SO | AS | Chapter, Unit and Section in the Student's Book | Assessment activity and page number in the Student's Book |
|-------|------|-------------|-------------------|---|--|
| 2&3 | 6–8 | 1, 2 & 3 | 1.1 1.2 | Chapter 2: Administration of salaries and wages | Getting started (p. 48) |
| | | | 2.1 2.2 2.3 | Unit 1: Calculate and record salaries and wages | |
| | | | 3.2 3.3 | 1. Calculation of salaries | Activity 1 (p. 51) Activity 2 pair work (p. 51) |
| | | | | 2. Calculation of wages | Activity 3 (p. 52) Activity 4 pair work (p. 53) |
| | | | | 3. Deductions | Activity 5 (p. 56) Activity 6 (p. 59) Activity 7 pair work (p. 60) |
| | 9–10 | -10 4 | 4.1 4.2 | 4. Recording in the Salaries journal and month-end procedures | Activity 8 (p. 69) Activity 9 individual (p. 69) |
| | | | | 5. Recording in the Wages journal and month-end procedures | Activity 10 (p. 74) Activity 11 individual (p. 75) |
| | | | | | Assess your progress (p. 75) Questions for revising Unit 1 (p. 76) |
| | | | 5.1 5.2 5.3 | Unit 2: Payments related to salaries and wages | |
| | | | | 1. Payments to different stakeholders | |
| | | | | 2. Posting from the Cash payments journal to the General ledger | Activity 1 (p. 84) |
| | | | | | Assess your progress (p. 84) Questions for revising Unit 2 (p. 85) Chapter challenge (p. 86) |
| | | | | TEST | |

INTRODUCTION

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Term 2

| Торіс | 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 1.2 1.3 1.4 1.5 | Chapter 3: The petty cash system | Getting started (p. 90) |
| | | | | Unit 1: Disbursement of money for petty cash transactions | |
| | | | | 1. Transferring cash to the petty cash | |
| | | | | 2. Posting the transactions in the General ledger | Activity 1 individual (p. 93) Activity 2 individual (p. 93) Activity 3 (p. 94) |
| | | | | 3. Obtaining authorisation for the petty cash transaction | |
| | | | | 4. Reconciliation of the change received and the cash slip | Activity 4 (p. 95) |
| | | | | 5. Source documents involved in petty cash transactions | Activity 5 individual (p. 96) |
| | | | | | Assess your progress (p. 97) Questions for revising Unit 1(p. 98) |
| | 3-5 | 2 | 2.1 2.2 2.3 2.4 | Unit 2: Recording petty cash transactions and restoring the imprest amount | |
| | | | | 1. Recording transactions in the Petty cash journal | Activity 1 individual (p. 100) Activity 2 individual (p. 101) Activity 3 individual (p. 101) Activity 4 (p. 102) |
| | 6–7 | 3 | 3.1 3.2 3.3 3.4 3.5 | 2. Two different kinds of petty cash systems | Activity 5 individual (p. 103) Activity 6 individual (p. 103) Activity 7 individual (p. 103) Activity 8 individual (p. 105) Activity 9 (p. 105) Activity 10 individual (p. 105) |
| | | | | | Assess your progress (p. 106) Questions for revising Unit 2 (p. 107) |
| | 8–10 | 4 | 4.1 4.2 4.3 4.4 | Unit 3: General ledger and control procedures | |
| | | | | 1. Posting Petty cash transactions from the PCJ and the CPJ to the General ledger | Activity 1 pair work (p. 114) Activity 2 individual (p. 115) Activity 3 individual (p. 116) Activity 4 (p. 117) |
| | | | | 2. Control procedures for petty cash | Activity 5 individual (p. 118) Activity 6 (p. 120) Activity 7 individual (p. 121) Activity 8 individual (p. 121) Activity 9 individual (p. 123) Activity 10 individual (p. 124) |
| | | | | | Assess your progress (p. 124) Questions for revising Unit 3 (p. 125) Chapter challenge (p. 125) |
| | | | | MID-YEAR EXAMS | |

introduction

| Торіс | Week | S 0 | AS | Chapter, Unit and Section in the Student's Book | Assessment activity and page number in the Student's Book |
|-------|------|------------|--|--|---|
| 5 | 1-4 | 1 & 2 | 1.1 1.2 | Chapter 4: Compiling reconciliation statements | Getting started (p. 130) |
| | | | 1.3 | Unit 1: Bank reconciliation | |
| | | | 2.1 2.2 2.3 2.4 2.5 2.6 | 1. Differences between the bank statement and the cash journals | Activity 1 pair work (p. 141) Activity 2 individual (p. 144) Activity 3 (p. 145) Activity 4 individual (p. 145) Activity 5 individual (p. 145) Activity 6 (p. 146) |
| | | | | 2. Analysing the previous month's Bank reconciliation statement | Activity 7 individual (p. 149) Activity 8 (p. 150) Activity 9 individual (p. 150) Activity 10 individual (p. 151) Activity 10 individual (p. 152) Activity 11 (p. 153) |
| | | | | | Assess your progress (p. 154) Questions for revising Unit 1 (p. 155) |
| | 5-8 | 3 | 3.1 3.2 | Unit 2: Debtors and creditors reconciliation | |
| | | | 3.3 3.4 3.5 3.6 | 1. Comparing the Debtors list with the Debtors control account | Activity 1 individual (p. 162) |
| | | | | 2. Comparing the Creditors list with the Creditors control account | Activity 2 pair work (p. 165) |
| | | | | | 3. Ida discr |
| | | | | | Assess your progress (p. 176) Questions for revising Unit 2 (p. 177) |
| | 9–10 | 4 | F | Unit 3: General ledger reconciliation | |
| | | | 4.1 4.2 | 1. Errors shown up by a Trial balance | |
| | | | 2. Resolving disc Trial balance | 2. Resolving discrepancies in the Trial balance | Activity 1 (p. 182) Activity 2 group work (p. 182) Activity 3 individual (p. 182) |
| | | | | | Activity 4 individual (p. 183) Activity 5 (p. 184) Activity 6 individual (p. 185) |
| | | | | 3. Errors not shown up by a Trial balance | Activity 7 pair work (p. 186) Activity 8 individual (p. 190) Activity 9 (p. 190) Activity 9 (p. 190) Activity 10 individual (p. 190) |
| | | | | | Assess your progress (p. 191) Questions for revising Unit 3 (p. 192) Chapter challenge (p. 193) |
| | | | | TEST | |

INTRODUCTION

INTRODUCTION

Term 4

| Торіс | Week | SO | AS | Chapter, Unit and Section in the Student's Book | Assessment activity and page number in the Student's Book | |
|-------|------|-------------|--------------------------|--|--|--|
| 6 | 1-4 | 1, 2 & 3 | 1.1 1.2 | Chapter 5: Administration of non-current assets | Getting started (p. 198) | |
| | | | 1.3 2.1 | Unit 1: Non-current assets and depreciation | Activity 1 (p. 200) | |
| | | | 2.2 3.1 3.2 | 1. The importance of fixed assets in the business | Activity 2 pair work (p. 201) | |
| | | | 3.3 | 2. The effect of changes in fixed assets on the financial position of a business | Activity 3 (p. 204) Activity 4 individual (p. 204) Activity 5 group work (p. 205) | |
| | | | | 3. Depreciation | Activity 6 (p. 206) | |
| | | | | 4. The fixed amount method on cost/straight line | Activity 7 individual (p. 207) | |
| | | | | 5. The diminishing balance method/carrying amount | Activity 8 (p. 208) Activity 9 individual (p. 209) | |
| | | | | 6. Calculating depreciation for a proportion of the year | Activity 10 pair work (p. 210) | |
| | | | | 7. Fixed asset register | Activity 11 (p. 211) Activity 12 individual (p. 211) Activity 13 individual (p. 212) | |
| | | | | 8. The effect of depreciation on the accounting equation | Activity 14 (p. 213) Activity 15 individual (p. 213) Activity 16 (p. 216) Activity 17 individual (p. 216) | |
| | | | | 9. Recording depreciation in the books of the business | Activity 18 (p. 216) Activity 19 individual (p. 218) | |
| | | | | | Assess your progress (p. 219) Questions for revising Unit 1 (p. 219) | |
| | 5-8 | 4 | 4.1 4.2 4.3 4.4 | Unit 2: Asset disposal | | |
| | | | | 1. Different ways in which a fixed asset can be disposed of | | |
| | | 4.4 | | 2. Recording asset disposal in the books of the business | Activity 1 (p. 224) | |
| | | | | | 3. Asset disposal on the first day of the financial year | Activity 2 (p. 228) Activity 3 pair work (p. 228) Activity 4 individual (p. 229) |
| | | | | | | 4. Asset disposal during the financial year or on the last day of the financial year |
| | | | | 5. Recording asset disposal in the fixed asset register | Activity 8 individual (p. 236) Activity 9 individual (p. 236) Activity 10 group work (p. 236) | |
| | | | | | Assess your progress (p. 238) Questions for revising Unit 2 (p. 238) Chapter challenge (p. 240) | |
| | 9–10 | | | YEAR-END EXAMS | | |
| | 1 | 1 | 1 | 1 | | |

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.

introduction

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.

assessment

| Methods of assessment (Who carries out the assessment?) | | | | | |
|--|--|--|--|--|--|
| Group assessment | | | | | |
| Lecturer assessment | | | | | |
| ent forms | | | | | |
| Examination | | | | | |
| Project | | | | | |
| Simulation | | | | | |
| Research or investigation | | | | | |
| Assignment | | | | | |
| Case study | | | | | |
| Practical task | | | | | |
| student performance | | | | | |
| Observation sheet | | | | | |
| Marking memorandum | | | | | |
| Assessment grid, etc. | | | | | |
| Recording tools | | | | | |
| Day-by-day assessment sheet | | | | | |
| Promotion schedule, etc. | | | | | |
| Reporting tools | | | | | |
| 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 |
|----------------------|-----------|-----------------------|--------------------------------------|-------------------|-------------|-----------------|
| Knowledge | 5 | 4 | 3 | 4 | 3 | 2 |
| Reasoning | 2 | 5 | 4 | 4 | 2 | 2 |
| Skills | 1 | 3 | 5 | 2 | 5 | 3 |
| Product | 1 | 1 | 5 | 2 | 4 | 4 |
| Values and attitudes | 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 below.

• **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.

assessment

- **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 a 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

assessment

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 Septer | nber examination | 1 x exams |
| | | | 6 |

Please note: See pages 16 to 20 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 Financial Management

The tasks should be carefully designed and which will 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.

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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 problemsolving 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

assessment

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 an AS.

Grading students' work

Financial Management, 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

| 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 |

Scale of achievement for the vocational component

Subject competencies have been described to distinguish the level expectations of what students must know and be able to achieve. The descriptions for Financial Management are outlined in the Subject Assessment Guidelines for Financial Management (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 Financial Management

External Assessment in Level 3 Financial Management will count 50% and collegebased 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.)

assessment

28

Tests and examinations will focus on assessing knowledge and understanding, mainly through 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 Financial Management 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 Financial Management 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 Financial Management. (e.g. Analyse the following transactions using the basic accounting equation.) | | | | |

assessment

| 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. verballinguistic, interpersonal, intra-personal, musical-rhythmic, bodily-kinaesthetic, mathematical-logical, spatial) in an inclusive education context.

assessment

2/4/08 4:56:37 PM

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 Financial Management Level 3 examination which is externally set, marked and moderated is outlined in the table on the opposite page:

assessment

| A typical Financial Management 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: | | | |
| Subtotal = 80 | Q2 Short theoretical questions (20) Q3 Calculations (30) | | | |
| Section B (compulsory): | Q1 Journals (40) Q2 Posting to General ledger (30) | | | |
| Subtotal = 120 | Q3 Final accounts and Balance sheet (30) Q4 Influence on accounting equation (20) | | | |

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 Financial Management 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

assessment

Mark allocation per question:

<u>Section 1: Compulsory (must cover all topics)</u>: 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

ASSESSMENT

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

assessment
- 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 (o–39%) | Not yet competent (40–49%) | Competent (50–69%) | Highly competent (70–79%) | Outstanding (80–100%) |
|--|-------------------------|----------------------------------|-----------------------|------------------------------|--------------------------|
| CONTENT Range Coverage Relevance | | | | | |
| CONTEXT Command word requirements | | | | | |
| SKILLS and VALUES Skills Values | | | | | |
| MECHANICS Subject terms Language Format | | | | | |

assessment

FM level 3 TG prelims.indd Sec1:33

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.

2/4/08 4:56:38 PM

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 yourself 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.

Together Each Achieves More

Different group/team roles include:

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

assessment

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



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 | | | | | | | | | |

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assessment

| 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 | | | | | | |
| SOCIAL SKILLS | | | | | | |
| Encourages others | | | | | | |
| Explains ideas | | | | | | |
| Discusses | | | | | | |
| Listens well | | | | | | |
| Resolves conflict | | | | | | |
| Praises others | | | | | | |

RUBRIC 4: Co-operative group skills assessment sheet

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

assessment

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ASSESSMENT

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 or marks) | ie mar | 'k for ea | ach sou | rce expl | lored (u | p to five |
| Product | The information is set out in a way that is clearly understood. | | 1 | 2 | 3 | 4 | 5 | Yes |
| | There are interesting drawings and illustrations. | | 1 | 2 | 3 | 4 | 5 | Yes |
| | Written information is easy to read and to follow; ideas are described well. | | 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 tw marks) | vo mar | ks for e | ach thi | ng usec | l (up to | six |
| | 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 |

assessment

38

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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 | Lecturer | | | | |
| 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

assessment

- 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

assessment

RUBRIC 7: Analytical rubric

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| | Inadequate | Not yet competent | Competent | Highly competent | Outstanding |
|--------------------------------|---|---|--|--|--|
| Knowledge and understanding | Demonstrates little under– standing 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 |
| Context | 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 |
| Skills | 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 |
| Attitudes/ values | Demonstrates wrong attitudes/ values | Demonstrates appropriate attitudes/values adequately | Demonstrates appropriate attitudes/values exceptionall well | Demonstrates good attitudes/ values exceptionally well | Demonstrates significant attitudes/ values exceptionally well |
| Communication | Shows a limited Financial management vocabulary and no ability to use linguistics principles. | Uses standard Financial management terminology and 'good practice' linguistic principles. | Uses advanced Financial management terminology and 'best practice' linguistic principles | Uses very advanced Financial management terminology and 'best practice' linguistic principles | Shows exceptional command of advanced Financial management terminology and 'best practice' linguistic principles |

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FM level 3 TG prelims.indd Sec1:41

Assessing oral presentation (Assignments, project, essays and journals)

Some examples of rubrics to assess oral presentations 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 Financial management.

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:

| Name: | | | | | |
|-----------------|--------------|----------------------|-----------|---------------------|-------------|
| Skills areas | Not achieved | Not yet competent | Competent | Highly competent | Outstanding |
| Observation | | | 1 | | |
| Recording | | | | 1 | |
| Inference | | | | | |
| Investigative | | | | | ~ |
| Evaluation | | | 1 | | |
| Marks | 0 | 0 | 70 | 100 | 80 |
| Total | | | 70 | 100 | 80 |
| | | | | | |

 $\frac{250}{400} = 62,5\%$ Competent

assessment

RUBRIC 9

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

ASSESSMENT

Observation skills

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

assessment

Evaluation of processes are demonstrated when students are able to:

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

RUBRIC 10: Verbal presentation rubric

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

assessment

RUBRIC 11: Values assessment

| 5 | Excellent 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 | Exceeds the requirement Understands and implements all instructions; can be depended on 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 | Meets the requirement 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 | Does not meet the requirement – needs support 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 | Makes very little effort 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 | Calf | | Lasturar | | Final mark | |
|-----------------|------|---|----------|---|------------|---|
| Mark allocation | Sell | 5 | Lecturer | 5 | FINALMARK | 5 |

RUBRIC 12: Poster communication skills assessment

| Criteria | Range | | | | |
|---|---|--|--|----------|--|
| | 0 | 1 | 2 | Comments | |
| Content 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 | | |
| Presentation Size of poster (A3) Headings Font/print size Organisation/layout | Incorrect size Not descriptive All too small Muddled | Correct size Partially descriptive Some large enough Organisation clear and | Correct size Descriptive Large enough to read at one metre Organisation clear and logical | | |
| Use of colour Public appeal Personal information | Poor Not eye-catching Not included | Good Eye-catching Included | Good Eye-catching Included | | |

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| Criteria | Performance indicator | | | | |
|---|---|--|----------|--|--|
| Criteria | 0 | 1 | Comments | | |
| 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

| Critoria | Range | | | | | |
|--------------------------------------|--------------------------|--|--|-------------|---------|--|
| Criteria | 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 | | | | |

assessment

| RUBRIC 15: Assessment of questionnaire development and conduct | ing a |
|--|-------|
| survey | |

| Critaria | | | Ran | ge | |
|---|---------------------------------------|---|--|---|---------|
| Criteria | 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 | | | |

ASSESSMENT

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 bottor now? | |
| | |
| | |
| what improvements would you still like to make? | |
| | |
| Write a short paragraph reflecting on your progress. | |

assessment

chapter 1 value-added tax

This diagram summarises the work covered in Chapter 1.



CHAPTER 1

chapter 1: value-added tax

This chapter and the curriculum

This chapter addresses Topic 1: Calculate and record value-added tax (VAT) concepts.

| Topic and Subject Outcomes | Assessment Standards | Units |
|---|--|--------|
| 1.1 Define and identify value-added tax (VAT) concepts. | Value-added tax (VAT) is defined. Input and output taxes are defined. Various VAT rates are identified. <i>Range: Current rate, zero rate and exempt.</i> VAT registration requirements are explained. | Unit 1 |
| 1.2 & 1.3 Calculate and record VAT on basic transactions. Range: purchase and sale of goods, petrol, stationery, refresh- ments, telephone, general operating transactions. | VAT calculations are correctly applied for basic transactions which are inclusive and exclusive of VAT. <i>Range: Not zero rate or exempt.</i> Calculate VAT correctly taking trade discounts into account. VAT on basic transactions is recorded in appropriate journals. VAT received and paid is recorded in the appropriate journals and books. <i>Range: Cash receipts and Cash payments journals/cash book, Petty cash journal/petty cash book,debtors/sales and creditor/purchases journals, debtors allowance/sales returns and creditors allowance/purchases returns journals.</i> Totals are posted to the VAT control account. VAT control account is balanced to determine the VAT payable/receivable amount. Discrepancies are investigated and rectified. | Unit 2 |
| 1.4 Complete relevant documentation for the Receiver of Rev- enue. | SARS return form for VAT is correctly identified and completed according to SARS requirements. Requisition for total payment due to SARS is completed and authorised if applicable. Completed form and payment (if applicable) is forwarded to SARS by due date. Documents are filed according to business policy and accounting practice. | Unit 3 |

CHAPTER 1

Getting started (Student's book, page 4)

Suggested answers

Students discuss the questions in groups. This activity is designed to allow students to talk about their knowledge of VAT. They are not expected to know the answers to all the questions. All the questions will be answered in the course of this chapter.

chapter 1: value-added tax



defining and calculating VAT

Unit outcomes

| Topic and Subject Outcomes | Assessment Standards |
|---|---|
| 1.1 Define and identify value added-tax (VAT) concepts. | Value-added tax (VAT) is defined. Input and output taxes are defined. Various VAT rates are identified. <i>Range: current rate, zero rate and exempt.</i> VAT registration requirements are explained. |

Activity 1 (Student's Book, page 8)

Suggested answers

- 1. Input VAT is the tax paid on goods bought or services received.
- 2. Output VAT is the tax charged on goods sold and services provided.
- 3. The difference between output VAT and input VAT will give the VAT payable or refundable.
- 4. South African Revenue Services
- 5. Value-added tax
- 6. When input VAT is greater than output VAT

Activity 2 (Student's Book, page 8)

Suggested answers

| SALES | OUTPUT | PURCHASE | INPUT | VAT |
|---------|--------|----------|--------|------------|
| 570 | 70 | 456 | 56 | 14 pay |
| 17 100 | 2 100 | 22 800 | 2 800 | 700 refund |
| 171 | 21 | 456 | 56 | 35 refund |
| 11 970 | 1 470 | 684 | 84 | 1 386 pay |
| 63 840 | 7 840 | 68 400 | 8 400 | 560 refund |
| 205 200 | 25 200 | 165 300 | 20 300 | 4 900 pay |
| 101 460 | 12 460 | 85 500 | 10 500 | 1 960 pay |
| 55 860 | 6 860 | 54 720 | 6 720 | 140 pay |
| 114 000 | 14 000 | 108 300 | 13 300 | 700 рау |
| 627 000 | 77 000 | 381 900 | 46 900 | 30 100 pay |
| 1 026 | 126 | 399 | 49 | 77 pay |

CHAPTER 1

chapter 1: value-added tax

Activity 3 (Student's Book, page 10)

Suggested answers

- 1. Taxable supplies are goods and services where VAT is charged or paid for by VAT vendors, for example the sale of computers (output VAT) or the purchase of stationery (input VAT).
- 2. Zero-rated supplies are taxable at a rate of 0%. This means that no output VAT can be charged on sales or services, but input VAT can be claimed on goods/services bought. For example:fresh fruit, brown bread, samp.
- 3. A farmer who sells fruit, e.g. oranges, which is zero-rated, does not charge output VAT, but will probably pay input VAT on many of their input costs, such as irrigation pipes. The input VAT will then be greater than the output VAT and a refund will be paid by SARS.

Activity 4 (Student's Book, page 11)

Suggested answers

- 1. A business with a turnover greater than R300 000
- 2. A business with a turnover greater than R20 000
- 3. When no output VAT is charged on goods/services sold and no input VAT can be claimed on goods/services purchased.
- 4. Brown bread, vegetables and milk

Questions for revising Unit 1 (Student's Book, page 12)

Question 1

Suggested answers

- 1.1 a) Input VAT is the tax paid on goods/services purchased. Output VAT is the tax charged on goods/services sold.
 - b) When VAT is charged at a rate of 14%
 - c) Supplies
 - d) Supplies where no VAT is payable or where VAT is charged at 14% refundable
 - e) A VAT vendor is a person/business who is registered for VAT.
- 1.2 Calculate all output VAT and all input VAT. The difference will be payable (if output is greater than input) or refundable (if input is greater than output).
- 1.3 A VAT vendor is registered for VAT. Businesses with turnover over R300 000 are obliged to register for VAT.

unit 1: defining and calculating VAT

Question 2

Suggested answers

| Output VAT | |
|--|-------|
| Sales | 5 600 |
| Exports (Zero-rated) | - |
| Sandwiches | 1 842 |
| | 7 442 |
| Input VAT | |
| Purchases from Pittsburgh Sports Wholesalers | 1 400 |
| Purchases from Sports Stuff | 840 |
| Rental | 140 |
| Water and electricity | 28 |
| Accounting fees | 42 |
| Interest | - |
| Fuel | - |
| | 2 450 |

Therefore VAT payable is: R 7 442 – R 2 450 = R 4 992

CHAPTER 1

chapter 1: value-added tax

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accounting practices and procedures

Unit outcomes

| Topic and Subject Outcomes | Assessment Standards |
|--|---|
| 1.2 & 1.3 Calculate and record VAT on basic transactions. <i>Range: Purchase and</i> <i>sale of goods, petrol,</i> <i>stationery, refreshments,</i> <i>telephone, general operating</i> <i>transactions.</i> | VAT calculations are correctly applied for basic transactions which are inclusive and exclusive of VAT. <i>Range: Not zero rate or exempt.</i> Calculate VAT correctly taking trade discounts into account. VAT on basic transactions is recorded in appropriate journals. VAT received and paid is recorded in the appropriate journals and books. <i>Range: Cash receipts and Cash payments journals/cash book, Petty cash journal/petty cash book,debtors/sales and creditor/purchases journals.</i> Totals are posted to the VAT control account. VAT control account is balanced to determine the VAT payable/receivable amount. Discrepancies are investigated and rectified. |

Activity 1 (Student's Book, page 16)

Suggested answers

1. Invoice basis: VAT is recognised when an invoice is written out or when payment is received, whichever comes first.

Payment basis: VAT is recognised when payment is received.

- 2. VAT is recognised when the invoice is produced or payment is received, whichever comes first.
- 3. VAT registration number, name and address of business, date, amount of sale excluding VAT, VAT amount and the total

CHAPTER 1

Activity 2 (Student's Book, page 16)

Suggested answers

| Port Elizabeth | Just |): 345 ate: 1 March 20.7 | | | | | | |
|--|---------------------------------|------------------------------|---|---|-------------|--|--|--|
| To: Alpha Traders VAT registration no: 477012183 | Tax ir VAT registra 532 3 | 1VOICE tion num 51 782 | Payment method • Cheque • Debit card • Cash • Credit card • On account X | | | | | |
| C | D 1 11 | | | | | | | |
| Code | Description | Qty | Price | | lotal price | | | |
| 001 | XL | 100 | R125,00 |) | R12 500 | | | |
| | | | | | | | | |
| Subtotal | | R12500 | | | | | | |
| VAT (14%) | R1 750 | | | | | | | |
| Total R14: | | | | | | | | |
| E. & O.E | | | | | | | | |



Activity 3 (Student's Book, page 18)

Suggested answers

- 1. Invoice basis
- 2. When payment is made
- 3. The name and address of the business, date, VAT registration number, sale amount, VAT amount and the total
- 4. Calculate all output VAT and all input VAT and work out the difference between the two
- 5. Output VAT is the tax charged on all goods or services sold.
- 6. Input VAT is the tax paid on all goods or services bought.

chapter 1: value-added tax

Activity 4 (Student's Book, page 20) Suggested answers

| 1. | | | | | | | | | |
|----------------|--------|-----------|-----------|-----------|------------|-------|-------------|--|--|
| | | | | | Sundry acc | ounts | | | |
| Details | Bank | Purchases | Creditors | Input VAT | Amount | Fol. | Details | | |
| ZZ Wholesalers | 2 850 | | | 350 | | | | | |
| Advertising | 684 | | | 84 | | | Advertising | | |
| Creditor | 14 025 | | | 1722 | | | | | |
| XX Retailers | 6 156 | | | 756 | | | | | |
| Electricity | 513 | | | 63 | | | Stationery | | |
| Salary: Temba | 10 200 | | | - | | | Salary | | |
| | | | | | | | | | |
| Total | 34 428 | | | 2 975 | | | | | |

2.

| | | | | Output | Sundry acco | ounts | |
|---------|--------|-------|---------|--------|-------------|-------|---------|
| | Bank | Sales | Debtors | VAT | Amount | Fol. | Details |
| Sales | 1 596 | | | 196 | | | |
| Sales | 3 648 | | | 448 | | | |
| Debtor | 6 696 | | | 822 | | | |
| Sales | 7 296 | | | 896 | | | |
| Debtor | 3 500 | | | 430 | | | |
| Capital | 12 000 | | | - | 12 000 | | Capital |
| Sales | 9 120 | | | 1 120 | | | |
| Total | 43 856 | | | 3 912 | | | |

Activity 5 (Student's Book, page 22) Suggested answers

| Date | Details | Fol. | Debtors | Sales | Output VAT |
|------|---------------|------|---------|--------|------------|
| 3 | Zolani | | 2 850 | 2 500 | 350 |
| 8 | Bongi | | 6 840 | 6 000 | 840 |
| 10 | Jabula Stores | | 3 990 | 3 500 | 490 |
| 11 | Imali Traders | | 2 964 | 2 600 | 364 |
| 15 | Mabhutu | | 6 156 | 5 400 | 756 |
| 25 | Mrs Maloi | | 1 254 | 1 100 | 154 |
| | Total | | 24 054 | 21 100 | 2 954 |

unit 2: accounting pracices and procedures

| 2. | | | | | |
|------|------------------------------|------|-----------|-----------|-----------|
| Date | Details | Fol. | Creditors | Purchases | Input VAT |
| 1 | Pittsburgh Sport Wholesalers | | 15 390 | 13 500 | 1 890 |
| 2 | Sports Stuff Whoelsalers | | 28 500 | 25 000 | 3 500 |
| 12 | Pittsburgh Sport Wholesalers | | 43 320 | 38 000 | 5 320 |
| 19 | Pittsburgh Sport Wholesalers | | 18 012 | 15 800 | 2 212 |
| 30 | Sports Stuff Wholesalers | | 36 480 | 32 000 | 4 480 |
| 31 | Sports Stuff Wholesalers | | 26 220 | 23 000 | 3 220 |
| | Total | | 167 922 | 147 300 | 20 622 |

Activity 6 (Student's Book, page 24)

Suggested answers

- 1. General journal
- 2. General journal

Activity 7 (Student's Book, page 24)

Suggested answers

| Just Sport General journal – February 20.8 | | | | | | | |
|---|----------|-----------------|------|--------|--------|--|--|
| Doc. No. | Day | Details | Fol. | Debit | Credit | | |
| JV001 | 08/08/06 | Printer/scanner | No3 | 2 300 | | | |
| | | Input VAT | N11 | 322 | | | |
| | | Creditor | N20 | | 2 622 | | |
| JV002 | 08/08/06 | Computer | No3 | 1 400 | | | |
| | | Input VAT | N11 | 196 | | | |
| | | Creditor | N20 | | 1 596 | | |
| JVoo3 | 08/08/06 | Truck | No5 | 80 000 | | | |
| | | Input VAT | N11 | 11 200 | | | |
| | | Creditor | N20 | | 91 200 | | |

Activity 8 (Student's Book, page 26) Suggested answers

| Input VAT | Output VAT | | |
|-----------|------------|--|--|
| 7 500 | 11 200 | | |
| 10 700 | 15 300 | | |
| 500 | 1 100 | | |
| 18 700 | 27 600 | | |

VAT payable: R27 600 - R18 700 = R8 900

chapter 1: value-added tax

56

CHAPTER 1

Questions for revising Unit 2 (Student's Book, page 27)

Question 1 Suggested answers

| | | | General ledg | ger of Just Spor | t | | | |
|-------------|--------------|------|--------------|------------------|--------------|------|--------|--|
| Balance she | et section | | | | | | | |
| | Output VAT E | | | | | | | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | |
| 31/08/06 | Balance | c/d | 5 782 | 31/08/06 | Cash sales | | 1 372 | |
| | | | | | Credit sales | | 4 410 | |
| | | | 5 782 | | | | 5 782 | |
| | Balance | b/d | 5 782 | | | | | |

| | • | • | Inpu | but VAT B33 | | | 3 | |
|----------|-----------|------|--------|-------------|-------------|------|--------|--|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | |
| | | | | | | | | |
| 31/08/06 | Expenses | | 3 402 | | VAT control | c/d | 11 890 | |
| | Furniture | | 3 168 | | | | | |
| | Vehicle | | 5 320 | | | | | |
| | | | 11 890 | | | | 11 890 | |
| | | | | | Balance | b/d | 11 890 | |

| | | VAT contro | l account | | N34 | |
|-----------|----------------------|--------------|---|--|---|---|
| Details | Fol. | Amount | Date | Details | Fol. | Amount |
| Input VAT | | 11 890 | 31/08/06 | Output VAT | | 5 782 |
| | | | | Balance | c/d | 6 108 |
| | | 11 890 | | | | 11 890 |
| | | | | Balance | b/d | 6 108 |
| | Details Input VAT | Details Fol. | VAT contro Details Fol. Amount Input VAT 11 890 11 890 11 890 | VAT control account Details Fol. Amount Date Input VAT 11 890 31/08/06 Input VAT 11 890 11 890 | VAT control account Details Fol. Amount Date Details Input VAT 11 890 31/08/06 Output VAT Balance 11 890 Balance Input VAT Interval Balance | VAT control account N34 Details Fol. Amount Date Details Fol. Input VAT 11890 31/08/06 Output VAT Ealance c/d Input VAT 11890 11890 Balance b/d |

A VAT refund of R 6 108 is due from SARS.



completing the documentation required by SARS

Unit outcomes

| Topic and Subject Outcomes | Assessment Standards |
|---|---|
| 1.4 Complete relevant documentation for SARS. | SARS return form for VAT is correctly identified and completed according to SARS requirements. Requisition for total payment due to SARS is completed and authorised if applicable. Completed form and payment (if applicable) is forwarded to SARS by due date. Documents are filed according to business policy and accounting practice. |

Activity 1 (Student's Book, page 30)

Suggested answers

1. VAT 201

- 2. The VAT must be paid by 25 May. If this day falls on a day that is not a business day, it must be paid on the last day before the 25th.
- 3. A penalty of 10% and interest will be charged.
- 4. SARS will refund the VAT vendor.

Activity 2 (Student's Book, page 40)

Suggested answers

Students complete the VAT 101 form in their workbooks. Own answers.

Activity 3 (Student's Book, page 42)

Suggested answers

Students complete a VAT 201 form. Own answers.

chapter 1: value-added tax

Chapter challenge (Student's Book, page 44)

Question 1

Suggested answers

| | Amount | Input VAT | OutputT VAT |
|----------------------|--------|-----------|-------------|
| Credit sales | 28 500 | | 3 500 |
| Cash sales | 2 052 | | 252 |
| Computer purchased | 8 550 | 1 050 | |
| Rent expense | 12 540 | 1 540 | |
| Fuel | 3 762 | - | - |
| Stationery | 1 254 | 154 | |
| Accounting fees paid | 5 130 | 630 | |

Question 2

Suggested answers

Calculations

| Item | Amount | Output VAT |
|--------------|--------|------------|
| Cash sales | 17 100 | 2 100 |
| Credit sales | 39 900 | 4 900 |
| | | 7 000 |

| Item | Amount | Input VAT |
|----------------------|--------|-----------|
| Rent expense | 10 000 | 1 228 |
| Electricity | 800 | 98 |
| Telephone | 1 600 | 197 |
| Salaries and wages | 12 000 | - |
| Fuel | 2 500 | - |
| Purchase of printer | 900 | 111 |
| Purchase of clothing | 47 800 | 5 870 |
| | | 7 504 |

CHAPTER 1

Refund due from SARS: R7 504 – R7 000 = R504

unit 3: completing the documentation required by SARS

| | VALUE-ADDED TAX Return for remittance 4345678230 Please use this telephone no. for Last day for rendering return Amount of payment R Remittance received on Method of payment / Indicate Cheque 2 Case Area Change | VAT 201 Performance Provide the second sec |
|--|--|---|
| Trading or other name | | |
| ZINZI DEALERS | | |
| Tax period ending April2007 VAT registration number 4345678230 A. CALCULATION OF OUTPUT TAX Supply of goods and/or services by you: Randard rate (stadding captal goods and/or services) Randard rate (stadding captal goods and/or services) Randard rate (stadding captal goods and/or services) Randard rate (stadding captal goods and/or services) Randard rate (stadding captal goods and/or services) Randard rate (stadding captal goods and/or services) Randard rate (stadding captal goods and/or services) Randard rate (stadding captal goods and/or services) Randard rate (stadding captal goods and/or services) Randard rate (stadding captal goods and/or services) Randard rate (stadding captal goods and/or services) Randard rate (stadding captal goods and/or services) Randard rate (stadding captal goods and/or services) Randard rate (stadding captal goods and/or services) Randard rate (stadding captal goods and/or services) Randard rate (stadding captal goods and/or services) Randard rate (stadding captal goods and/or services) Randard rate (stadding captal goods and/or services) | 0407 Date received Area RANDS ONLY CONSIDERATION (INCLUDING VAT) 1 57,000 X100 + X100 + X100 + 1 2 3 7xvAlle VALUE (pictuiding val) | |
| Not exceeding 33 days TOTA Adjustments: Change in use and export of second-hand goods Other TOTAL A TOTAL OUTPUT TAX (4 + 4 B. CAL CULATION OF INPUT TAX (Input tax in res | $\begin{array}{c} 7\\ 8\\ \hline \\ \hline \\$ | VAT 9 VAT 7 11 12 0 13 7,000.00 |
| Coopinsi gooda or services imported by and/or supplied to you Coopinsi gooda or services imported by and/or supplied to you Other goods or services imported by and/or supplied to you (not capital goods are Tax on adjustments: Change in use Bad debts | d/or sevices) | 14 15 7,504.00 ● 16 17 |
| Other | | 18 |
| TOTAL B TOTAL INPUT TAX (14 + 1 VAT PAYABLE / REFUNDABLE (Tobi A - Tobi B) Additional panality R AMOUNT PAYABLE / REFUNDABLE | .5 + 16 + 17 + 18) This block must be completed rest R /c - (TOTAL A - TOTAL B) | 19 7,504.00 20 22 504.00 |
| C. CALCULATION OF DIESEL REFUND IN TERMS 21 On land 25 25 Total purchases (1) 25 27 digitie purchases (1) 27 30 Offshore 31 Total purchases (1) 32 33 digitie purchases (1) 35 34 all & Narbour services 4 35 Total Purchases (1) 37 35 digitie purchases (1) 37 36 digitie purchases (1) 37 37 digitie purchases (1) 37 38 digitie purchases (1) 37 39 digitie purchases (1) 37 30 digitie | OF THE CUSTOMS AND EXCISE ACT Non-etgble purchases (1) % 22 X [71.5 c/ Non-etgble purchases (1) X [31.5 c/ Non-etgble purchases (1) X [31.5 c/ 20-(29+34+39) or 20+(29+34+39) | DIESEL R C 1 29 |
| Tel No: 02155627123 Tax No: Contact details for THIS return only Contact details for THIS return only Authorised person's site | I are true and correct. Ignature Capacity | 25/05/07 Date |

chapter 1: value-added tax

CHAPTER 1

60

||___

chapter 2 administration of salaries and wages

This diagram summarises the work covered in Chapter 2.



chapter 2: administration of salaries and wages

This chapter and the curriculum

This chapter addresses Topic 2: Prepare salaries (an introduction) and Topic 3: Prepare wages (an introduction).

| Topic and Subject Outcomes | Assessment Standards | Units |
|--|--|--------|
| 2.1, 2.2 and 2.3: Calculate gross salaries, net salaries, employee deductions and employer's contributions. | Gross salaries for normal time are calculated and recorded. <i>Range: Practical exercises – in Salaries journal.</i> Gross salaries for overtime are calculated and recorded. <i>Range: Practical exercises – in Salaries journal.</i> Deductions are explained and accurately calculated for individual employees. <i>Range: Practical exercises. Deductions to include medical, pension,</i> <i>unemployment insurance fund (UIF), membership fees, pay as you earn</i> <i>(PAYE) and standard income tax on employees (SITE) deductions.</i> Deductions are recorded for individual employees. <i>Range: Practical exercises – in Salaries journal.</i> Net salaries are correctly calculated and recorded. <i>Range: Practical exercises – in Salaries journal.</i> The concept of employer's contribution is explained. <i>Range: In salaries context.</i> Employer's contribution is calculated and recorded. <i>Range: Practical exercises – in Salaries journal.</i> | Unit 1 |
| 2.4 Demonstrate month end procedures in Salaries journal. | Closing off of Salaries journals is demonstrated. Range: Practical exercises – in Salaries journal. Salaries journal is posted to General ledger. Range: Practical exercises – from Salaries journal to General ledger. | Unit 2 |
| 2.5 Calculate payments to different stakeholders. | Payments to employees, different funds and South African Revenue Services (SARS) is calculated and recorded. <i>Range: Practical exercises – in Cash payments journal.</i> Cash payments journal is posted to the General ledger. <i>Range: Practical exercises – from Cash payments journal to General ledger.</i> Close off General ledger accounts. <i>Range: Practical exercises – in General ledger.</i> | Unit 2 |
| 3.1, 3.2 & 3.3: Calculate gross wages, net wages, employee deductions and employer's contributions. | Gross wages for normal time are explained, calculated and recorded. Range: Practical exercises – in Wages journal. Gross wages for overtime are explained, calculated and recorded. Range: Practical exercises – in Wages journal. Deductions are explained and accurately calculated for individual employees. Range: Practical exercises. Deductions to include medical, pension, unemployment insurance fund (UIF), membership fees, pay as you earn (PAYE) and standard income tax on employees. Range: Practical exercises – in Wages journal. Deductions are recorded for individual employees. Range: Practical exercises – in Wages journal. Net wages are correctly calculated and recorded. Range: Practical exercises – in Wages journal. The concept of employer's contribution is explained. Range: In wages context. Employer's contribution is calculated and recorded. Range: Practical exercises – in Wages journal. | Unit 1 |

CHAPTER 2

chapter 2: administration of salaries and wages

| 3.4 Demonstrate month- end procedures in Wages journal. | Closing off of Wages journals is demonstrated. Range: Practical exercises – in Wages journal. Wages journal is posted to General ledger. Range: Practical exercises – from Wages journal to General ledger. | Unit 2 |
|---|--|--------|
| 3.5 Calculate payments to different stakeholders. | Payments to employees, different funds and South African Revenue Services (SARS) are calculated and recorded. <i>Range: Practical exercises – in Cash payments journal.</i> Cash payments journal is posted to the General ledger. <i>Range: Practical exercises – from Cash payments journal to General ledger.</i> Close off General ledger accounts. <i>Range: Practical exercises – in General ledger.</i> | Unit 2 |

Getting started (Student's Book, page 48)

Suggested answers

| 1. | | | | | | _ | | | | | | |
|----|---|---|---|---|---|---|---|---|---|---|---|---|
| н | 0 | U | R | L | Y | Р | R | А | Т | Е | L | L |
| E | М | Р | L | 0 | Y | E | R | Ν | D | L | U | Y |
| R | К | N | V | М | S | A | R | S | R | Т | N | J |
| D | Е | D | Ι | N | S | U | R | А | Ν | С | E | S |
| М | М | E | L | R | W | K | Т | G | J | Р | М | А |
| E | Р | D | V | S | К | I | L | L | S | I | Р | L |
| D | L | U | 0 | V | E | R | T | I | М | E | L | А |
| I | 0 | С | Р | R | С | S | I | Т | E | С | 0 | R |
| С | Y | Т | Р | W | E | E | К | L | Y | Е | Y | Ι |
| А | E | I | А | А | N | N | U | A | L | U | М | E |
| L | Е | 0 | Y | L | С | К | В | L | R | I | Е | S |
| Р | W | N | Е | W | А | G | E | S | Z | F | N | W |
| R | М | S | В | Р | E | N | S | 1 | 0 | Ν | Т | L |

CHAPTER 2

2. Use the definitions in the glossary of the Student's Book to check the students' work.



calculating and recording salaries and wages

Unit outcomes

| Topic and Subject Outcomes | Assessment Standards |
|--|---|
| 2.1, 2.2 and 2.3: Calculate gross salaries, net salaries, employee deductions and employer's contributions. | Gross salaries for normal time are calculated and recorded. <i>Range: Practical exercises – in Salaries journal.</i> Gross salaries for overtime are calculated and recorded. <i>Range: Practical exercises – in Salaries journal.</i> Deductions are explained and accurately calculated for individual employees. <i>Range: Practical exercises. Deductions to include medical, pension, unemployment insurance fund (UIF), membership fees, pay as you earn (PAYE) and standard income tax on employees (SITE) deductions.</i> Deductions are recorded for individual employees. <i>Range: Practical exercises – in Salaries journal.</i> Net salaries are correctly calculated and recorded. <i>Range: Practical exercises – in Salaries journal.</i> Net salaries are correctly calculated and recorded. <i>Range: Practical exercises – in Salaries journal.</i> The concept of employer's contribution is explained. <i>Range: In salaries context.</i> Employer's contribution is calculated and recorded. <i>Range: Practical exercises – in Salaries journal.</i> the concept of employer's contribution is calculated and recorded. <i>Range: In salaries context.</i> Employer's contribution is calculated and recorded. <i>Range: Practical exercises – in Salaries journal. Employer's contribution to include, but not limited to, medical, pension and UIF contributions.</i> |
| 3.1, 3.2 & 3.3: Calculate gross wages, net wages, employee deductions and employer's contributions. | Gross wages for normal time are explained, calculated and recorded. <i>Range: Practical exercises – in Wages journal.</i> Gross wages for overtime are explained, calculated and recorded. <i>Range: Practical exercises – in Wages journal.</i> Deductions are explained and accurately calculated for individual employees. <i>Range: Practical exercises. Deductions to include medical, pension, unemployment insurance fund (UIF), membership fees, pay as you earn (PAYE) and standard income tax on employees (SITE) deductions.</i> Deductions are recorded for individual employees. <i>Range: Practical exercises – in Wages journal.</i> Net wages are correctly calculated and recorded. <i>Range: Practical exercises – in Wages journal.</i> Net wages are correctly calculated and recorded. <i>Range: Practical exercises – in Wages journal.</i> The concept of employer's contribution is explained. <i>Range: In wages context.</i> Employer's contribution is calculated and recorded. <i>Range: Practical exercises – in Wages journal.</i> The concept of employer's contribution to include, <i>but not limited to, medical, pension and UIF contributions.</i> |

chapter 2: administration of salaries and wages

Activity 1 (Student's Book, page 51)

Suggested answers

| | B. Toks | | | | | | | |
|------|-------------------------|----------|----------------|--|--|--|--|--|
| Year | Increment Annual salary | | Monthly salary | | | | | |
| 1 | | R90 000 | R7 500 | | | | | |
| 2 | R9 000 | R99 000 | R8 250 | | | | | |
| 3 | R9 000 | R108 000 | R9 000 | | | | | |
| 4 | R9 000 | R117 000 | R9 750 | | | | | |
| 5 | R12 000 | R129 000 | R10 750 | | | | | |
| 6 | R12 000 | R141 000 | R11 750 | | | | | |
| 7 | R12 000 | R153 000 | R12 750 | | | | | |

Activity 2 (Student's Book, page 51)

Suggested answers

- 1. Assist students by reviewing the calculations before they start the activity.
- 2. You will have to revise calculation of percentages before your students attempt the activity.
- 3. Students will need to find out what the the current inflation rate is in order to do this question.
- 4. Let students prepare their questionnaires in class and share with other groups before they embark on the interviews. Use the standard rubric for assessment (Rubrics 6, 13 and 16) in the introducion to this guide. Give the rubric to the students before they do the interviews.

Activity 3 (Student's Book, page 52)

Suggested answers

| | Normal time | | | | | Gross | |
|----------|-------------|---------------|---------|-------|---------------|-------|--------|
| Employee | Hours | Rate per hour | Total | Hours | Rate per hour | Total | Wage |
| A | 8 | R35 | 280 | 3 | R55 | 165 | R445 |
| В | 38 | R4o | 1 5 2 0 | 6 | R55 | 330 | R1 850 |
| С | 14 | R38 | 551 | 5 | R55 | 275 | R826 |

unit 1: calculating and recording salaries and wages

CHAPTER 2

Activity 4 (Student's Book, page 53)

Suggested answers

| | Normal time | | | | Overtime | | Gross |
|----------|-------------|---------------|------------|-------|---------------|-------|------------|
| Employee | Hours | Rate per hour | Total | Hours | Rate per hour | Total | wage |
| A | 38 | R37,50 | R1, 425,00 | 3,15 | R48 | 151,2 | R1, 576,20 |
| В | 32 | R37,50 | R1, 200,00 | | R48 | 0 | R1, 200,00 |
| С | 7 | R37,50 | R262.50 | | R48 | 0 | R262,50 |

Activity 5 (Student's Book, page 56)

Suggested answers

The gross salary or wages includes all forms of remuneration without any deductions, whereas net refers to the 'take-home pay', i.e. the gross amount minus any deductions.
 2.

| Aqua Water Suppliers | | | | |
|----------------------|---|--|--|--|
| Name: A. Lemmer | | | | |
| Payslip no. 12 | | | | |
| | | | | |
| | R9, 000 | | | |
| | R1, 500 | | | |
| | R10, 500 | | | |
| | R3, 732 | | | |
| R947 | | | | |
| R450 | | | | |
| R400 | | | | |
| R90 | | | | |
| R45 | | | | |
| R1, 800 | | | | |
| | R6, 768 | | | |
| | R947 R450 R400 R90 R45 R1, 800 | | | |

Activity 6 (Student's Book, page 59)

Suggested answers

- 1. SITE: Standard income tax on employees
 - PAYE: Pay as you earn
 - UIF: Unemployment insurance fund
 - SDL: Skills development levy
 - RAF: Retirement annuity fund

- 2. The deduction will depend on the age of the employee and the number of dependants (family members) and is usually a fixed amount per month.
- 3. Unemployment insurance fund: This is a compulsory contribution by employees and employers to fund unemployment benefits. The skills development levy is a compulsory government and labour initiated levy scheme for the purpose of funding education and training as envisaged in the Skills Development Act, 1998.

Activity 7 (Student's Book, page 60)

Suggested answers

| Just | ort. | |
|-----------------------|--------|--------|
| Name: R. Salie | | |
| Payslip no. 12 | | |
| Date: 31 January 20.8 | | |
| Basic salary | | R8 500 |
| Bonus | | |
| Gross salary | | R2 193 |
| Deductions: | | |
| PAYE | R1 542 | |
| Pension fund/RAF | R540 | |
| Medical aid | | |
| UIF | R85 | |
| Staff association | R26 | |
| Home loan repayment | | |
| Net salary | | R6 307 |

CHAPTER 2

unit 1: calculating and recording salaries and wages

| Just port. | | | | |
|-----------------------|--------|--------|--|--|
| Name: C. Dali | | | | |
| Payslip no. 13 | | | | |
| Date: 31 January 20.8 | | | | |
| Basic salary | | R6 600 | | |
| Bonus | | | | |
| Gross salary | | R1 784 | | |
| Deductions: | | | | |
| PAYE | R1 188 | | | |
| Pension fund/RAF | R504 | | | |
| Medical aid | | | | |
| UIF | R66 | | | |
| Staff association | R26 | | | |
| Home loan repayment | | | | |
| Net salary | | R4 816 | | |

Activity 8 (Student's Book, page 69) Suggested answers

| | Account in General ledger | Debit or credit? |
|-------------------------------------|---------------------------------|------------------|
| Gross salaries | Salaries | Debit |
| Deductions: UIF | UIF (liability account) | Credit |
| Deductions: Employees' tax | SARS (liability account) | Credit |
| Net salaries | Creditors for salaries | Credit |
| Medical aid employer's contribution | Medical aid (liability account) | Credit |
| | Medical aid contributions | Debit |

Activity 9 (Student's Book, page 74) Suggested answers

| | Account in General ledger | Debit or credit? |
|-------------------------------|---------------------------------------|------------------|
| Gross wages | Wages | Debit |
| Deductions: Staff association | Staff association (liability account) | Credit |
| Deductions: Medical aid | Medical aid (liability account) | Credit |
| Net wages | Creditors for wages | Credit |
| UIF employer's contribution | UIF (liability account) | Credit |
| | UIF contributions | Debit |
| | | | | UIF | 84 | 53 | 80 | 1 500 | |
|------------|--------------|---------------|------------|-----------------------------------|----------|----------|---------|--------|--|
| | | | outions | Med- ical a i d | | | | 1 516 | |
| | | | 's contrib | Pen- sion fund/ RAF | | | | 1 516 | |
| | | | Employei | Dis- ability insur- ance | | | | 0 | |
| | | 0.8 | Cheque | ио. | C121 | C122 | C123 | | |
| | | 30 April 2 | Net | sala- ries | 6 158 | 3 673 | 5 508 | | |
| | | nth ending | | Total | 2 263 | 1 615 | 2 456 | 6 334 | |
| | | or the mo | | UIF | 84 | 53 | 80 | 217 | |
| | | a Service fo | | Union fee | 50 | 50 | 50 | 150 | |
| | | nal of Dada | | SITE & PAYE * | 1 424 | 895 | 1 348 | 3 667 | |
| (6 | | Salaries jour | | Medical aid | 200 | 300 | 500 | 1 000 | |
| page 6 | | | Deductions | Pension fund/ RAF | 505 | 317 | 478 | 1 300 | |
| Book, | | | Gross | salary | 8421 | 5 288 | 7 964 | 21 673 | |
| dent's | | | Bonus | | 1 | I | - | I | |
| o (Stui | nswers | | Basic | salary | 8 421 | 5 288 | 7 964 | 2 1673 | |
| Activity 1 | Suggested ai | | Employees | | J. Wilke | B. Bhana | V. Cele | | |
| - | | | | | | | | | |

1052 923 1462 204

79 50 75 217

> N14/ B13

> N13/ B13

N12/ B12

N11/ B18

/B17

/B16

/B15

/B14

/B13

/B12

N2/

unit 1: calculating and recording salaries and wages

SJ 4

Total

SDL

For example: SITE & PAYE (Wilke: 8 421 – 505 = 7 916 x 12 = 94 989 x 18 ÷ 100 = 17 098 = 1 424)

For example: SDL (Wilke: 1 ÷ 100 x [8 421 – 505] = 80)

Activity 11 (Student's Book, page 75)

Suggested answers

| Week ending | Gross wages | Pension fund | Medical aid | UIF | Employees tax | Total | Net wages | Pension fund | Medical aid | UIF | Total |
|-------------|-------------|-----------------|----------------|------|------------------|---------|-----------|--------------|----------------|------|--------|
| 7 June | R28 000 | R1 400 | Réoo | R280 | R5 400 | R7 680 | R20 320 | R2 800 | Réoo | R280 | R3 680 |
| 14 June | R28 000 | R1 400 | R8oo | R280 | R5 400 | R7 880 | R20 120 | R2 800 | R8oo | R280 | R3 880 |
| 21 June | R34 000 | R1 700 | R1 000 | R340 | R6 800 | R9 840 | R24 160 | R3 400 | R1 000 | R340 | R4 740 |
| 28 June | R36 000 | R1 800 | R700 | R360 | R7 200 | R10 060 | R25 940 | R3 600 | R700 | R360 | R4 660 |

CHAPTER 2

General ledger of Bakkies Transport

| Balance sh | eet section | | | | | | |
|------------|-------------|------|----------|----------------|---------|-------|--------|
| | | | Creditor | rs for Wages | | B1 | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| | | | | 20.8 June 7 | Wages | WJ6.1 | 20 320 |
| | | | | 14 | Wages | WJ6.2 | 20 120 |
| | | | | 21 | Wages | WJ6.3 | 24 160 |
| | | | | 28 | Wages | WJ6.4 | 25 940 |
| | | | | | | | |

| | | | UI | F | | B2 | |
|------|---------|------|--------|----------------|---------|-------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| | | | | 20.8 June 7 | Wages | WJ6.1 | 280 |
| | | | | 14 | Wages | WJ6.2 | 280 |
| | | | | 21 | Wages | WJ6.3 | 340 |
| | | | | 28 | Wages | WJ6.4 | 360 |
| | | | | | | | |

| | | | Pensi | on fund | | B3 | |
|------|---------|------|--------|----------------|-------------------------|-------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| | | | | 20.8 June 7 | Wages | WJ6.1 | 1 400 |
| | | | | | Pension contribution | WJ6.1 | 2 800 |
| | | | | June 14 | Wages | WJ6.2 | 1 400 |
| | | | | | Pension contribution | WJ6.2 | 2 800 |
| | | | | June 21 | Wages | WJ6.3 | 1 700 |
| | | | | | Pension contribution | WJ6.3 | 3 400 |
| | | | | June 28 | Wages | WJ6.4 | 1 800 |
| | | | | | Pension contribution | WJ6.4 | 3 600 |

| | | | SARS (E | mployees' tax) | | B4 | |
|------|---------|------|---------|----------------|---------|-------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| | | | | 20.8 Sep. 7 | Wages | WJ6.1 | 5 400 |
| | | | | 14 | Wages | WJ6.2 | 5 400 |
| | | | | 21 | Wages | WJ6.3 | 6 800 |
| | | | | 28 | Wages | WJ6.4 | 7 200 |

chapter 2: administration of salaries and wages

CHAPTER 2

70

| |____

| | | | Medical a | id scheme | | B5 | |
|------|---------|------|-----------|----------------|---------|-------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| | | | | 20.8 June 7 | Wages | WJ6.1 | 600 |
| | | | | 14 | Wages | WJ6.2 | 800 |
| | | | | 21 | Wages | WJ6.3 | 1 000 |
| | | | | 28 | Wages | WJ6.4 | 700 |

| | | | Wa | ages | | N1 | |
|----------------|--------------------|-------|--------|------|---------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 June 7 | Sundry accounts | WJ6.1 | 28 000 | | | | |
| 14 | Sundry accounts | WJ6.2 | 28 000 | | | | |
| 21 | Sundry accounts | WJ6.3 | 34 000 | | | | |
| 28 | Sundry accounts | WJ6.4 | 36 000 | | | | |

| | | | Pension | fund contributior | ıs | N3 | |
|----------------|-----------------|-------|---------|-------------------|---------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 June 7 | Pension fund | WJ6.1 | 2 800 | | | | |
| 14 | Pension fund | WJ6.2 | 2 800 | | | | |
| 21 | Pension fund | WJ6.3 | 3 400 | | | | |
| 28 | Pension fund | WJ6.4 | 3 600 | | | | |

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unit 1: calculating and recording salaries and wages

| 2 | I |
|----|---|
| ER | |
| Ы | |
| HA | |
| U | |

Question 1 Suggested answers

| | 0 |
|---|---|
| | 5 |
| | Ċ |
| Ś | 0 |
| j | ţ |
| ; | è |
| 5 | 5 |

| 5J 9 | | | Total | 1 238 | 853 | 495 | 2 586 | |
|----------------|------------|-----------------------|-----------|--------------|------------|-----------|--------|-------|
| | | | SDL | 225 | 155 | 90 | 470 | |
| | utions | | UIF | | | | 0 | |
| | 's contrib | Med- ical | aid | 788 | 543 | 315 | 1 646 | |
| | Employer | Pen- sion fund/ | RAF | | | | 0 | |
| | | Cheque | no. | | | | | |
| nber 20.8 | | Net sala- | ries | 16 070 | 11 065 | 6 480 | 33 615 | |
| ling 31 Decer | | | Total | 6 430 | 4 435 | 2 520 | 13 385 | |
| nonth enc | | | UIF | 225 | 155 | 90 | 470 | |
| nts for the r | Deductions | Union | fee | | | | 0 | |
| ⁄irginia Ligl | | | SITE & | PAYE * | 3 985 | 2 700 | 1 460 | 8 145 |
| s journal of V | | Medical | aid | 870 | 650 | 430 | 1 950 | |
| Salarie | | Pension fund/ | RAF | 1575 | 1 085 | 630 | 3 290 | |
| | | Gross | salary | 22 500 | 15 500 | 9 000 | 47 000 | |
| | | | Bonus | 10 000 | 1 | I | 0 | |
| | | Basic | salary | 12 500 | 15 300 | 9 000 | 36 800 | |
| | | | Employees | H. Potgieter | B. Futcher | D. Kruger | | |

Question 2

| _ | | | | L | 4 | 4 | 4 | 2 | |
|---------------|---------------------|--------------|----------|----------|------------|------------|-------------|-------|-----------|
| WJ5-4 | ers tions | | | Î | 21 | 21 | 21 | 2 | N3/ B4 |
| | Employe contribu | Pen- | sion | fund | 234 | 234 | 234 | 702 | N2/B2 |
| | | | Net | wages | 2 040 | 2 244 | 1 866 | 6 150 | B1 |
| | | | | Total | 720 | 876 | 654 | 2 250 | |
| | | | | UIF | 24 | 25 | 23 | 72 | /B4 |
| | | | Union | fee | 390 | 545 | 325 | 1 260 | /B5 |
| | | | SITE & | PAYE * | 140 | 140 | 140 | 420 | /B3 |
| May 20.8 | 1S | | Medi- | cal aid | 10 | 10 | 10 | 30 | /B6 |
| sending 23 | Deduction | Pen- sion | /punf/ | RAF | 156 | 156 | 156 | 468 | /B2 |
| or the weel | | | Gross | wages | 2 760 | 3 120 | 2 520 | 8 400 | N1/ |
| ge Motors f | | | | Amount | 360 | 720 | 120 | 1 200 | |
| urnal of Geor | | | Rate per | hour | 120 | 120 | 120 | | |
| Wages jo | Overtime | | | Hours | е | 9 | 1 | | |
| | | | | Amount | 2 400 | 2 400 | 2 400 | 7 200 | |
| | ime | Rate | per | hour | 60 | 60 | 60 | | |
| | Normal t | | | Hours | 40 | 40 | 40 | | |
| | | | | Employee | D. Barnard | K. Maletti | J. Hitchcox | | |

chapter 2: administration of salaries and wages

| | rs Tions | UIF | 24 | 22 | 24 | 26 | N3/ B4 |
|----------------|-----------------------|------------------------------|------------|------------|-------------|-------|-----------|
| WJ5.4 | Employeı contribut | Pen- sion fund | 234 | 211 | 234 | 679 | N2/B2 |
| | Net wages | | 2 139 | 1 575 | 2 129 | 5 843 | B1 |
| | | Total | 861 | 585 | 871 | 2 317 | |
| | | UIF | 25 | 20 | 25 | 70 | /B4 |
| | | Union fee | 530 | 275 | 540 | 1 345 | /B5 |
| | | SITE& PAYE * | 140 | 140 | 140 | 420 | /B3 |
| y 20.8 | su | Medi- cal aid | 10 | 10 | 10 | 30 | /B6 |
| ding 23 Ma | Deductio | Pen- sion fund/ RAF | 156 | 140 | 156 | 452 | /B2 |
| he week en | | Gross wages | 3 000 | 2 160 | 3 000 | 8 160 | N1/ |
| Notors for tl | | Amount | 600 | | 600 | 1 200 | |
| al of George I | | Rate per hour | 120 | 120 | 120 | | |
| lages journ | Overtime | Hours | 5 | o | 5 | | |
| 5 | | Amount | 2 400 | 2 160 | 2 400 | 6 960 | |
| | ime | Rate per hour | 60 | 60 | 60 | | |
| | Normal t | Hours | 40 | 36 | 40 | | |
| | | Employee | D. Barnard | K. Maletti | J. Hitchcox | | |
| | | | | | | | |

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CHAPTER 2

unit 1: calculating and recording salaries and wages

General ledger of George Motors

| Balance sh | eet section | | | | | | | |
|------------|---------------------|------|--------|----------------|---------|-------|--------|--|
| | Creditors for wages | | | | | | | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | |
| | | | | 20.8 May 22 | Balance | b/d | 14 985 | |
| | | | | 23 | Wages | WJ5.4 | 6 150 | |
| | | | | 30 | Wages | WJ5.5 | 5843 | |
| | | | | | | | | |

| | | | Pension fu | ind | | B2 | |
|------|---------|------|------------|----------------|------------------------------|-------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| | | | | 20.8 May 22 | Balance | b/d | 974 |
| | | | | 23 | Wages | WJ5.4 | 468 |
| | | | | 23 | Pension fund contribution | WJ5.4 | 702 |
| | | | | 30 | Wages | WJ5.5 | 452 |
| | | | | 30 | Pension fund contribution | WJ5.5 | 679 |

| | | B3 | | | | | |
|------|---------|------|--------|----------------|---------|-------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| | | | | 20.8 May 22 | Balance | b/d | 1 260 |
| | | | | 23 | Wages | WJ5.4 | 420 |
| | | | | 30 | Wages | WJ5.5 | 420 |

| | | | UIF | | | B4 | |
|------|---------|------|--------|----------------|------------------|-------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| | | | | 20.8 May 22 | Balance | b/d | 150 |
| | | | | 23 | Wages | WJ5.4 | 72 |
| | | | | 23 | UIF contribution | WJ5.4 | 72 |
| | | | | 30 | Wages | WJ5.5 | 70 |
| | | | | 30 | UIF contribution | WJ5.5 | 76 |

CHAPTER 2

chapter 2: administration of salaries and wages

| | | SA | es' tax) | s'tax) B5 | | | |
|------|---------|------|----------|----------------|---------|-------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| | | | | 20.8 May 22 | Balance | b/d | 3 215 |
| | | | | 23 | Wages | WJ5.4 | 1 260 |
| | | | | 30 | Wages | WJ5.5 | 1 345 |

| | | | Staff associ | ation | | B6 | |
|------|---------|------|--------------|----------------|---------|-------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| | | | | 20.8 May 22 | Balance | b/d | 90 |
| | | | | 23 | Wages | WJ5.4 | 30 |
| | | | | 30 | Wages | WJ5.5 | 30 |

| Nominal accounts section | | | | | | | | |
|--------------------------|-----------------|-------|--------|------|---------|------|--------|--|
| | | | Wages | | | N1 | | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | |
| 20.8 May 22 | Total | b/d | 20 674 | | | | | |
| 23 | Sundry accounts | WJ5.4 | 8 400 | | | | | |
| 30 | Sundry accounts | WJ5.5 | 8 160 | | | | | |

| | | Per | ision fund coi | ntributions | | N2 | |
|----------------|--------------|-------|----------------|-------------|---------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 May 21 | Total | b/d | 1 461 | | | | |
| 23 | Pension fund | WJ5.4 | 702 |] | | | |
| 30 | Pension fund | WJ5.5 | 679 |] | | | |

| | | | ions | ons N3 | | | |
|----------------|--------------|-------|--------|--------|---------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 May 21 | Total | b/d | 150 | | | | |
| 23 | Pension fund | WJ5.4 | 72 | | | | |
| 30 | Pension fund | WJ5.5 | 76 |] | | | |

unit 1: calculating and recording salaries and wages

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payments related to salaries and wages

Unit outcomes

| Topic and Subject Outcomes | Assessment Standards |
|---|---|
| 2.4 Demonstrate month-end procedures in Salaries journal. | Closing off of Salaries journals is demonstrated. Range: Practical exercises – in Salaries journal. Salaries journal is posted to General ledger. Range: Practical exercises – from Salaries journal to General ledger. |
| 2.5 Calculate payments to different stakeholders. | Payments to employees, different funds and South African Revenue Services (SARS) is calculated and recorded. Range: Practical exercises – in Cash payments journal. Cash payments journal is posted to the General ledger. Range: Practical exercises – from Cash payments journal to General ledger. Close off General ledger accounts. Range: Practical exercises – in General ledger. |
| 3.4 Demonstrate month-end procedures in Wages journal. | Closing off of Wages journals is demonstrated. Range: Practical exercises – in Wages journal. Wages journal is posted to General ledger. Range: Practical exercises – from Wages journal to General ledger. |
| 3.5 Calculate payments to different stakeholders. | Payments to employees, different funds and South African Revenue Services (SARS) are calculated and recorded. <i>Range: Practical exercises – in Cash payments journal.</i> Cash payments journal is posted to the General ledger. <i>Range: Practical exercises – from Cash payments journal to General ledger.</i> Close off General ledger accounts. <i>Range: Practical exercises – in General ledger.</i> |

CHAPTER 2

Activity 1 (Student's Book, page 84)

Suggested answers

- 1. Assets: Vehicles, Equipment, etc.
 - Liabilities: Loan: ABC Bank; Creditors; Bank (overdrawn); Creditors for wages Owner's equity: Capital and drawings
- 2. Credit; debit
- 3. Cash receipts journal; Cash payments journal; General journal
- 4. Each transaction requires an equal number of debit and credit entries, i.e. if one account is debited, then an equivalent credit entry is needed.

chapter 2: administration of salaries and wages

Questions for revising Unit 2 (Student's Book, page 85)

Question 1

Suggested answers

- 1.1 This section contains all the accounts that will be needed to draw up the Balance sheet at the end of the accounting period. The other section of the General ledger is called the Nominal accounts section.
- 1.2 It is a liability if there is a credit balance.
- 1.3 The details column refers to the contra account, i.e. where the Creditors for wages account has been debited, the Bank account has been credited.
- 1.4 The subsidiary journal was either the Cash payments journal or the Wages journal. The 7 refers to the 7th month July.
- 1.5 The expense account Wages has been debited.

CHAPTER 2

Chapter challenge (Student's Book, page 86)

1.

| VJ9.4 | 's ions | UIF | 24 | 22 | 22 | 23 | 26 | 24 | 141 | N15/ B19 |
|----------------|-----------------------|------------------------------|------------|----------|-----------|------------|---------|-----------|--------|-------------|
| - | Employer contribut | Pen- sion fund | 34 | 30 | 30 | 33 | 31 | 30 | 188 | N14/ B16 |
| | | Net wages | 416 | 384 | 384 | 403 | 448 | 416 | 2 451 | N12/ B12 |
| | | Total | 2 466 | 2 007 | 2 187 | 2 406 | 2 087 | 2 080 | 13 233 | /B18 |
| | | UIF | 914 | 873 | 813 | 864 | 983 | 910 | 5 357 | |
| | | Union fee | 452 | 401 | 401 | 434 | 498 | 452 | 2 638 | /B11 |
| ember 20.8 | | SITE & PAYE * | 34 | 30 | 30 | 33 | 31 | 30 | 188 | /B16 |
| ing 27 Sept | 15 | Medi- cal aid | 220 | 250 | 190 | 195 | 230 | 220 | 1 305 | /B13 |
| e week endi | Deductio | Pen- sion fund/ RAF | 208 | 192 | 192 | 202 | 224 | 208 | 1 226 | /812 |
| ders for the | | Gross wages | 3 380 | 2 880 | 3 000 | 3 270 | 3 070 | 2 990 | 18 590 | N3/ |
| îmvaba Tra | | Amount | 780 | 480 | 600 | 750 | 270 | 390 | 3 270 | |
| journal of Cof | | Rate per hour | 130 | 120 | 120 | 125 | 135 | 130 | | |
| Wages | Overtime | Hours | 9 | 4 | 5 | 6 | 7 | ε | | |
| | | Amount | 2 600 | 2 400 | 2 400 | 2 520 | 2 800 | 2 600 | 15 320 | |
| | time | Rate per hour | 65 | 60 | 60 | 63 | 70 | 65 | | |
| | Normal t | Hours | 40 | 40 | 40 | 40 | 40 | 40 | | |
| | | Employee | M. Alberts | B. Peers | K. Joshua | P. Pampier | T. Reid | B. Matiso | | |

* SITE/PAYE: M. Alberts 2 600 - 208 = 2 392 x 12 = 28 704 x 4 = 11 4816: 18 000 + 3 704 = 21 704 ÷ 12 ÷ 4 = 452

chapter 2: administration of salaries and wages

| 5J 9 | | Total | | | | | | |
|--------------|---------------|-----------------------------------|-----------|---------|---------|--------|-------------|--|
| | | Tas | 13 | 15 | 14 | 42 | N15/ B19 | |
| | | UIF | 110 | 110 | 110 | 330 | N14/ B13 | |
| | ions | Med- ical aid | | | | | N13/ B13 | |
| | r's contribut | Pension fund/ RAF | 2 320 | 2 580 | 42 416 | 7 316 | N12/ B12 | |
| ~ | Employe | Dis- ability insur- ance | | | | | N11/ B18 | |
| tember 20.8 | | Cheque no. | C121 | C122 | C123 | | | |
| ing 30 Sept | | Net sala- ries | 9 678 | 10 937 | 10 114 | 30 729 | /B17 | |
| month end | | Total | 4 822 | 5 263 | 4 986 | 15 071 | | |
| s for the | | UIF | 110 | 110 | 110 | 330 | /B16 | |
| ba Trader | | Union fee | | | | | /B15 | |
| of Cofimva | | SITE & PAYE * | 2 752 | 2 973 | 2 918 | 8 643 | /B14 | |
| ries journal | S | Medical aid | 800 | 890 | 750 | 5 440 | /B13 | |
| Sala | Deduction | Pension fund/ RAF | 1160 | 1 290 | 1 208 | 3 658 | /812 | |
| | | Gross salary | 14 500 | 16 200 | 15 100 | 45 800 | N2/ | |
| | | Bonus | I | I | I | I | | |
| | | Basic salary | 14 500 | 16 200 | 15 100 | 45 800 | | |
| | | Employees | A. Naidoo | P. Webb | N. Toni | | | |

* SITE & PAYE: A. Naidoo (14 500 – 1160) = 13 340 X 12 = 160 080: 33 000 + 24 = 33 024 ÷ 12 = R2 752 P. Webb (16 200 – 1 290) = 14 910 X 12 = 178 920: 33 000 + 2 676 = 35 676 ÷ 12 = R2 973 N. Toni (15 100 – 1 208) = 12 892 X 12 = 166 704: 33 000 + 2 011 = 35 011 ÷ 12 = R2 918

unit 2: payments related to salaries and wages

CHAPTER 2

Cash payments journal of Cofimvaba Traders – September 20.8

| | | Cash pa | ayments | s journal of | Cofimvaba Tra | ders – Septemb | er 20.8 | | CPJ9 |
|------|-----|-----------------------------|---------|--------------|---------------|----------------|-----------|--------|--------------------------|
| | | Name of | | | Creditors | Creditors for | Sundry ac | counts | |
| Doc. | Day | payee | Fol. | Bank | for wages | salaries | Amount | Fol. | Details |
| | 30 | Totals | | 57 135 | 49 544 | | 7 951 | | |
| C100 | | Cash | | 62 777 | 62 777 | | | | |
| C101 | | Cash | | 30 729 | | 30 729 | | | |
| C102 | | Pension fund | | 20 697 | | | 20 697 | | Pension fund |
| C103 | | Medical aid fund | | 8 841 | | | 8 841 | | Medical aid fund |
| C104 | | SARS (UIF) | | 1 516 | | | 1 516 | | UIF |
| C105 | | SARS (SDL) | | 663 | | | 663 | | SDL |
| C106 | | SARS (Employees' tax) | | 27 801 | | | 27 801 | | SARS (Employees' tax) |
| | | | | 210 159 | 112 321 | 30 729 | 67 109 | | |

General ledger of Cofimvaba Traders

| Balance sheet s | section | | | | | | | | | | | |
|------------------------|---------|------|--------|-----------------|---------|-------|--------|--|--|--|--|--|
| Creditors for wages B1 | | | | | | | | | | | | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | | | | | |
| 20.8 Sep. 30 | Bank | CPJ9 | 62 777 | 20.8 Sep. 20 | Balance | b/d | 49 544 | | | | | |
| | | | | 27 | Wages | WJ9.4 | 13 233 | | | | | |
| | | | 62 777 | | | | 62 777 | | | | | |

CHAPTER 2

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| | | Cred | itors for salaries | | В | B2 | | |
|------------------|---------|------|--------------------|------------------|----------|------|--------|--|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | |
| 20.8 Sept. 30 | Bank | CPJ9 | 30 729 | 20.8 Sept. 30 | Salaries | SJ9 | 30 729 | |
| | | | 30 729 | | | | 30 729 | |

FM level 3 TG modules.indd 80

| | В | 3 | | | | | |
|-----------------|---------|------|--------|-----------------|---------------------------|-------|---------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Sep. 30 | Bank | CPJ9 | 20 697 | 20.8 Sep. 20 | Balance | b/d | 6 246 |
| | | | | 27 | Wages | WJ9.4 | 1 0 2 6 |
| | | | | | Salaries | SJ9 | 3 658 |
| | | | | | Pension fund contribution | WJ9.4 | 2 451 |
| | | | | | Pension fund contribution | SJ9 | 7 316 |
| | | | 20 697 | | | | 20 697 |

| | Medical aid scheme B4 | | | | | | | | | | |
|-----------------|-----------------------|------|--------|-----------------|----------|-------|--------|--|--|--|--|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | | | | |
| 20.8 Sep. 30 | Bank | CPJ9 | 8 841 | 20.8 Sep. 20 | Balance | b/d | 5 096 | | | | |
| | | | | 27 | Salaries | SJ9 | 2 440 | | | | |
| | | | | | Wages | WJ9.4 | 1 305 | | | | |
| | | | 8 841 | | | | 8 841 | | | | |

| | | | UIF | | В | 5 | |
|-----------------|---------|------|--------|-----------------|------------------|-------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Sep. 30 | Bank | CPJ9 | 1 516 | 20.8 Sep. 20 | Balance | b/d | 480 |
| | | | | 27 | UIF contribution | SJ9 | 330 |
| | | | | | UIF contribution | WJ9.4 | 188 |
| | | | | | Salaries | SJ9 | 330 |
| | | | | | Wages | WJ9.4 | 188 |
| | | | 1 516 | | | | 1 516 |

| | | | SDL | | B6 | | |
|-----------------|---------|------|--------|-----------------|------------------|-------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Sep. 30 | Bank | CPJ9 | 663 | 20.8 Sep. 20 | Balance | b/d | 480 |
| | | | | 27 | SDL contribution | SJ9 | 42 |
| | | | | | SDL contribution | WJ9.4 | 141 |
| | | | | | | | |
| | | | 663 | | | | 663 |

unit 2: payments related to salaries and wages

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| | | | yees' tax) | E | 36 | | |
|-----------------|---------|------|------------|-----------------|----------|-------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Sep. 30 | Bank | CPJ9 | 27 802 | 20.8 Sep. 20 | Balance | b/d | 16 520 |
| | | | | 27 | Salaries | SJ9 | 8 643 |
| | | | | | Wages | WJ9.4 | 2 639 |
| | | | 27 802 | | | | 27 802 |

| | | | Wages | i | Ν | | |
|-----------------|--------------------|-------|--------|----------|---------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Sep. 20 | Total | b/d | 78 080 | | | | |
| 27 | Sundry accounts | WJ9.4 | 18 590 | | | | |

| | | | Salar | ies | I | N2 | |
|-----------------|--------------------|------|--------|------|---------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Sep. 30 | Sundry accounts | SJ9 | 45 800 | | | | |

| | | I | Pension fund con | tributions | N | 13 | |
|-----------------|--------------|-------|------------------|------------|---------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Sep. 20 | Total | b/d | 12 492 | | | | |
| 27 | Pension fund | WJ9.4 | 2 451 | | | | |
| | Pension fund | SJ9 | 7 316 | | | | |

| CHAPTER 2 |
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| | | | UIF contrib | utions | N | 4 | |
|-----------------|---------|-------|-------------|--------|---------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Sep. 20 | Total | b/d | 480 | | | | |
| 27 | UIF | WJ9.4 | 188 | | | | |
| | UIF | SJ9 | 330 |] | | | [|

| | | | SDL contri | butions | N | 5 | |
|------------------|---------|-------|------------|---------|---------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Sept. 20 | Total | b/d | 480 | | | | |
| 27 | SDL | WJ9.4 | 141 | | | | |
| | SDL | SJ9 | 42 | | | | |

chapter 2: administration of salaries and wages

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chapter 3 the petty cash system

This diagram summarises the work covered in Chapter 3.



chapter 3: the petty cash system

This chapter and the curriculum

This chapter addresses Topic 4: The petty cash system.

| Topic and Subject Outcomes | Assessment Standards | Units |
|---|---|--------|
| 4.1 Disburse money for petty cash transactions. | Source documents are identified correctly. Request for petty cash is received, validated and authorised according to company policy. Cash is issued as per authorised request. Cash slip and change received is reconciled accurately. Petty cash voucher is completed and till slip is attached in accordance with purchases made. | Unit 1 |
| 4.2 Record petty cash transactions. | The petty cash vouchers are numbered in sequence according to company policy. Petty cash vouchers are correctly recorded in the petty cash book or Petty cash journal. Petty cash analysis columns are totalled accurately. Petty cash vouchers are correctly filed according to company policy. | Unit 2 |
| 4.3 Restore imprest amount. | The amount of the petty cash float is indicated as required by company. Amount required to restore imprest amount is calculated correctly. Money in cash box is reconciled with petty cash book balance. Amount required is requested according to required coins and notes. Coins and notes received are counted and placed in cash box. | Unit 2 |
| 4.4 Control procedures for petty cash are adhered to. | Petty cash float is secured according to company policy. The petty cash float is regularly reconciled with petty cash book. Discrepancies are investigated and corrected within a reasonable period of time. Discrepancies arising from the reconciliation of petty cash are either resolved or referred to the appropriate person. | Unit 3 |



Getting started (Student's Book, page 90)

Suggested answers

- 1. a) Cash payments journal
 - b) Cash receipts journal
 - c) Debtors journal
 - d) Debtors allowances journal
 - e) Creditors journal
 - f) Creditors allowances journal

| 2.1 | F | 2.4 | С |
|-----|---|-----|---|
| 2.2 | G | 2.5 | В |
| 2.3 | E | 2.6 | D |

chapter 3: the petty cash system



disbursement of money for petty cash transactions

Unit outcomes

| Topic and Subject Outcomes | Assessment Standards |
|---|---|
| 4.1 Disburse money for petty cash transactions. | Source documents are identified correctly. Request for petty cash is received, validated and authorised according to company policy. Cash is issued as per authorised request. Cash slip and change received is reconciled accurately. Petty cash voucher is completed and till slip is attached in accordance with purchases made. |

Activity 1 (Student's Book, page 93)

Suggested answers

| | | CPJ 3 | | | | | | | |
|------|-----|---------------|------|--------|----------------------|----------------------|----------------------|-----------|---------------|
| | | | | | | | | Sundry ac | counts |
| Doc. | Day | Name of payee | Fol. | Bank | Creditors control | Discount received | Trading inventory | Amount | Details |
| 20 | 1 | Cash | | 250,00 | | | | 250,00 | Petty cash |
| R 34 | 30 | Cash | | 150,00 | | | | 150,00 | Petty cash |
| | | | | | | | | | |

| Date | Account to debit | Account to credit | А | OE | L |
|------|------------------|-------------------|----------------|----|---|
| 1 | Petty cash | Bank | + 250 - 250 | 0 | 0 |
| 30 | Pettycash | Bank | + 150 - 150 | 0 | 0 |



unit 1: disbursement of money for petty cash transactions

Activity 2 (Student's Book, page 93)

Suggested answers

| | Cash payments journal of Summerstrand Traders – May 20.7 | | | | | | | | | | | |
|------|--|-------------|------|--------|----------------------|----------------------|----------------------|-------------|------------|--|--|--|
| | | Namo | | | | | | Sundry acco | unts | | | |
| Doc. | Day | of payee | Fol. | Bank | Creditors control | Discount received | Trading inventory | Amount | Details | | | |
| | | | | | | | | | | | | |
| 20 | 2 | Cash | | 480,00 | | | | 480,00 | Petty cash | | | |
| R 34 | 30 | Cash | | 200,00 | | | | 250,00 | Petty cash | | | |
| | | | | | | | | | | | | |

| Date | Account to debit | Account to credit | А | OE | L |
|------|------------------|-------------------|----------------|----|---|
| 2 | Petty cash | Bank | + 480 - 480 | 0 | 0 |
| 30 | Petty cash | Bank | + 200 - 200 | 0 | 0 |

Activity 3 (Student's Book, page 94)

Suggested answers

- 1. To pay for purchases of a relatively small amount
- 2. From the bank account of the business
- 3. Cheque counterfoil
- 4. Cash payments journal
- 5. Petty cash (Petty cash is an asset and the asset is increasing).
- 6. Bank (the money in the bank account of the business is decreasing).

Activity 4 (Student's Book, page 95)

Suggested answers

- Obtain authorisation for the purchase. Petty cashier then takes money from the petty cash box and gives it to the person requesting the money. When the purchase has been finalised, the person returns the change and the cash slip to the petty cashier.
- 2. The petty cashier checks that the change added to the amount of the purchase adds up to the amount taken from the petty cash box. The petty cashier completes a petty cash voucher and attaches the voucher to the cash slip. The voucher and the cash slip is then placed in a file for safe keeping.

chapter 3: the petty cash system

CHAPTER 3

Activity 5 (Student's Book, page 96) Suggested answers

| PETTY CASH VOUCHER NO: 10 | <u>R</u> | <u>C</u> |
|--|----------|----------|
| DATE: <u>03/03/07</u> REQUIRED FOR <u>Postage</u> Signature: | | |
| Authorised by: | 12 | 60 |
| PETTY CASH VOUCHER NO: _11_ | <u>R</u> | <u>C</u> |
| DATE:05/03/07 REQUIRED FORStationery | | |
| Signature: Authorised by: | 21 | 00 |
| PETTY CASH VOUCHER NO: 12 | <u>R</u> | <u>C</u> |
| DATE:11/03/07 REQUIRED FORPostage | | |
| Signature: Authorised by: | 24 | 00 |
| PETTY CASH VOUCHER NO: 13 | <u>R</u> | <u>C</u> |
| DATE: <u>12/03/07</u> REQUIRED FOR <u>Wages</u> | | |
| Signature: Authorised by: | 30 | 00 |

CHAPTER 3

unit 1: disbursement of money for petty cash transactions

| | р | C |
|----------------------------------|----------|----------|
| | | |
| Authorised by: | 20 | 00 |
| Signature: | | |
| REQUIRED FOR <u>M. Gouws</u> | | |
| DATE:17/03/07 | | |
| | | |
| PEILY CASH VUUCHER NO: <u>14</u> | | |
| | <u>R</u> | <u>C</u> |
| | | |

| PETTY CASH VOUCHER | NO: <u>15</u> | <u>R</u> | <u>C</u> |
|--|---------------|----------|----------|
| DATE: <u>23/03/07</u> REQUIRED FOR <u>Repairs</u> | | | |
| Signature: | | | |
| Authorised by: | | 24 | 90 |
| 1 | | | |

| PETTY CASH VOUCHER NO: 16 | <u>R</u> | <u>C</u> |
|---|----------|----------|
| DATE: <u>28/03/07</u> REQUIRED FOR <u>Donation</u> | | |
| Signature: | | |
| Authorised by: | 30 | 00 |

Activity 6 (Student's Book, page 97)

Suggested answers

- 1. Cheque counterfoil
- 2. Cash payments journal
- 3. Assets increase: Petty cash is an asset and the Petty cash account is debited. Assets decrease: Bank is an asset and the bank account is credited.
- 4. Petty cash voucher
- 5. Petty cash journal
- 6. Voucher number, date of transaction, details of purchase, amount in figures and the signature of the person authorising the transaction as well as the petty cashier.



recording petty cash transactions and restoring the imprest amount

Unit outcomes

| Topic and Subject Outcomes | Assessment Standards |
|-------------------------------------|---|
| 4.2 Record petty cash transactions. | The petty cash vouchers are numbered in sequence according to company policy. Petty cash vouchers are correctly recorded in the petty cash book or Petty cash journal. Petty cash analysis columns are totalled accurately. Petty cash vouchers are correctly filed according to company policy. |
| 4.3 Restore imprest amount. | Amount of the petty cash float is indicated as required by company. Amount required to restore imprest amount is calculated correctly. Money in cash box is reconciled with petty cash book balance. Amount required is requested according to required coins and notes. Coins and notes received are counted and placed in cash box. |

CHAPTER 3

unit 2: recording petty cash transactions and restoring the imprest amount

Activity 1 (Student's Book, page 100)

| | | | | | Cash paymen | its journal of | ' JS Traders – Jan | uary 20.7 | | | G |]1 |
|------|-----|---------|------|--------|-------------|----------------|--------------------|-----------|-----------------|------|------------|----|
| | | | | | | | | | Sundry account: | S | | |
| | | | | | Trading | VAT | | Creditors | | | | |
| Doc. | Day | Details | Fol. | Bank | inventory | expense | Stationery | control | Amount | Fol. | Details | |
| 100 | 19 | Cash | | 250,00 | | | | | 250,00 | | Petty cash | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

| Petry cash journal of JS Traders - January 20.7yleft< | | | | 1 | | | | | | | | | |
|---|-------------------|--------------|-----------------------|--------|----------------------|---------|----------|---------------|--------------|---------------|-------|----------|--------|
| Petry cash journal of STaders - January 2c, 7 y Details Fol. Trading WAT Details Euclidency Trading accounts y Details Fol. cash Inventory Input Postage Stationery Bellivery Amount Fol. y Details 15,00 25,00 25,00 Postionery Repeires Amount Fol. y Packing materials 15,00 25,00 | PC)1 | | Details | | Packing materials | Repairs | Drawings | | Refreshments | Entertainment | | Drawings | |
| Petry cash journal of S Traderes – January 2o.7 y Details Fol. Trading VAT Post of expenses Standry accounteries y Details Fol. Cash Trading VAT Post of expenses Amount y Details Fol. Cash Inventory NAT Post of expenses Amount y Details 15,00 inventory Inventory Stationery Stationery Standry account Packing materials 15,00 Stationery Stationery Stationery Stationery Stationery Stationery Stationery Packing materials 15,00 Stationery Stationery Stationery Stationery Stationery Packing materials 15,00 Stationery Stationery Stationery Stationery Stationery Packing materials 15,00 Stationery Stationery Stationery Stationery Drawings 145,00 Stationery Stationery Stationery Stationery Stationery <td></td> <td>nts</td> <td>Fol.</td> <td></td> | | nts | Fol. | | | | | | | | | | |
| Petry cash journal of JS Traders – January 20.7 y Details Fol. Retty Trading VAT Postage Stationery Delivery y Details Fol. cash Inventory Input Postage Stationery Delivery Stamps 25,00 inventory Input Postage Stationery Postonery Packing materials 15,00 15,00 15,00 15,00 16,00 <td></td> <td>Sundry accou</td> <td>Amount</td> <td></td> <td>15,00</td> <td>87,50</td> <td>45,00</td> <td></td> <td>33,70</td> <td>30,00</td> <td></td> <td>75,00</td> <td>286,20</td> | | Sundry accou | Amount | | 15,00 | 87,50 | 45,00 | | 33,70 | 30,00 | | 75,00 | 286,20 |
| Petry cash journal of JS Traders – January 20.7 y Details Fol. Petry Trading VAT Postage Stationery y Details Fol. cash Inventory Input Postage Stationery y Details Fol. cash Inventory Input Postage Stationery y Details 15,00 inventory input 25,00 Stationery y Packing materials 15,00 15,00 Postage Stationery y Drawings 45,00 Post Post Post y State costs 65,00 Post Post Post | | | Dellivery expenses | | | | | 65,00 | | | | | 62,00 |
| Petty cash journal of JS Traders – Janua y Details Fol. Petty Trading VAT Postage y Details Fol. cash inventory input Postage Stamps Stamps 25,00 inventory input Postage Packing materials 15,00 87,50 25,00 25,00 Repairs 87,50 45,00 15,00 25,00 Drawings 45,00 33,70 16,00 16,00 Refreshments 33,70 50,00 16,00 16,00 Entertainment 30,000 51,00 16,00 16,00 16,00 | ry 20.7 | | Stationery | | | | | | | | 67,95 | | 67,95 |
| Petty cash journal of journal o | S Traders – Janua | | Postage | 25,00 | | | | | | | | | 25,00 |
| Petty cash y Details Fol. Petty Trading y Details Fol. 25,00 inventory Packing materials 15,00 15,00 15,00 Repairs 87,50 45,00 15,00 Drawings 45,00 33,70 Courier costs 65,00 33,70 Entertainment 30,000 Files Files 67,95 | journal of J | | VAT input | | | | | | | | | | |
| y Details Fol. Petty y Details Fol. Petty Stamps Fol. 25,00 Packing materials 37,50 Packing materials 45,00 Drawings 65,00 Courier costs 65,00 Referentmentt 33,70 Files Files 67,05 | Petty cash | | Trading inventory | | | | | | | | | | |
| y Details Fol. Stamps Fol. Packing materials Repairs Courier costs Courier costs Refreshments Files Files | | | Petty cash | 25,00 | 15,00 | 87,50 | 45,00 | 65,00 | 33,70 | 30,00 | 67,95 | 75,00 | 444,15 |
| y Details Stamps Packing materials Repairs Drawings Courier costs Refreshments Entertainment Files | | | Fol. | | | | | | | | | | |
| | | | Details | Stamps | Packing materials | Repairs | Drawings | Courier costs | Refreshments | Entertainment | Files | Drawings | |
| Da Da 13 | | | Day | 4 | 7 | 13 | 14 | 18 | 21 | 24 | 25 | 26 | |
| Doc. 2 1 6 4 + 4 8 8 | | | Doc. | 1 | 2 | e | 4 | + | 9 | 7 | ø | 6 | + |

chapter 3: the petty cash system

| page 101) | |
|-------------------------|-----------|
| Book, | |
| <pre>2 (Student's</pre> | answers |
| Activity | Suggested |

| onery VAT expense co | Trading inventory Station | <i>ank</i> 350,000 50.35 | B | Fol. B | Details Fol. B. Cash Cash Cash | Day Details Fol. Bill 2 Cash 20 Cash |
|----------------------|------------------------------|--------------------------------|---------------------------------|--|--|---|
| onery VAT expense co | Station | inventory | Bank inventory 350,00 second | Fol. Bank inventory 350,00 50,35 50,35 | Details Fol. Bank inventory Cash 350,00 Cash 50,35 | Day Details Fol. Bank Inventory 2 Cash 350,00 20 20 |
| | | | 350,00 | 350,00 | Cash 350,00 Cash 50.35 | 2 Cash 350,00 20 Cash 50,35 |
| | | | 50.35 | 50,35 | Cash 50.35 | 20 Cash 50,35 |
| | | | ((** | | | |
| | | | | | | |
| | | | | | | |

| | | | | Petty ca | sh journal of Su | ummer Trad | lers – February 2 | 0.7 | | | | PC)2 |
|-----------|-----|-------------------------|------|------------|------------------|------------|-------------------|------------|---------|--------------|------|--------------------|
| | | | | | Tradina | VAT | | | | Sundry accou | nts | |
| oc. | Day | Details | Fol. | Petty cash | inventory | input | Postage | Stationery | Repairs | Amount | Fol. | Details |
| 8 | ъ | Envelopes and stamps | | 46,80 | | | | 46,80 | | | | |
| D1 | 9 | Drawings | | 40,00 | | | | | | 40,00 | | Drawings |
| 02 | 10 | Pens | | 24,80 | | | | 24,80 | | | | |
| 03 | 15 | CBF computers | | 80,75 | | | | | 80,75 | | | |
| | 22 | Y. Young | | 34,00 | | 4,18 | | | | 29,82 | | Debtors control |
| 05 | 26 | Donations | | 50,00 | | | | | | 50,00 | | Donations |
| | | | | 276,35 | | 4,18 | | 71.6 | 80,75 | 119,82 | | |

unit 2: recording petty cash transactions and restoring the imprest amount

Activity 3 (Student's Book, page 101) Suggested answers

| CPJ 2 | | | Details | Petty cash | Petty cash |
|-----------------------|----------------|-----------|-------------------|------------|------------|
| | S | | Fol. | | |
| | Sundry account | | Amount | 500,00 | 50,35 |
| | | Creditors | control | | |
| bruary 20.7 | | | VAT expense | | |
| of Chic Traders – Fe | | | Stationery | | |
| Cash payments journal | | | Trading inventory | | |
| | | | Bank | 500,00 | 50,35 |
| | | | Fol. | | |
| | | | Details | Cash | Cash |
| | | | Day | 7 | 20 |
| | | | Doc. | 140 | 141 |

| | | | | | Petty cash jou | urnal of Ch | ic Traders – Febru | lary 20.7 | | | | PC)2 | |
|------|-----|----------------------|------|------------|----------------|-------------|--------------------|------------|---------|---------------|------|--------------------|--|
| | | | | | Tradina | VAT | | | | Sundry accour | its | | |
| Doc. | Day | Details | Fol. | Petty cash | inventory | input | Postage | Stationery | Repairs | Amount | Fol. | Details | |
| 100 | Ś | Envelopes and stamps | | 46,80 | | | | 46,80 | | | | | |
| 101 | 9 | Drawings | | 40,00 | | | | | | 40,00 | | Drawings | |
| 102 | 10 | Pens | | 24,80 | - | | | 24,80 | | - | | | |
| 103 | 15 | CBF computers | | 80,75 | | | | | 80,75 | - | | | |
| | 22 | Y. Young | | 34,00 | | 4,18 | | | | 29,82 | | Debtors control | |
| 105 | 26 | Donations | | 50,00 | | | | | | 50,00 | | Donations | |
| | | | | 276,35 | | 4,18 | | 71,6 | 80,75 | 119,82 | | | |

chapter 3: the petty cash system

Activity 4 (Student's Book, page 102)

Suggested answers

- 1. When the purchase has been finalised and the change as well as the cash slip is returned to the petty cashier.
- 2. Petty cash journal
- 3. (Current) asset. The money belongs to the business and the balance fluctuates from day to day.

Activity 5 (Student's Book, page 103)

Suggested answers

| Balance sheet section | | | | | | | | | | | |
|-----------------------|---------|------|------------|-----------------|----------------|-------|--------|--|--|--|--|
| | | | Petty cash | | | B1 | | | | | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | | | | |
| 20.6 Jan. 1 | Balance | b/d | 180,00 | 20.6 Jan. 31 | Total payments | PCJ 1 | 165,00 | | | | |
| 18 | Bank | СРЈ | 80,00 | | Balance | c/d | 95,00 | | | | |
| | | | 260,00 | | | | 260,00 | | | | |
| Feb. 1 | Balance | b/d | 95,00 | | | | | | | | |

General ledger of Mtatha Traders

Activity 6 (Student's Book, page 103) Suggested answers

General ledger of Mtatha Traders

| Balance s | Balance sheet section | | | | | | | | | | | | |
|----------------|-----------------------|------|------------|-----------------|----------------|-------|--------|--|--|--|--|--|--|
| | | | Petty cash | h B1 | | | | | | | | | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | | | | | | |
| 20.6 Feb. 1 | Balance | b/d | 180,00 | 20.6 Feb. 28 | Total payments | PCJ 1 | 165,00 | | | | | | |
| 22 | Bank | СРЈ | 60,00 | | Balance | c/d | 75,00 | | | | | | |
| | | | 240,00 | | | | 240,00 | | | | | | |
| Mar. 1 | Balance | b/d | 75,00 | | | | | | | | | | |

unit 2: recording petty cash transactions and restoring the imprest amount

Activity 7 (Student's Book, page 103) Suggested answers

| Balance sheet section | | | | | | | | | | | |
|-----------------------|---------|------|-----------|-----------------|----------------|-------|--------|--|--|--|--|
| | | | Petty cas | ish B1 | | | | | | | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | | | | |
| 20.6 Mar. 1 | Balance | b/d | 180,00 | 20.6 Mar. 31 | Total payments | PCJ 1 | 165,00 | | | | |
| 22 | Bank | CPJ | 90,00 | | Balance | c/d | 105,00 | | | | |
| | | | 270,00 | | | | 270,00 | | | | |
| Apr. 1 | Balance | b/d | 105,00 | | | | | | | | |

General ledger of Mtatha Traders

Activity 8 (Student's Book, page 105)

Suggested answers

| | | Gene | eral ledger of Mtha | tha Traders | | | |
|----------------|---------------|-------|---------------------|-----------------|----------------|-------|--------|
| Balance | sheet section | | | | | | |
| | | | Petty cash | | | B1 | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.6 Jan. 1 | Balance | b/d | 180,00 | 20.6 Jan. 31 | Total payments | PCJ 1 | 300,00 |
| 18 | Bank | CPJ 1 | 80,00 | | Balance | c/d | 180,00 |
| 31 | Bank | CPJ 1 | 165,00 | | | | |
| 31 | Bank | CPJ 1 | 55,00 | | | | |
| | | | 480,00 | | | | 480,00 |
| 20.6 Feb. 1 | Balance | b/d | 180,00 | 20.6 Feb. 29 | Total payments | PCJ 2 | 165,00 |
| 31 | Bank | PCJ2 | 90,00 | | Balance | c/d | 180,00 |
| | Bank | PCJ2 | 75,00 | | | | |
| | | | 345,00 | | | | 345,00 |
| 20.6 Mar. 1 | Balance | b/d | 180,00 | 20.8 Mar. 31 | Total payments | PCJ 3 | 190,00 |
| 20 | Bank | CPJ 3 | 60,00 | | Balance | c/d | 200,00 |
| 31 | Bank | CPJ 3 | 150,00 | | | | |
| | | | 390,00 | | | | 390,00 |
| | | | | | | | |

CHAPTER 3

chapter 3: the petty cash system

Activity 9 (Student's Book, page 105)

Suggested answers

Varying balance system: The account is balanced at the end of the month, without requesting additional funds from the cashier. The balance reflects the total available in the petty cash box at that stage. The balance will therefore differ from month to month.

Imprest system: The amount is specified in the financial policy of the enterprise. At the end of the month the petty cashier will request a cheque to supplement the money in the petty cash box so that the petty cash will always start the month with the imprest amount as specified in the policy.

CHAPTER 3

unit 2: recording petty cash transactions and restoring the imprest amount

Activity 10 (Student's Book, page 105) Suggested answers

| PC)3 | | | | | | | | | | | | |
|----------------------------------|-------------|------------|---------|--------------------|---------|----------------|---------|------------|-----------|-------|----------|--------|
| | | Details | | | | Delivery costs | Repairs | | Donations | | Drawings | |
| | unts | Fol. | | | | | | | | | | |
| | Sundry acco | Amount | | | | 23,40 | 120,00 | | 80,00 | | 129,20 | 352,60 |
| | | Wages | | | | | | | | 75,00 | | 75,00 |
| h 20.7 | | Stationery | | 27,80 | | | | 26,20 | | | | 54,00 |
| ayaba nauers h journal – Marc | | Postage | 25,30 | | 23,70 | | | | | | | 00'6† |
| Petty cash | VAT | input | | | | | | | | | | |
| | | Petty cash | 25,30 | 27,80 | 23,70 | 23,40 | 120,00 | 26,20 | 80,00 | 75,00 | 129,20 | 230,60 |
| | | Fol. | | | | | | | | | | |
| | | Details | Postage | Envelopes and pens | Postage | Courier costs | Window | Stationery | Donation | Wages | Drawings | |
| | | Day | ε | 4 | 12 | 16 | 20 | 25 | 27 | 28 | 30 | |
| | | Doc. | 1 | 2 | Э | 4 | 5 | 6 | 7 | 8 | 9 | |

chapter 3: the petty cash system

| | | Name of | | | Creditors | Discount | Tradina | Sundry acco | unts |
|------|-----|---------|------|--------|-----------|----------|-----------|-------------|---------------|
| Doc. | Day | payee | Fol. | Bank | control | received | inventory | Amount | Details |
| 20 | 1 | Cash | | 300,00 | | | | 300,00 | Petty cash |
| 21 | 24 | Cash | | 200,00 | | | | 200,00 | Petty cash |
| 22 | 31 | Cash | | 250,00 | | | | 330,60 | Petty cash |

General ledger of Mayaba Traders

| Balance | Balance sheet section | | | | | | | | | | | |
|----------------|-----------------------|-------|--------|-----------------|----------------|-------|--------|--|--|--|--|--|
| | | | | B1 | | | | | | | | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | | | | | |
| 20.7 July 1 | Balance | b/d | 350,00 | 20.6 Feb. 28 | Total payments | PCJ 7 | 420,00 | | | | | |
| 14 | Bank | CPJ 7 | 120,00 | | Balance | c/d | 300,00 | | | | | |
| 31 | Bank | CPJ 7 | 250,00 | | | | | | | | | |
| | | | 720,00 | | | | 720,00 | | | | | |
| Mar. 1 | Balance | B/d | 300,00 | | | | | | | | | |

CPJ 3

unit 2: recording petty cash transactions and restoring the imprest amount 97



General ledger and control procedures

Unit outcomes

| Topic and Subject Outcomes | Assessment Standards |
|--|--|
| 4.4 Control procedures for petty cash are adhered to. | Petty cash float is secured according to company policy. The petty cash float is regularly reconciled with petty cash book. Discrepancies are investigated and corrected within a reasonable period of time. Discrepancies arising from the reconciliation of petty cash are either resolved or referred to the appropriate person. |

Activity 1 (Student's Book, page 114)

Suggested answers

- 1. Outstanding amount on 31/03/07: Outstanding amount = (Balance + amounts received from Bank) (Total payments according to PCJ + imprest amount)
 - = (R300 + R400) (R358 + R400)
 - = R700 R758
 - = R58
- 2.

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CHAPTER 3

General ledger of Just Sport

| Balance | Balance sheet section | | | | | | | | | | | | |
|----------------|-----------------------|-------|-----------|-----------------|----------------|-------|--------|--|--|--|--|--|--|
| | | | Petty cas | sh | | B1 | | | | | | | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | | | | | | |
| 20.7 Mar. 1 | Balance | b/d | 300,00 | 20.6 Feb. 28 | Total payments | PCJ 7 | 358,00 | | | | | | |
| 17 | Bank | CPJ3 | 150,00 | | Balance | c/d | 400,00 | | | | | | |
| 24 | Bank | CPJ3 | 250,00 | | | | | | | | | | |
| 31 | Bank | CPJ 3 | | | | | | | | | | | |
| | | | 758,00 | | | | 758,00 | | | | | | |
| Mar. 1 | Balance | b/d | 400,00 |] | | | | | | | | | |

chapter 3: the petty cash system

| Nominal ac | Nominal accounts section | | | | | | | | | | | |
|----------------|--------------------------|-------|---------|--|--|----|--|--|--|--|--|--|
| | | | Postage | | | N1 | | | | | | |
| 20.7 Mar. 1 | Balance | b/d | ххх | | | | | | | | | |
| 31 | Petty cash | PCJ 3 | 36,60 | | | | | | | | | |
| | | | | | | | | | | | | |

| | | Stati | Stationery N | | | N2 | |
|----------------|------------|-------|--------------|--|--|----|--|
| 20.7 Mar. 1 | Balance | b/d | xxxx | | | | |
| 31 | Petty cash | PCJ 3 | 21,00 | | | | |
| | | | | | | | |

| | | | Wag | ges | N3 | |
|----------------|------------|-------|--------|-----|----|--|
| 20.7 Mar. 1 | Balance | b/d | XXXX | | | |
| | Petty cash | PCJ 3 | 130,00 | | | |
| | | | | | | |

| | | | Repa | airs | N4 | |
|----------------|------------|-------|--------|------|----|--|
| 20.7 Mar. 1 | Balance | b/d | хххх | | | |
| | Petty cash | PCJ 3 | 135,40 | | | |
| | | | | | | |

| | | | Donat | ions | N5 | |
|----------------|------------|-------|-------|------|----|--|
| 20.7 Mar. 1 | Balance | b/d | хххх | | | |
| | Petty cash | PCJ 3 | 15,00 | | | |
| | | | | | | |

| | | | Delivery | costs | N5 | |
|----------------|------------|-------|----------|-------|----|--|
| 20.7 Mar. 1 | Balance | b/d | хххх | | | |
| | Petty cash | PCJ 3 | 20,00 | | | |
| | | | | | | |

99

FM level 3 TG modules.indd 99

Activity 2 (Student's Book, page 115) Suggested answers

| | | | | Petty o | ash journ | al of JJ Tra | ders – April | 20.7 | | | PCJ4 |
|------|-----|-----------------------|------|---------------|--------------|--------------|-----------------|----------------------|------------|--------|-------------------|
| | | | | | | | | | Sundry acc | counts | |
| Doc. | Day | Details | Fol. | Petty cash | VAT input | Post- age | Station- ery | Trading inventory | Amount | Fol. | Details |
| 71 | 3 | Postage | | 28,00 | | 28,00 | | | | | |
| 72 | 4 | Envelopes and pens | | 24,00 | | | 24,00 | | | | |
| 73 | 5 | Trading inventory | | 26,60 | 3,27 | | | 23,33 | | | |
| 74 | 16 | Refresh- ments | | 50,50 | | | | | 50,50 | | Refresh- ments |
| 75 | 10 | Courier costs | | 36,20 | | | | | 36,20 | | Delivery costs |
| 76 | 14 | Stationery | | 52,60 | | | 52,60 | | | | |
| 77 | 16 | Postage | | 25,80 | | 25,80 | | | | | Donations |
| 78 | 18 | Drawings | | 57,80 | | | | | 57,80 | | Drawings |
| 79 | 27 | Electricity | | 100,00 | | | | | 100,00 | | Electricity |
| 80 | 27 | Drawings | | 80,00 | | | | | 80,00 | | Drawings |
| 81 | 28 | Trading inventory | | 58,60 | 7,20 | | | 51,40 | | | |
| 82 | | Equipment | | 80,00 | | | | | 80,00 | | Equipment |
| 83 | 29 | Stamps | | 15,00 | | 15,00 | | | | | |
| | | | | 635,10 | 10,47 | 68,80 | 76,60 | 74,73 | 404,50 | | |



Cash payments journal of JJ Traders – April 20.7

CPJ 4

| | | Name of | | | Creditors | Discount | Tradina | Sundry accounts | | |
|------|-----|---------|------|--------|-----------|----------|-----------|-----------------|------------|--|
| Doc. | Day | payee | Fol. | Bank | control | received | inventory | Amount | Details | |
| | 1 | Cash | | 265,40 | | | | 400,00 | Petty cash | |
| | 25 | Cash | | 150,00 | | | | 150,00 | Petty cash | |
| | 30 | Cash | | 485,10 | | | | 485,10 | Petty cash | |

chapter 3: the petty cash system

| | | | Gener | al ledger of | JJ Traders | | |
|----------------|------------------|----------|----------|-----------------|----------------|-------|----------|
| Balance | sheet section | | | | | | |
| | | | | Petty casl | ı | B1 | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.7 Apr. 1 | Balance | b/d | 134,60 | 20.6 Apr. 30 | Total payments | PCJ 4 | 635,10 |
| 1 | Bank | CPJ4 | 265,40 | | Balance | c/d | 400,00 |
| 25 | Bank | CPJ4 | 150,00 | | | | |
| 30 | Bank | CPJ 4 | 485,10 | | | | ····· |
| •••••• | | | 1 035,10 | | | | 1 035,10 |
| May 1 | ay 1 Balance b/d | | 400,00 | | | | |
| | | | | Drawings | ; | B2 | • |
| 20.7 Apr. 1 | Balance b/d | | XXXX | | | | |
| 18 | Petty cash | PCJ 4 | 57,80 | | | | |
| 27 | Petty cash | PCJ 4 | 80,00 | | | | |
| | _ | | | Equipme | nt | B3 | |
| 20.7 Apr. 1 | Balance | b/d | XXXX | | | | |
| 28 | Petty cash | PCJ 4 | 80,00 | | | | |
| | | | | | | | |
| | 1 | | [| Trading st | ock | B4 | |
| 20.7 Apr. 1 | Balance | b/d | XXXX | | | | |
| 30 | Petty cash | PCJ 4 | 74,73 | | | | |
| | | | | | | | |

||___

| | | | Stationery | N1 |
|----------------------|-----------------------|--------------|--|----|
| 20.7 Apr. 1 | Balance | b/d | XXXX | |
| 30 | Petty cash | PCJ 4 | 76,60 | |
| | | | | |
| | | | | |
| | | | Postage | N2 |
| 20.7 Apr. 1 | Balance | b/d | Postage XXXX | N2 |
| 20.7 Apr. 1 30 | Balance Petty cash | b/d PCJ 4 | Postage XXXX 68,80 | N2 |

unit 3: general ledger and control procedures

FM level 3 TG modules.indd 101

2/4/08 4:58:07 PM

| VAT ir | | | | | N3 | |
|--------|------------|-------|-------|--|----|--|
| 20.7 | | | | | | |
| Apr. 1 | Balance | b/d | хххх | | | |
| 30 | Petty cash | PCJ 4 | 10,47 | | | |
| | | | | | | |

| | | | Refresh | ments | N4 | |
|-----------------|------------|-------|----------|---------|----|--|
| 20.7 Apr. 1 | Balance | b/d | xxxx | | | |
| 16 | Petty cash | PCJ 4 | 50,50 | | | |
| | | | Delivery | / costs | N5 | |
| 20.7 Apr. 1 | Balance | b/d | xxxx | | | |
| | Petty cash | PCJ 4 | 36,20 | | | |
| | | | Electi | icity | N6 | |
| 20.7 April 1 | Balance | b/d | xxxx | | | |
| 27 | Petty cash | PCJ 4 | 100,00 | | | |
| | | | | | | |

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102

chapter 3: the petty cash system

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Activity 3 (Student's Book, page 116) Suggested answers

| | | | | Wolf a | nd Co. Pet | ty cash jour | nal – May 20 | 0.7 | | | PCJ5 |
|------|-----|----------------------|------|--------|------------|--------------|--------------|-----------|-----------|--------|-----------|
| | | | | Datty | VAT | | Station | Tradina | Sundry ac | counts | |
| Doc. | Day | Details | Fol. | cash | input | Postage | ery | inventory | Amount | Fol. | Details |
| 21 | 1 | Postage | | 16,00 | | 16,00 | | | | | |
| 22 | 3 | Pens and pencils | | 27,50 | | | 27,50 | | | | |
| 23 | 5 | Drawings | | 98,95 | | | | | 98,95 | | Drawings |
| 24 | 15 | Wages | | 80,00 | | | | | 80,00 | | Wages |
| 25 | 19 | Drawings | | 129,80 | | | | | 129,80 | | Drawings |
| 26 | 20 | Trading inventory | | 45,00 | 5,53 | | | 39,47 | | | |
| 27 | 24 | Postage | | 26,70 | | 26,70 | | | | | |
| 28 | 24 | Trading inventory | | 72,80 | 8,94 | | | 63,86 | | | |
| 29 | 27 | Trading inventory | | 82,40 | 10,12 | | | 72,28 | | | |
| 30 | 28 | Wages | | 76,00 | | | | | 76,00 | | Wages |
| 31 | 28 | Donations | | 50,00 | | | | | 50,00 | | Donations |
| | | | | 705,15 | 24,59 | 42,70 | 27,50 | 175,61 | 434,75 | | |

| | | | Cash pay | ments journ | al of Wolf an | d Co. – May 20.7 | | CPJ 5 |
|------|-----|---------------|----------|-------------|---------------|------------------|-------------|------------|
| | | | | | | Trading | Sundry acco | ounts |
| Doc. | Day | Name of payee | Fol. | Bank | Wages | inventory | Amount | Details |
| | 20 | Cash | | 180,00 | | | 180,00 | Petty cash |
| | 30 | Cash | | 525,15 | | | 525,15 | Petty cash |
| | | | | | | | | |

| General ledger of Wolf and Co. | | | | | | | |
|--------------------------------|-------------|------|-----------|--------|----------------|------|--------|
| Balance sh | eet section | | | | | | |
| | Petty cash | | | | | B1 | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.7 | | | | 20.7 | | PC | |
| May 1 | Balance | b/d | 275,00 | May 31 | Total payments | J5 | 705,15 |
| 20 | Bank | CPJ5 | 180,00 | | Balance | b/d | 275,00 |
| 31 | Bank | CPJ5 | 525,15 | | | | |
| | | | 980,15 | | | | 980,15 |
| June 1 | Balance | b/d | 275,00 | | | | |
| | | | | | | | |
| Bank | | | | | | B2 | |
| 20.7 | | | | | | | |
| May 1 | Balance | b/d | 12 765,20 | | | | |
| | | | | | | | |
| | | | | | | | |

unit 3: general ledger and control procedures

| | | | Trading inventory | B3 |
|---------------|------------|-------|-------------------|-----|
| 20.7 | Balance | b/d | 13 762,50 | |
| May 1 | Petty cash | PCJ 5 | 175,61 | |
| | | | | |
| - | • | • | | · · |
| | | | Drawings | B4 |
| 20.7 | | | | |
| May 5 | Petty cash | PCJ 5 | 98,95 | |
| 19 | Petty cash | PCJ 5 | 129,80 | |
| | | | | |
| | | | Wages | N1 |
| | | | | |
| 20.7 May 1 | Balance | b/d | 275.00 | |
| 15 | Petty cash | PCJ 5 | 80,00 | |
| 28 | Petty cash | PCJ 5 | 76,00 | |
| | | | | |
| | | | VAT input | N1 |
| 20.7 | | PCJ | | |
| May 31 | Petty cash | 5 | 24,59 | |
| | | | | |
| | | | | |
| | | | Postage | N2 |
| 20.7 | | | | |
| May 31 | Petty cash | PCJ 5 | 42,70 | |
| | | | ······ | |
| | | | | |
| | | | Donations | N3 |
| 20.7 | | | | |
| May 31 | Petty cash | PCJ 5 | 50,00 | |
| | | | | |
| | | | | |
| | | | | |
| | | | Stationery | N4 |
| 20.7 | | | | |
| May 31 | Petty cash | PCJ 5 | 27,50 | |

Activity 4 (Student's Book, page 117)

Suggested answers

- 1. Bank
- 2. Petty cash
- 3. Assets will decrease. Bank is an asset and is credited.
 - Assets will increase. Petty cash is an asset and is debited.
- 4. a) credited
 - b) increase
 - c) debited
 - d) false owners' equity will decrease (Drawings is debited) and assets will decrease (Petty cash is credited).

chapter 3: the petty cash system

104

CHAPTER 3
- e) Petty cash voucher
- f) Cheque counterfoil

Activity 5 (Student's Book, page 118)

Suggested answers

- 1. To reduce the bank charges
- 2. Current asset the value of the asset fluctuates on a daily basis
- 3. It is an asset of the business and no business can afford to lose its assets.
- 4. The total value of the assets can be reduced, which can in the long run affect the liquidity of the business and eventually threaten the continued existence of the business.
- 5. Financial policy
- 6. Petty cashier
- 7. a) Cash slip/cash invoiceb) Petty cash voucher
- 8. The petty cash float is kept in a petty cash box that can be locked.

Only the petty cashier has access to the petty cash box key and she/he carries it with him/her during the day.

The petty cash box is locked with a padlock and then locked away in the safe overnight.

The spare key of the petty cash box is locked away in the safe. Access to the safe/ strongroom is restricted to the owner and the chief cashier.

When money is received from the cashier, it is carefully checked before it is placed in the money box.

When money is returned after a purchase, it is carefully checked against the cash slip before placing it in the money box.

Activity 6 (Student's Book, page 120)

Suggested answers

Failure to return all cash slips/cash invoices Failure to return all change to petty cashier Failure to check the money received from the cashier Unauthorised removal of money from the petty cash box Failure to complete the petty cash vouchers accurately Money stolen from the money box

Activity 7 (Student's Book, page 121)

Suggested answers

a) Add all the totals of the vouchers together.

b) Count the total amount of money left in the box.

The total of all vouchers (a) + money left in the petty cash box (b) = money in petty cash box at the beginning of the month. If there is less money left in the box, then money has been taken from the cash box.

unit 3: general ledger and control procedures

Activity 8 (Student's Book, page 121)

Suggested answers

1. Possible problems

Turnover of staff members – often new staff members have to do duty as petty cashier.

Petty cashier has no formal training in Accounting and does not understand the system.

Her friend looked after the petty cash box while she was not there and he wrote the amounts of money on little pieces of paper.

Money was left in the bottom drawer during the day.

Money was taken out of the box and placed in an unmarked envelope in the safe overnight – the envelope could easily be mixed up in the safe.

The money box cannot lock - has no key.

Different staff members are not aware of the financial procedures that should be followed.

A cash slip has been lost.

Not all the change is returned to the petty cashier.

Cash slips are dumped in a shoe box instead of being properly filed.

The petty cashier does not check money received from the bank via the main cashier. She keeps the petty cash money in her handbag and sometimes it gets mixed it up with her own money.

The owner often takes money from the petty cash float for personal use without recording it anywhere or informing the petty cashier.

2. First, insist on being trained to understand the imprest system.

Second, obtain a money box that can be locked, and carry the key with you at all times.

Do not leave the money box with a friend during lunch time – it should only be handled by the petty cashier.

Inform the staff of the procedures involved in petty cash transactions and ensure that this is followed.

Lock the petty cash float away in the safe overnight in the petty cash box and do not put it in an unmarked envelope.

When going to the bank, use a clearly marked envelope and do not mix the petty cash float up with your own money.

Do not use your own money in the short run to supplement the petty cash float. Develop a proper filing system – eliminate the use of the shoe box.

Ensure that the petty cash float is only handled by the petty cashier and the owner should refrain from removing money from the money box.

- 3. The only person handling the petty cash float should be the petty cashier this must be clearly indicated in the financial policy. The procedure for handling petty cash money should be clearly stipulated in the financial policy, starting when the request for petty cash funds is received and ending with the return and filing of the cash slip and the issuing of the petty cash voucher and the recording thereof in the Petty cash journal and eventually Petty cash account. The procedure for the safekeeping of petty cash funds must be clearly stipulated.
- 4. Reliable and trustworthy, with some accounting background. Accept any reasonable answer.

chapter 3: the petty cash system

CHAPTER 3

- 5. Asset decreases in value. This is a serious loss to the business. *How to prevent it?*
 - Restrict number of people with access to petty cash funds
 - Inform staff members of procedure of dealing with petty cash funds
 - Reconcile the petty cash funds more regularly
 - Implement a proper filing system for the source documents of the Petty cash (Accept any logical suggestion.)

Activity 9 (Student's Book, page 123)

Suggested answers

Grid to assess interview

| Evidence provided from interview | Yes (2 marks) | No (o marks) |
|--|------------------|-----------------|
| 1. Petty cash system used by enterprise | | |
| 2. Procedures when requesting money for the petty cash | | |
| 3. Procedures when making petty cash payments | | |
| 4. Security measures implemented for the petty cash | | |
| 5. Procedures for recording petty cash transactions | | |
| Total marks out of 10 | | |

Grid to assess written report

| Criteria | Good (5 marks) | Average (3 marks) | Satisfactory (2 marks) | Needs attention (o marks) |
|---|-------------------|----------------------|---------------------------|---------------------------------|
| 1. Report includes a description of the petty cash system of the business. | | | | |
| 2. Report includes reference to the procedures in requesting money for the petty cash. | | | | |
| 3. Report includes reference to the procedures followed when making a petty cash payment. | | | | |
| 4. Report includes reference to the measures implemented to protect petty cash float. | | | | |
| Report includes reference to the measures used in filing and protecting source documents. | | | | |
| 6. Language use and presentation | | | | |
| Total marks out of 30 | | | | |

Grid to assess oral presentation

| Criteria | Maximum mark | Mark achieved |
|---------------------------------|-----------------|---------------|
| Contact with audience | 4 | |
| Content | 4 | |
| Clarity | 4 | |
| Language | 4 | |
| Interpretation and presentation | 4 | |
| Total marks out of 20 | | |

Activity 10 (Student's Book, page 124)

Suggested answers

Grid to assess created exercise and memorandum

(You can use this grid for the students to do peer assessment.)

| Criteria | Yes (2 marks) | No (o marks) |
|--|------------------|-----------------|
| Exercise includes the transfer of cash to the petty cash | | |
| Exercise includes the purchase of trading stock on special request of a client | | |
| Exercise includes drawings transactions by the owner | | |
| Exercise has a minimum of 15 different transactions | | |
| Transactions are clearly described in unambiguous terms | | |
| Instructions are clearly given for the different journals to be used | | |
| Memorandum contains the correct answers | | |
| Mark allocation is clearly illustrated | | |
| Subtotal out of 16 marks | | |
| Presentation of exercise (4 marks) | | |
| Total out of 20 marks | | |

Criteria to assess the petty cash voucher:

- a) Voucher is complete and reflects all required aspects (4 marks)
- b) Design is original (4 marks)
- c) Design is simple and cost effective enough that an enterprise will be able to implement it (4 marks)

Total out of 12 marks

Questions for revising Unit 3 (Student's Book, page 125) Suggested answers

- Suggesteu unswers
- 1. In order to reduce the amount of money spent on bank charges
- 2. Cheques issued, cash deposits made, purchase of a new cheque book, etc.
- 3. Money in the money box belongs to the business and is therefore regarded as an asset.

chapter 3: the petty cash system

- Current asset value fluctuates over a period of time Fixed asset – value remains constant over a period of time and it is subjected to depreciation.
- 5. Manage and control the petty cash float; record transactions in the PCJ; file the petty cash vouchers and all the other source documents that document petty cash transactions.
- 6. May not be safe at home can get stolen/lost. Money can also be mixed up with the person's own money.
- 7. The petty cashier first checks if the purchase has been approved. Then money is taken from the petty cash and given to the person who requested the purchase. Once a purchase has been finalised from petty cash funds, the person returns the cash slip as well as any change to the petty cashier. The petty cashier checks that the correct amount of change has been returned and places that in the money box. Then the petty cashier issues a Petty cash voucher to document the transaction, signs the voucher and gets the person who authorised the transaction to sign the voucher. Once that is done the petty cash voucher is stapled to the cash slip and placed in a file for safe keeping.
- 8. The reason for the discrepancy needs to be determined through an investigation.
- 9. An incorrect amount of money could have been placed in the petty cash box without checking it; money could have been removed from the box without any documentation; the incorrect amount of change could have been returned to the money box or a mistake could have been made when completing the petty cash voucher.
- 10. Keep the petty cash float in a box that can be locked; ensure that the petty cash float is locked away in the safe of the enterprise overnight. Only allow the petty cashier to work with the money and see that it is locked away during the day in a safe place near the petty cashier; the petty cashier should check the change against the cash slip when it is returned after the purchase. A petty cash voucher must be completed to document all transactions from thep petty cash. All source documents should be kept in a file for auditing purposes. Regular reconciliation of the petty cash float should be done.

Chapter challenge (Student's Book, page 125)

Question 1

Suggested answers

| Cash payments journal of Ibayi Traders – June 20.6 | | | | | | | | | | CPJ 6 | |
|--|-----|-------|------|--------|-------|-----------|----------|-------|-----------|-----------|---------|
| | | | | | | | | | | Sundry ac | counts |
| | | Name | | | | | ĺ | | | | |
| | | of | | | VAT | Creditors | Station- | | Trading | | |
| Doc. | Day | payee | Fol. | Bank | input | control | ery | Wages | inventory | Amount | Details |
| | | | | | | | | | | | Petty |
| 100 | 1 | Cash | | 325,00 | | | | | | 325,00 | cash |
| | | | | | | | | | | | Petty |
| | 13 | Cash | | 150,00 | | | | | | 150,00 | cash |
| | | | | | | | | | | | Petty |
| | 30 | Cash | | 439,70 | | | | | | 439,70 | cash |

unit 3: general ledger and control procedures

CHAPTER

Ibayi Traders Petty cash journal – June 20.6

| Petty cash journal – June 20.6 PCJ6 | | | | | | | | | | | |
|-------------------------------------|-----|-----------------------|------|---------------|--------------|-----------------|-----------------------|--------------|-----------------|------|--------------------|
| | | | | | | | | | Sundry accounts | | |
| Doc. | Day | Details | Fol. | Petty cash | VAT input | Station- ery | Cleaning materials | Post- age | Amount | Fol. | Details |
| 21 | 2 | Cleaning materials | | 75,00 | | | 75,00 | | | | |
| R22 | 6 | Wages | | 120,00 | | | | | 120,00 | | Wages |
| R23 | 7 | Debtors control | | 86,00 | 10,56 | | | | 75,44 | | Debtors Control |
| 24 | 10 | Stationery | | 96,50 | | 96,50 | | | | | |
| 25 | 17 | Donation | | 80,00 | | | | | 80,00 | | Donation |
| R26 | 24 | Delivery cost | | 104,20 | | | | | 104,20 | | Delivery cost |
| 27 | 26 | Drawings | | 28,00 | | | | | 28,00 | | Drawings |
| | | | | 589,70 | 10,56 | 96,50 | 75,00 | | 407,64 | | |

Question 2 Suggested answers

| Account to debit | Account to credit | Amount | Α | OE | L |
|-----------------------|-------------------|--------|--------|----|---|
| 1. Stationery | Petty cash | 16,00 | - | - | 0 |
| 2. Stationery | Petty cash | 27,50 | - | - | 0 |
| 3. Drawings | Petty cash | 98,95 | - | - | 0 |
| 4. Wages | Petty cash | 80,00 | - | - | 0 |
| 5. Drawings | Petty cash | 129,80 | - | - | 0 |
| 6. Debtors control | Petty cash | 45,00 | - | | |
| | | | + | 0 | 0 |
| 7. Petty cash | Bank | 180 | - | | |
| | | | + | 0 | 0 |
| 25. Postage | Petty cash | 26,70 | - | - | 0 |
| | | | + | | |
| Trading inventory | Petty cash | 72,50 | - | 0 | 0 |
| 29. Trading inventory | | | + | | |
| | Petty cash | 82,40 | - | 0 | o |
| 30. Wages | Petty cash | 76,00 | - | - | 0 |
| Donation | Petty cash | 50,00 | - | - | 0 |
| 30. Petty cash | Bank | 250,00 | + - | 0 | 0 |

Question 3

CHAPTER 3

Suggested answers

| PETTY CASH VOUCHER NO: 01 | R | <u>C</u> |
|---|----|----------|
| DATE: <u>02/05/06</u> REQUIRED FOR <u>Stationery</u> Signature: Authorised by: | 27 | 50 |
| | | |
| | R | С |

| PETTY CASH VOUCHER NO: | : <u>02</u> | <u> </u> |
|------------------------|-------------|----------|
| DATE: 03/05/06 | | |
| REQUIRED FOR Drawings | | |
| Signature: | | |
| Authorised by: | 98 | 95 |

| PETTY CASH VOUCHER NO:03 | <u>R</u> | <u>C</u> |
|--|----------|----------|
| DATE: <u>04/05/06</u> REQUIRED FOR <u>Wages</u> | | |
| Signature:Authorised by: | 80 | 00 |
| | | |
| PETTY CASH VOUCHER NO: 04 | <u>R</u> | <u>C</u> |

DATE: <u>06/05/06</u> REQUIRED FOR <u>Donation</u> Signature: _____ Authorised by:

50

00

CHAPTER 3

unit 3: general ledger and control procedures

| Date | 30/06/06 | FINDERS BANK LIMITED | 60–20–50–20 |
|-------------|------------|--|------------------|
| То | Petty cash | Johannesburg | Date: 30/06/06 |
| For | Float | | |
| Balance | | Pay Telkom | or Bearer |
| b/d | | | |
| Deposit | | | |
| Subtotal | | The sum of Two hundred and fifty rands | R 250,00 |
| This cheque | 250,00 | | |
| Balance | | | S. Jones |
| | | 0807: 50023001: 0111212114 01 | for : Just Sport |
| 807 | | | |

CHAPTER 3

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chapter 3: the petty cash system

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chapter 4 compiling reconciliation statements

This diagram summarises the work covered in Chapter 4.



chapter 4: compiling reconciliation statements

This chapter and the curriculum

This chapter addresses Topic 5: Compile reconciliation statements.

| Topic and Subject Outcomes | Assessment Standards | Units |
|---|---|--------|
| 5.1 Compare receipts and payments to the bank statement. | The credits on the bank statement are compared with the bank column of the Cash receipts journal or cash book and the differences identified and recorded in the Cash receipts journal or cash book. The debits on the bank statement are compared with the bank column of the Cash payments journal or cash book and the differences identified and recorded in the Cash payments journal or cash book. The journals are posted to the bank account and balanced, or balance the cash book. The cash book is balanced or the journals are posted to the bank account and balanced. | Unit 1 |
| 5.2 Compile the bank reconciliation statement. | The closing balance on the current month's bank statement is correctly entered in the current month's bank reconciliation statement. The outstanding or reconciling items appearing on the previous month's reconciliation statement are cleared or carried forward to the current month's reconciliation statement. Amounts in the Cash receipts journal or cash book that do not appear on the bank statement are entered in the bank reconciliation statement. Amounts in the Cash payments journal or cash book that do not appear on the bank statement are entered in the bank reconciliation statement. The total of the bank reconciliation statement is in agreement with the bank balance in the books of the business. The monthly reconciliation statement is interpreted and outstanding items are investigated in order to highlight potential penalties or unresolved issues. | Unit 1 |
| 5.3 Compile a basic Debtors and Creditors reconciliation statement. | A list of balances of outstanding debtors is compiled from the debtors ledger. The debtors list is compared to the debtors control account in the General ledger. Discrepancies identified are to be resolved or referred to the appropriate person. A list of balances of outstanding creditors is compiled from the creditors ledger. The creditors list is compared to the creditors control account in the General ledger. Discrepancies identified are resolved or referred to the appropriate person. | Unit 2 |
| 5.4 Compile a basic General ledger reconciliation statement. | General ledger control accounts and balances are analysed and the transactions verified according to accounting policy. Discrepancies, misappropriations and errors are identified in the analysis process and resolved with reference to incorrect double entries, misallocations, missing entries or incorrect calculations. | Unit 3 |

Getting started (Student's Book, page 130)

Suggested answers

1. The differences could include bank charges/service fees. These will appear on bank the statement, but not in the business records. Also cheques not deposited

as these will appear in the business records, but not on the bank statement. Also incorrect addition of the columns in the CRJ and CPJ, etc.

- 2. Students can develop posters showing some of the discrepacies mentioned above.
- 3. Students need to argue for or against the owner attending an accounting course. **For:** he must be in a knowledgable position, will learn a new skill, will be able to manage the accounting records when necessary.

Against: he can pay someone to do it for him, he can spend time on more important aspects of the business.

CHAPTER 4

chapter 4: compiling reconciliation statements



bank reconciliation

Unit outcomes

| Topic and Subject Outcomes | Assessment Standards |
|---|---|
| 5. 1 Compare receipts and payments to the bank statement. | The credits on the bank statement are compared with the bank column of the Cash receipts journal or cash book and the differences identified and recorded in the Cash receipts journal or cash book. The debits on the bank statement are compared with the bank column of the Cash payments journal or cash book and the differences identified and recorded in the Cash payments journal or cash book. The journals are posted to the bank account and balanced, or balance the cash book. The cash book is balanced or the journals are posted to the bank account and balanced. |
| 5. 2 Compile the bank reconciliation statement. | The closing balance on the current month's bank statement is correctly entered in the current month's bank reconciliation statement. The outstanding or reconciling items appearing on the previous month's reconciliation statement are cleared or carried forward to the current month's reconciliation statement. Amounts in the Cash receipts journal or cash book that do not appear on the bank statement are entered in the bank reconciliation statement. Amounts in the Cash payments journal or cash book that do not appear on the bank statement are entered in the bank reconciliation statement. The total of the bank reconciliation statement is in agreement with the bank balance in the books of the business. The monthly reconciliation statement is interpreted and outstanding items are investigated in order to highlight potential penalties or unresolved issues. |

CHAPTER 4

Activity 1 (Student's Book, page 141)

Suggested answers

| Dr | | | + Bank | (Asset) – | | B1 | Cr |
|----------------|----------------|------|-----------|-----------------|----------------|------|-----------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Aug. 1 | Balance | b/d | 4 910,00 | 20.8 Aug. 31 | Total payments | CPJ | 62 354,00 |
| | Total receipts | CRJ | 66 662,00 | | Balance | c/d | 9 218,00 |
| | | | | ļ | | | |
| | | | 71 572,00 | | | | 71 572,00 |
| Sep. 1 | Balance | b/d | 9 218,00 | | | | |

chapter 4: compiling reconciliation statements

| | | Credi | Debit | | Credi | Credi | Debit | |
|---|------|-------|-------|------|-------|-------|-------|----|
| ι | unit | 1: | bank | reco | onc | ili | ati | on |

| Bank reconciliation statement of Musicmakers on 31 | August 20.8 | |
|--|-------------|-----------|
| DETAILS | DEBIT | CREDIT |
| Credit balance according to bank statement | | 3 768,00 |
| Debit cheques not presented for payment: no. 18 | 3 450,00 | |
| 25 | 2 500,00 | |
| 26 | 7 000,00 | |
| Credit sales amount not recorded | | 13 000,00 |
| Credit receipt not recorded | | 4 500,00 |
| Debit balance as per bank account | 9 218,00 | |
| | 22 168,00 | 22 168,00 |

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| | _ | | | | | | | VAT | | Debtors contr | la | Sundry accoun | ts | |
|-------|-----|---------|------|----------------------------|--------|-------|------------------|-------|--------|---------------|---------------------|---------------|------|---------|
| Do c. | Day | Details | Fol. | Analysis of receipts | Bank | Sales | Cost of sales | Input | Output | Receipts | Discount allowed | Amount | Fol. | Details |
| | 31 | Balance | p/q | | 66 662 | | | | | | | | | |

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| | | | | | Cash pay | /ments journal o | f Pippa's Who | olesalers – , | August 20.8 | | | | | CPJ 1 |
|------|-----|---------------------|------|--------|----------|----------------------|---------------------------|---------------|----------------|----------------|----------------------|----------------|------|--------------------------|
| | | | | | | | : | VAT | | Creditors cont | rol | Sundry account | s | |
| Doc. | Day | Details | Fol. | Bank | Wages | Trading inventory | Creditors for wages | Input (Dr) | Output (Cr) | Payments | Discount received | Amount | Fol. | Details |
| | 31 | Balance | p/q | 61 366 | | | | | | | | | | |
| | | Local bank | | 335 | | | | | | | | 335 | | Interest on overdraft |
| | | | | 55 | | | | | | | | 55 | | Bank charges |
| | | Auto and General | | 598 | | | | | | | | 598 | | Insurance |
| | | | | 62 354 | | | | | | | | 988 | | |

CHAPTER 4

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CHAPTER 4

Activity 2 (Student's Book, page 144)

| CRJ 1 | | | | | <u>.</u> . т | 5 | CPJ 1 | | | | a | R/D | | ees | |
|---------------------------------------|------------------|-------------------------|---------|-----------|--------------|-------|---------------|----------------|------------------------------------|---------|-------------------|------------|-------|----------|-------|
| | | Details | | | Interes | | | | Details | | Insuranc | Cheque | Sales | Service | |
| | S | Fol. | | | | | | S | Fol. | | | | | | |
| | Sundry account | Amount | | | Ľ | 25 | | Sundry account | Amount | | 1 050 | 1 044 | 3 600 | 100 | 5 794 |
| ceipts journal of Pippa's Wholesalers | lo. | Discount allowed | | | | | | trol | <i>Discount</i> <i>received</i> | | | | | | |
| | Debtors conti | Receipts | | 1 600 | | 1 600 | 10 | Creditors con | Payments | | | | | | |
| | | Output | | | | | s Wholesaler | | Output (Cr) | | | | | | |
| | VAT | Input | | | | | al of Pippa' | VAT | Input (Dr) | | | | | | |
| | Cost of sales | | | | | | yments journa | | Creditors for wages | | | | | | |
| Cash re | Sales | | | | | | Cash pa | | Trading inventory | | | | | | |
| | | Bank | 7 420 | 1 600 | 25 | 9 o45 | | | Wages | | | | | | |
| | | Analysis of receipts | | | | | | | Bank | 4 025 | 1 050 | 1 044 | 3 600 | 100 | 9819 |
| | | Fol. | p/q | | | | | | Fol. | p/q | | | | | |
| | | Details | Balance | S. Norkie | The bank | | | | Details | Balance | Motor Insurers | E. Ramlall | Cash | The bank | |
| | | Day | 31 | | | | | | Day | 31 | | | | | |
| | | Doc. | | | | | | | Doc. | | | | | | |

chapter 4: compiling reconciliation statements

| Dr | | | + Bank | (Asset) – | | B1 | Cr |
|----------------|----------------|------|-----------|-----------------|----------------|------|-----------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Aug. 1 | Balance | b/d | 7 190,00 | 20.8 Aug. 31 | Total payments | CPJ | 9 819,00 |
| | Total receipts | CRJ | 9 045,00 | | Balance | c/d | 6 416,00 |
| | | | | | | | |
| | | | 16 235,00 | | | | 16 235,00 |
| Sep. 1 | Balance | b/d | 6 416,00 | | | | |

Bank reconciliation statement of Musicmakers on 31 August 20.8

| DETAILS | DEBIT | CREDIT |
|---|-----------|-----------|
| Credit balance according to bank statement | | 8 904,00 |
| Debit cheques not presented for payment:no. 128 | 1 420,00 | |
| 298 | 1 218,00 | |
| 302 | 1300,00 | |
| 121 | 1 220,00 | |
| Credit amount incorrectly debited | | 1 120,00 |
| Credit deposit not recorded | | 1 550,00 |
| Debit balance as per bank account | 6 416,00 | |
| | 11 574,00 | 11 574,00 |

Activity 3 (Student's Book, page 145)

Suggested answers

- 1. The cash journals and the bank statement
- 2. It is necessary in order to check for any omissions, errors, etc. This is done every month.
- 3. The matter will have to be further investigated and the source documents will have to be produced to check the original transactions which took place.
- 4. Cheques which were issued and not presented for payment.

Activity 4 (Student's Book, page 145)

Suggested answers

1. The business paid their creditor.

The bank charged the business interest on their overdraft. The bank charged the business for bank charges. A debtor paid the business. The business gave the debtor a discount.

2. It means that for every debit entry there must be an equal credit entry. The fifth entry, for example: The debtor pays the business and we offer him a discount. The discount will decrease the amount that the debtors owes the business and is therefore an expense to the business; so we debit Discount allowed and credit the Debtors control account.

unit 1: bank reconciliation

3. Assets are possessions of the business (these can be current assets or non-current assets); owners equity is the capital investment into the business and is affected by income and expenses; liabilities are the debts of the business (these can be long term or short term).

Activity 5 (Student's Book, page 145)

Suggested answers

| NO | ENTER IN THE CRJ | ENTER IN THE CPJ | ENTER ON BANK RECONCILIATION STATEMENT | NO ENTRY |
|----|---------------------|---------------------|--|----------|
| 1 | Х | | | |
| 2 | Х | | | |
| 3 | | Х | | |
| 4 | | | Х | |
| 5 | Х | | | |
| 6 | | x | | |

Activity 6 (Student's Book, page 146)

Suggested answers

- 1. There will be a discrepancy in the cash journals and this entry will have to be recorded in the relevant cash journal, as the journal will appear to be undercast.
- 2. Bank reconciliation statement
- 3. Bank statement, but not in the CRJ
- 4. Debited
- 5. DR Bank, CR Sales

Activity 7 (Student's Book, page 149)

Suggested answers

- 1. In order to check any discrepancies in the records of the business and those of the bank, as well to correct any errors or omissions
- 2. Cheque 716 may need to be stopped and the original payment checked.
- 3. It is important to manage the cash of the business, as it will give the owner an understanding of what cash position the business is in and will assist in decision making.
- 4. The stopped cheque should be cancelled with an entry in the CRJ, while the new cheque that is issued should be recorded in the CPJ.
- 5. An amount of R1 672 was debited by the bank from the account of the business in error. It was corrected with a credit entry in the bank reconciliation statement.
- 6. R210 x 5,6% = R11,76
- 7. This cheque should be recorded in the CRJ.
- 8. The cheque was not presented for payment, or it was stopped and then reissued.

9. It is a credit balance.
 10. R9 465,82

Activity 8 (Student's Book, page 150)

Suggested answers

- 1. There may be transactions that took place in the previous month which are still having an effect on the records of the business.
- 2. Cheques not presented for payment, stale cheques, etc.
- 3. The bank's records and those of the business will hardly ever reflect the same balances, as there are entries which will take place at the bank that will not appear in the records of the business. For example: bank charges, as well as entries which appear in the cash journals which do not appear in the banks records. For example, entries after the 25th of the month.

Activity 9 (Student's Book, page 150)

Suggested answers

| NO | SOURCE DOCUMENT | SUBSIDIARY JOURNAL | ACCOUNT DEBITED | ACCOUNT CREDITED |
|----|--------------------|-----------------------|---------------------------------------|---------------------------|
| 1 | Invoice | DJ | Debtors control | Sales |
| 2 | Cheque counterfoil | CPJ | Creditors control | Bank |
| 3 | Cheque counterfoil | CAJ CJ | Bank Creditors control | Creditors control Bank |
| 4 | Invoice | CJ | Trading inventory | |
| 5 | Receipt | CPJ | Telephone Electricity | Bank |
| 6 | Bank statement | СРЈ | Insurance | Bank |
| 7 | Bank statement | СРЈ | Bank charges Interest on overdraft | Bank |

CHAPTER 4

Activity 10 (Student's Book, page 151)

Suggested answers

The balance according to the bank statement on the bank reconciliation statement is incorrect. The correct balance appears on the bank statement.

| PIDA BANK: P.O. BOX | 211, DURBAN, 4001 | | | | | |
|---|-------------------|----------|-----------|--|--|--|
| CLIENT: DECORLAND P.O. BOX 245 DURBAN 4001 | INC. | | | NO: 0 036 36966081234 BRANCH CODE: 244985 | | |
| DATE | DESCRIPTION | CREDIT | DEBIT | BALANCE | | |
| 01/08/20.8 | Balance | | | 23 456,79CR | | |
| 03/08/20.8 | Credit | 6 893,00 | | 30 349,79CR | | |
| 06/08/20.8 | Unpaid cheque | | 6 548,00 | 23 801,79CR | | |
| 07/08/20.8 | Cheque 703 | | 514,00 | 23 287,79CR | | |
| 10/08/20.8 | Cash handling fee | | 143,00 | 23 144,79CR | | |
| 12/08/20.8 | Cheque 702 | | 3 467,80 | 19 676,99CR | | |
| 14/08/20.8 | Credit | 9 560,00 | | 29 236,99CR | | |
| 15/08/20.8 | Debit order | | 3 400,00 | 25 836,99CR | | |
| 19/08/20.8 | Cheque 705 | | 30 957,30 | 5 120,31DR | | |
| 21/08/20.8 Credit 8 600,00 3 479,6 | | | | | | |
| 23/08/20.8 | Cheque 795 | | 1 842,00 | 1 637,69CR | | |
| 27/08/20.8 | Cheque 707 | | 535,70 | 1 101,99CR | | |
| 28/08/20.8 | Service fees | | 290,00 | 811,99CR | | |
| 31/08/20.8 | Interest | | 5,88 | 806,11CR | | |

- A + or –, or by checking the last transaction and calculating the balance.
- Could inflate the bank balance; manipulate the totals of the bank columns in the CRJ and CPJ
- Check the accounting records against the source documents for each transaction.
- It means that according to the Bank account in the books of the business, there is a favourable balance of R22 017,56.
- It will cause the users of financial information, as well as the owners and managers of businesses to check the records of the business constantly and those of the banks in order to identify discrepancies or errors.
- The bank balance on 31 July according to the bank reconciliation statement and that of the bank statement on 1 August shows a huge difference. This has to be investigated.
- Bank balance on 31 July and on 1 August are vastly different and should be investigated.
- The accountant has not followed up on the deposit of R12 467,67 as to why it has not cleared for two months. The bank balance also appears to be inflated; so the owner should check the source documents.

| page 152) |
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| | | | | | Cash | receipts journa | l of Ramlal I | Panelbeater | s - August 2 | 30.8 | | | | CRJ 1 |
|------|-----|----------|------|-------------------------|--------|-----------------|------------------|-------------|--------------|-------------|---------------------|------------|--------|---------------------|
| | | | | | | | | VAT | | Debtors con | trol | Sundry act | counts | |
| Doc. | Day | Details | Fol. | Analysis of receipts | Bank | Sales | Cost of sales | Input | Output | Receipts | Discount allowed | Amount | Fol. | Details |
| 31 | | P. Smith | | | 2 500 | | | | | | | 2 500 | | Repairs |
| | | P. Jafta | | | 550 | | | | | 550 | | | | |
| | | P. Smith | | | 20 500 | | | | | | | 20 500 | | Deposit for vehicle |
| | | | | | 23 550 | | | | | 550 | | 22 500 | | |

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| | | | | | Cash | payments journ | ıal of Ramla | ıl Panelbeat | ters - Augusi | t 20.8 | | | | CPJ 1 |
|------|-----|---------------------------|------|--------|-------|----------------------|-----------------------------|---------------|----------------|---------------|----------------------|-----------|--------|-------------|
| | | | | | | | : | VAT | | Creditors co | ntrol | Sundry ac | counts | |
| Doc. | Day | Details | Fol. | Bank | Wages | Trading inventory | Credi- tors for wages | Input (Dr) | Output (Cr) | Payments | Discount received | Amount | Fol. | Details |
| | 31 | Peters Paint Suppliers | | 8 900 | | 8 900 | | | | | | | | |
| | | Post Office | | 750 | _ | | | | | | | 500 | | Electricity |
| | | | | | | | | | | | | 250 | | Telephone |
| | | Peters Paint Suppliers | | 2 000 | | 2 000 | | | | | | | | |
| | | ABC Stationers | | 320 | _ | | | | | | | 320 | | Stationery |
| | | B. Leroy | | 5 500 | | | | | | | | 5 500 | | Vehicles |
| | | Sparesboyz | | 6 670 | | | | | | | | 6 670 | | Spares |
| | | | | 29 140 | | 15 900 | | | | | | 13 240 | | |

CHAPTER 4

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unit 1: bank reconciliation

General ledger of Ramlal Panelbeaters

| Dr | | | + Bank | (Asset) – | | B1 | Cr |
|----------------|----------------|------|-----------|-----------------|----------------|------|-----------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Aug. 1 | Balance | b/d | 11 290,00 | 20.8 Aug. 31 | Total payments | CPJ | 29 140,00 |
| | Total receipts | CRJ | 23 550,00 | | Balance | c/d | 15 700,00 |
| | | | | | | | |
| | | | 34 840,00 | | | | 34 840,00 |
| Sep. 1 | Balance | b/d | 15 700,00 | | | | |

| Bank reconciliation statement of Ramlal Panelbeaters on | 1 31 August 20.8 |
|---|------------------|
|---|------------------|

| DETAILS | DEBIT | CREDIT |
|--------------------------------------|----------|----------|
| Credit balance as per bank statement | | 8 260,00 |
| Debit outstanding cheque no. 43 | 2 560,00 | |
| Debit balance as per Bank account | 5 700,00 | |
| | 8 260,00 | 8 260,00 |

Questions for revising Unit 1 (Student's Book, page 155)

Question 1

Suggested answers

- 1.1 False not all transactions for the month will be recorded. The bank only records entries up to a certain date in the month, e.g. the 25th.
- 1.2 True
- 1.3 True

CHAPTER 4

- 1.4 False they are added to the relevant cash journals.
- 1.5 True

Question 2

Suggested answers

| NO | ENTER IN THE CRJ | ENTER IN THE CPJ | ENTER ON BANK RECONCILIATION STATEMENT | NO ENTRY |
|----|---------------------|---------------------|---|----------|
| 1 | | | х | |
| 2 | | х | | |
| 3 | | | | Х |
| 4 | Х | | | |
| 5 | Х | | | |
| 6 | | х | | |
| 7 | | | Х | |
| 8 | | | | Х |

124

chapter 4: compiling reconciliation statements

Question 3

Suggested answers

| Dr | | | + Bar | ık (Asset) – | | B1 | Cr |
|----------------|----------------|------|-----------|-----------------|----------------|------|-----------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Aug. 1 | Balance | b/d | 11 290,00 | 20.8 Aug. 31 | Total payments | CPJ | 29 140,00 |
| | Total receipts | CRJ | 23 550,00 | | Balance | c/d | 15 700,00 |
| | | | | | | | |
| | | | 34 840,00 | | | | 34 840,00 |
| Sep. 1 | Balance | b/d | 15 700,00 |] | | | |

Bank reconciliation statement of Millennium Traders on 31 August 20.8

| DETAILS | DEBIT | CREDIT |
|--------------------------------------|-----------|-----------|
| Credit balance as per bank statement | | 13 332,90 |
| Credit amount incorrectly debited | | 100,00 |
| Credit outstanding deposit | | 396,00 |
| Debit amount incorrectly credited | 50,00 | |
| Debit balance as per Bank account | 13 778,90 | |
| | 13 828,90 | 13 828,90 |

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unit 1: bank reconciliation

CHAPTER 4

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| 3.1 | | | | | Cash recei | pts journal of | Millennium | ו Traders for | r August 20.8 | | | | | CRJ 1 |
|------|-----|------------|------|-------------------------|------------|----------------|------------------|---------------|---------------|-------------|---------------------|------------|--------|---------|
| | | | | | | | | VAT | | Debtors con | itrol | Sundry aci | counts | |
| Doc. | Day | Details | Fol. | Analysis of receipts | Bank | Sales | Cost of sales | Input | Output | Receipts | Discount allowed | Amount | Fol. | Details |
| 445 | ~ | B. Botha | DL | 396,00 | 396,00 | 5 839,00 | | | 44,21 | 396,00 | | | | |
| CRR1 | 7 | Sales | | 5 839,00 | | | | | 717,07 | | | | | |
| 446 | | A. Peter | | 600,00 | 6 439,00 | | | | 73,69 | 600,00 | | | | |
| 447 | 11 | G. Scott | | 1 640,00 | 1 640,00 | 13 950,00 | | | 201,40 | 1 640,00 | | | | |
| CRR2 | 15 | Sales | | 13 950,00 | | | | | 1 713,16 | | | | | |
| 448 | | L. Rowe | | 3 950,00 | 17 900,00 | | | | 485,09 | 3 950,00 | | | | |
| 449 | 25 | P. Pottier | | 855,00 | | | | | 105,00 | 855,00 | | | | |
| 450 | | P. Leo | | 970,30 | | 11 301,70 | | | 119,16 | 970,30 | | | | |
| CRR3 | | Sales | | 11 301,70 | 13 127,00 | 10 950,00 | | | 1 387,93 | | | | | |
| CRR4 | 31 | Sales | | 10 950,00 | 10 950,00 | 42 040,70 | | | 1 344,74 | | | | | |
| | | | | | 50 452,00 | | | | 5 706,36 | 8 411,30 | | | | |

126

chapter 4: compiling reconciliation statements

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| | | | | | Cash pa | yments journi | ıl of Millenn | nium Traders f | or August 2 | 0.8 | | | | CPJ 1 |
|------|-----|-----------------|------|-----------|---------|----------------------|-----------------------------|----------------|----------------|---------------|----------------------|---------------|------|------------|
| | | | | | | | : | VAT | | Creditors con | itrol | Sundry accour | its | |
| Doc. | Day | Details | Fol. | Bank | Wages | Trading inventory | Credi- tors for wages | Input (Dr) | Output (Cr) | Payments | Discount received | Amount | Fol. | Details |
| 331 | 2 | Post office | | 294,00 | | | | 36,11 | | | | 294,00 | | Telephone |
| 332 | 7 | Cash | | 1 850,00 | | | | 231,63 | | 2 000,00 | | 1 850,00 | | Wages |
| 333 | | Bargain Traders | | 2 000,00 | | | | 245,61 | | 16 050,00 | | | | |
| 334 | | Online music | | 16 050,00 | | | | 1 971,05 | | | | | | |
| 335 | 10 | CNA | | 745,00 | | | | 91,49 | | 3 500,00 | | 745,00 | | Stationery |
| 336 | 12 | Bargain Traders | | 3 500,00 | | | | 429,82 | | | | | | |
| 337 | 14 | Cash | | 1 850,00 | | | | 227,19 | | | | 1 850,00 | | Wages |
| 338 | 20 | M. Walter | | 3 410,00 | | | | 418,77 | | | | 3 410,00 | | Drawings |
| 339 | 21 | Cash | | 2 050,00 | | | | 251,75 | | 8 030,00 | | 2 050,00 | | Wages |
| 340 | 24 | Online Traders | | 8 030,00 | | | | 986,14 | | | | | | |
| 341 | 28 | CNA | | 804,00 | | | | 98,74 | | | | 804,00 | | Stationery |
| 342 | 31 | Cash | | 2 050,00 | | | | 251,75 | | 29 580,00 | | 2 050,00 | | Wages |
| | | | | 42 633,00 | | | | 5 240,05 | | | | 13 053,00 | | |

CHAPTER 4

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unit 1: bank reconciliation

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| 3.2 | | | | |
|---|-----------------------|-----------|-------------------|-----------------------------------|
| PEOPLE'S BANK P.O. BOX 21 DURBAN 4001 | | | | |
| CLIENT: MILLENNI PRIVATE E DURBAN 4001 | UM TRADERS BAG 591 | | NO: o c BRANCH | 936 90566089566 I CODE: 245698 |
| DATE | DESCRIPTION | CREDIT | DEBIT | BALANCE |
| 01/07/20.8 | Balance | | | 6 750,00CR |
| 02/07/20.8 | Cheque 331 | | 294,00 | 6 456,00CR |
| 07/07/20.8 | Cheque 332 | | 1 850,00 | 4 606,00CR |
| | Credit | 6 735,00 | | 11 341,00CR |
| | Cheque 333 | | 2 000,00 | 9 341,00CR |
| | Cheque 334 | | 16 050,00 | 6 709,00DR |
| 10/07/20.8 | Cheque 335 | | 745,00 | 7 454,00DR |
| 11/07/20.8 | Credit | 1 640,00 | | 5 814,00DR |
| 12/07/20.8 | Cheque 336 | | 3 500,00 | 9 314,00DR |
| | Service fee | | 170,00 | 9 484,00DR |
| 14/07/20.8 | Cheque 337 | | 1 850,00 | 11 334,00DR |
| | Interest on overdraft | | 317,10 | 11 651,10DR |
| 15/07/20.8 | Credit | 17 850,00 | | 6 198,90CR |
| 20/07/20.8 | Cheque 338 | | 3 410,00 | 2 788,90CR |
| 21/07/20.8 | Cheque 339 | | 2 050,00 | 738,90CR |
| | Deposit fee | | 70,00 | 668,90CR |
| 24/07/20.8 | Cheque 340 | | 8 030,00 | 7 361,10DR |
| 25/07/20.8 | Credit | 13 027,00 | | 5 665,90CR |
| 28/07/20.8 | Cheque 341 | | 804,00 | 4 861,90CR |
| 31/07/20.8 | Cheque 342 | | 2 050,00 | 2 811,90CR |
| | Credit | 10 950,00 | | 13 761,90CR |
| | Outsurance | | 429,00 | 13 332,90CR |

3.3 If there is not enough money in the bank account, it becomes a debit balance, which means that the business owes the bank.

Question 4

Suggested answers

| NO | ACCOUNT DEBITED | ACCOUNT CREDITED | ASSETS (+/-) | ОЕ (-/+) | LIABILITIES (-/+) |
|----|--|---------------------------|-----------------|--------------|----------------------|
| 1 | DEBTORS CONTROL | SALES | +500 | +500 | |
| 2 | CREDITORS CONTROL CREDITORS CONTROL | BANK DISCOUNT RECEIVED | -900 | +100 | -900 -100 |
| 3 | BANK ELECTRICITY | ELECTRICITY BANK | +450 -450 | +450 -450 | |
| 4 | TRADING INVENTORY | CREDITORS CONTROL | +250 | | +250 |
| 5 | TELEPHONE | BANK | -390 | -390 | |
| 6 | INSURANCE | BANK | -660 | -660 | |
| | BANK CHARGES | BANK | -170 | -120 -170 | |
| 7 | INTEREST ON OVERDRAFT | BANK | -170 | | |

128

CHAPTER 4



debtors and creditors reconciliation

Unit outcomes

| Topic and Subject Outcomes | Assessment Standards |
|---|--|
| 5.3 Compile a basic Debtors and Creditors reconciliation statement. | A list of balances of outstanding debtors is compiled from the Debtors ledger. The debtors list is compared to the Debtors control account in the General ledger. Discrepancies identified are to be resolved or referred to the appropriate person. A list of balances of outstanding creditors is compiled from the Creditors ledger. The creditors list is compared to the creditors control account in the General ledger. Discrepancies identified are resolved or referred to the appropriate person. |

Activity 1 (Student's Book, page 162)

Suggested answers

Debtors list as at 30 June 20.8

| K. de la Mare | DL1 | 2 436 |
|---------------|-----|-------|
| N. Naicker | DL2 | 1 714 |
| D. Botha | DL3 | 1 292 |
| | | 5 422 |

General ledger of Price Rite Traders

| Dr | | | + Debtors c | ontrol (Asset) | - | B1 | Cr |
|----------------|---------|------|-------------|-----------------|--------------------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.7 Aug. 1 | Balance | b/d | 4 482 | 20.7 Aug. 30 | Receipts | CRJ1 | 2 212 |
| 30 | Sales | DJ1 | 3 584 | | Discount allowed | CRJ1 | 56 |
| | | | | | Debtors allowances | DAJ1 | 356 |
| | | | | | Balance | c/d | 5 442 |
| | | | 8 066 | | | | 8 066 |
| Sep. 1 | Balance | b/d | 5 422 | | | | |

Activity 2 (Student's Book, page 165)

Suggested answers

 The creditors list shows the balances of the individual creditors accounts as per the Creditors ledger.

unit 2: debtors and creditors reconciliation

CHAPTER 4

- The business does not have much owing in credit, as most purchases were made in the current month; so the business will have a minimum of 30 days to settle these accounts. They may have more time if they have longer credit terms with their suppliers.
- The business should ensure that each account is settled within the given credit term. This will avoid unnecessary interest charges being levied.
- Most credit purchases were made in the current month, which suggests that the business pays their accounts on time.
- The business can draft an age analysis, which shows which accounts are due within certain time frames.

Activity 3 (Student's Book, page 170)

Suggested answers

- 1. When reconciling debtors or creditors accounts, the control accounts are compared to the individual debtors' or creditors' accounts. These should balance. If they do not, then an investigation needs to determine where the discrepancies lie.
- 2. It is necessary to reconcile the accounts in order for the records to be accurate and for the position in terms of creditors and debtors to be made clear.
- 3. An age analysis.

Activity 4 (Student's Book, page 170)

Suggested answers

| | | | | | Debtors con | trol |
|---------|-----------------------------------|------|----------|----------|-------------|--------|
| Date | Details | Fol. | Debit | Credit | Debit | Credit |
| 20.8 | | | | | | |
| Aug. 31 | Debtors control | | 7 000,00 | | 7 000,00 | |
| | Sales | | | 7 000,00 | | |
| | Recording of sale | | | | | |
| | Discount allowed | | 350,00 | | | |
| | Debtors control | | | 350,00 | | 350,00 |
| | Recording of discount allowed | | | | | |
| | Debtors control | | 90,00 | | 90,00 | |
| | Sales | | | 90,00 | | |
| | Correction of error | | | | | |
| | Interest expense | | 95,00 | | | |
| | Bank | | | 95,00 | | |
| | Interest levied on bank overdraft | | | | | |
| | Bank charges | | 55,00 | | | |
| | Bank | | | 55,00 | | |
| | Allocation for bank charges | | | | | |
| | Insurance | | 355,00 | | | |
| | Bank | | | 355,00 | | |
| | Allocation for insurance | | | | | |
| | Trading inventory | | 790,00 | | | |
| | Creditors control | | | 790,00 | | 790,00 |
| | Recording of purchase | | | | | |

chapter 4: compiling reconciliation statements

CHAPTER 4

Activity 5 (Student's Book, page 170)

| Dr Cr | | | + Debtors | control (Ass | et) – | B3 | |
|----------------|---------|------|-----------|-----------------|--------------------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.7 Aug. 1 | Balance | b/d | 4 482 | 20.7 Aug. 30 | Receipts | CRJ1 | 2 212 |
| 30 | Sales | DJ1 | 3 584 | | Discount allowed | CRJ1 | 56 |
| | | | | | Debtors allowances | DAJ1 | 356 |
| | | | | | Balance | c/d | 5 442 |
| | | | 8 066 | | | | 8 066 |
| Sep. 1 | Balance | b/d | 5 422 | | | | |

Debtors ledger: M. Fivaz

| | | | Debit | Credit | Balance |
|-----------------|------------------|-----|----------|----------|----------|
| 20.8 Aug. 31 | Balance | b/d | | | 1 060,00 |
| | Invoice 46 | | 1 100,35 | | 2 160,35 |
| | C/N 23 | | | 275,09 | 1 885,25 |
| | Cheque 115 | | | 1 007,00 | |
| | Discount allowed | | | 53,00 | |

| NO | ENTER IN THE GJ/CRJ/CPJ | ENTER IN THE CJ/DJ | ENTER IN THE CAJ/DAJ | ENTER ON DEBTORS/CREDITORS RECONCILIATION STATEMENT | NO ENTRY |
|----|----------------------------|-----------------------|-------------------------|---|----------|
| 1 | | x | | | |
| 2 | | | x | | |
| 3 | x | | | | |
| 4 | x | | | | |
| 5 | | | x | | |
| 6 | x | | | | |
| 7 | x | | | | |
| 8 | | | x | | |
| 9 | х | | | | |

CHAPTER 4

unit 2: debtors and creditors reconciliation

Activity 6 (Student's Book, page 174)

Suggested answers

| Dr | | | + Creditors cor | ntrol (Asset) – | | B3 | Cr |
|-----------------|-------------------|------|-----------------|-----------------|-----------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Aug. 31 | Allowances | | 780 | 20.8 Aug. 1 | Balance | b/d | 6 425 |
| | Interest received | | 75 | 31 | Purchases | CJ | 69 |
| | Balance | c/d | 5 639 | | | | |
| | | | 6 494 | | | | 6 494 |
| | | | | Sep. 1 | Balance | b/d | 5 639 |

Creditors reconciliation statement

| Details | Debit | Credit |
|---|----------|----------|
| Credit balance as per Creditors control account | | 5 639,00 |
| Credit amount wrongly debited | 180,00 | |
| Debit amount outstanding | 5 528,00 | |
| | 5 708,00 | 5 708,00 |

Activity 7 (Student's Book, page 170)

Suggested answers

- 1. Debtors and creditors reconciliation does not involve cash, as is the case for bank reconciliation.
- 2. The most common way would be the debtor informing the business of the overcharge.
- 3. In the Creditors control account and in the Creditors ledger.
- 4. Debtors are assets to the business and creditors are liabilities to the business.

Activity 8 (Student's Book, page 175)

Suggested answers

| General journal | | | | | | |
|-----------------|----------------------------|------|---------|----------|-------------|--------|
| | | | | | Debtors con | trol |
| Date | Details | Fol. | Debit | Credit | Debit | Credit |
| 20.8 Aug. 31 | Creditors control | | 670,00 | | 670,00 | |
| | Trading inventory | | | 670,00 | | |
| | Cancellation of invoice 51 | | | | | |
| | Creditors control | | 1087,00 | | 1 087,00 | |
| | Trading inventory | | | 1 087,00 | | |
| | Correction of error | | | | | |

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CHAPTER 4

Creditors ledger

| | | | Debit | Credit | Balance |
|-----------------|-------------|-----|-------|--------|---------|
| 20.8 Aug. 31 | Balance | b/d | | | 4 819 |
| | Invoice 51 | GJ1 | 670 | | 4 149 |
| | Invoice 132 | CJ1 | | 100 | 4 249 |
| | Invoice 569 | GJ1 | 1 087 | | 3 162 |

Creditors reconciliation statement

| Details | Debit | Credit |
|---|----------|----------|
| Credit balance as per Creditors control account | | 4 819,00 |
| Debit amount not entered | 670,00 | |
| Credit amount outstanding | | 100,00 |
| Debit amount not entered | 1 087,00 | |
| Debit balance as per Creditors ledger | 3 162,00 | |
| | 4 919,00 | 4 919,00 |

Questions for revising Unit 2 (Student's Book, page 177)

Question 1

Suggested answers

- 1.1 True
- 1.2 True
- 1.3 False it is an income to the business.
- 1.4 True
- 1.5 False the business will have to pay interest on overdue accounts.
- 1.6 False it will be entered in the General journal.
- 1.7 True
- 1.8 False bank reconciliation deals with cash transactions, while creditors deals with credit transactions.
- 1.9 False the credit limit will determine the maximum a customer may buy for.
- 1.10 True

Question 2

Suggested answers

| Details | Debit | Credit |
|---|----------|----------|
| Credit balance as per Creditors control account | | 4 819,00 |
| Debit amount not entered | 670,00 | |
| Credit amount outstanding | | 100,00 |
| Debit amount not entered | 1 087,00 | |
| Debit balance as per Creditors ledger | 3 162,00 | |
| | 4 919,00 | 4 919,00 |

unit 2: debtors and creditors reconciliation



General ledger reconciliation

Unit outcomes

| Topic and Subject Outcomes | Assessment Standards |
|--|---|
| 5.4 Compile a basic General ledger reconciliation statement. | General ledger control accounts and balances are analysed and the transactions verified according to accounting policy. Discrepancies, misappropriations and errors are identified in the analysis process and resolved with reference to incorrect double entries, misallocations, missing entries or incorrect calculations. |

Activity 1 (Student's Book, page 182)

Suggested answers

- 1. The Trial balance will show whether the accounts are in balance and the degree of arithmetic accuracy in the accounts. It will not, without analysis, reveal whether entries were made to the proper accounts or whether all the current period transactions have been recorded.
- 2. It is compiled once every year.
- 3. Depending on what type of account it is, the balance will be recorded on a specific side, for example Debtors control is an asset, which has its balance recorded on the debit side.

Activity 1 (Student's Book, page 182)

Suggested answers

| Trial balance on 31 August 20.8 | | | | | | |
|---------------------------------|------------------------|------|---------|---------|--|--|
| | | Fol. | Debit | Credit | | |
| | Balance sheet section | | | | | |
| | Capital | B1 | | 431 000 | | |
| | Drawings | B2 | 5 750 | | | |
| | Land and buildings | B3 | 230 000 | | | |
| | Vehicles | В4 | 138 000 | | | |
| | Equipment | B5 | 60 500 | | | |
| | Bank | B7 | 28 750 | | | |
| | Debtors control | B8 | 23 000 | | | |
| | Cash float | B9 | 1 000 | | | |
| | Loan | B10 | | 52 000 | | |
| | Creditors control | B11 | | 17 250 | | |
| | Fixed deposit: BA Bank | B12 | 20 000 | | | |

| Nominal accounts section | | | |
|--------------------------|-----|---------|---------|
| Sales | N2 | | 74 750 |
| Rent income | N3 | | 36 200 |
| Interest income | N4 | | 495 |
| Bad debts | N6 | 220 | |
| Bad debts recovered | N7 | | 80 |
| Donation received | N8 | | 430 |
| Bank charges | N7 | 420 | |
| Discount allowed | N10 | 145 | |
| Discount received | N11 | | 170 |
| Salaries | N11 | 25 140 | |
| Wages | N12 | 13 225 | |
| Telephone | N13 | 7 640 | |
| Fuel | N14 | 920 | |
| Water and electricity | N15 | 3 450 | |
| Insurance | N19 | 2 300 | |
| Interest on loan | N21 | 9 360 | |
| | | 611 880 | 611 880 |

Activity 2 (Student's Book, page 182)

Suggested answers 1.

Mella's Dry Cleaners Trial balance on 31 July 20.8

| | Fol. | Debit | Credit |
|--------------------------|------|---------|--------|
| Balance sheet section | | | |
| Capital | B1 | 90 000 | |
| Vehicles | B2 | 45 000 | |
| Equipment | B3 | 12 000 | |
| Bank | B4 | 37 164 | |
| Nominal accounts section | | | |
| Sales | | | 9 270 |
| Cost of sales | | 3 000 | |
| Stationery | | 412 | |
| Wages | | 620 | |
| Rent expense | | 1074 | |
| | | 189 270 | 9 270 |

2. It does not balance because the entries on the debit side do not add up to the entries on the credit side, as some entries appear on the wrong side of the Trial balance.

unit 3: General ledger reconciliation

CHAPTER 4

| Mella's Dry Cleaners Trial balance on 31 July 20.8 | | | | | | |
|---|--------------------------|------|--------|--------|--|--|
| | | Fol. | Debit | Credit | | |
| | Balance sheet section | | | | | |
| | Capital | B1 | | 90 000 | | |
| | Vehicles | B2 | 45 000 | | | |
| | Equipment | B3 | 12 000 | | | |
| | Bank | В4 | 37 164 | | | |
| | Nominal accounts section | | | | | |
| | Sales | | | 9 270 | | |
| | Cost of sales | | 3 000 | | | |
| | Stationery | | 412 | | | |
| | Wages | | 620 | | | |
| | Rent expense | | 1074 | | | |
| | | | 99 270 | 99 270 | | |

3. The entries should be recorded on the correct side of the Trial balance as indicated below:

4. If the columns are not added correctly or if there are errors or omissions

| Activity 3 | (Student's | Book, | page | 183) |
|------------|------------|-------|------|------|
|------------|------------|-------|------|------|

| Celestial Stationers Trial balance on 31 August 20.8 | | | | | | |
|---|--------------------------|------|---------|---------|--|--|
| | | Fol. | Debit | Credit | | |
| | Balance sheet section | | | | | |
| | Capital | B1 | | 768 000 | | |
| | Drawings | B2 | 45 900 | | | |
| | Land and buildings | B3 | | 249 900 | | |
| | Vehicles | В4 | | 110 900 | | |
| | Equipment | B5 | 140 900 | | | |
| | Trading inventory | B6 | 71 400 | | | |
| | Bank | B7 | | 5 300 | | |
| | Debtors control | B8 | 62 900 | | | |
| | Cash float | В9 | 900 | | | |
| | Loan: Stratus Bank | B10 | | 19 900 | | |
| | Creditors control | B11 | | 143 900 | | |
| | Fixed deposit: BA Bank | B12 | 57 900 | | | |
| | Nominal accounts section | | | | | |
| | Cost of sales | N1 | 698 900 | | | |
| | Sales | N2 | 869 900 | | | |

CHAPTER 4

| Current income | N3 | | 22 900 |
|-----------------------|-----|-----------|-----------|
| Advertising | N4 | 17 400 | |
| Discount received | N5 | | 10 900 |
| Bad debts | N6 | 6 300 | |
| Bank charges | N7 | 10 900 | |
| Building rent expense | N8 | 69 900 | |
| Material costs | N9 | 24 200 | |
| Discount allowed | N10 | 13 400 | |
| Salaries | N11 | | 139 900 |
| Stationery | N12 | 8 200 | |
| Telephone | N13 | 12 300 | |
| Vehicle expense | N14 | 11 900 | |
| Water and electricity | N15 | 21 900 | |
| Website rent expense | N16 | 2 300 | |
| Debtors allowances | N17 | | 21 900 |
| Donation | N18 | 11 900 | |
| Insurance | N19 | 10 900 | |
| Wages | N20 | | 14 500 |
| Interest on overdraft | N21 | 1 500 | |
| | | 2 171 700 | 1 508 000 |

1.

___| |

| Trial | Celestial Stationer balance on 31 Augu | s st 20.8 | |
|--------------------------|---|--------------|---------|
| | Fol. | Debit | Credit |
| Balance sheet section | | | |
| Capital | B1 | | 768 000 |
| Drawings | B2 | 45 900 | |
| Land and buildings | B3 | 249 900 | |
| Vehicles | B4 | 110 900 | |
| Equipment | B5 | 140 900 | |
| Trading inventory | B6 | 71 400 | |
| Bank | B7 | 5 300 | |
| Debtors control | B8 | 62 900 | |
| Cash float | B9 | 900 | |
| Loan: Stratus Bank | B10 | | 19 900 |
| Creditors control | B11 | | 143 900 |
| Fixed deposit: BA Bank | B12 | 57 900 | |
| Nominal accounts section | | | |
| Cost of sales | N1 | 698 900 | |
| Sales | N2 | | 869 900 |

CHAPTER 4

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unit 3: General ledger reconciliation

FM level 3 TG modules.indd 137

| Current income | N3 | | 22 900 |
|-----------------------|-----|-----------|-----------|
| Advertising | N4 | 17 400 | |
| Discount received | N5 | | 10 900 |
| Bad debts | N6 | 6 300 | |
| Bank charges | N7 | 10 900 | |
| Building rent expense | N8 | 69 900 | |
| Material costs | N9 | 24 200 | |
| Discount allowed | N10 | 13 400 | |
| Salaries | N11 | 139 900 | |
| Stationery | N12 | 8 200 | |
| Telephone | N13 | 12 300 | |
| Vehicle expense | N14 | 11 900 | |
| Water and electricity | N15 | 21 900 | |
| Website rent expense | N16 | 2 300 | |
| Debtors allowances | N17 | 21 900 | |
| Donation | N18 | 11 900 | |
| Insurance | N19 | 10 900 | |
| Wages | N20 | 14 500 | |
| Interest on overdraft | N21 | 1 500 | |
| • | | 1 835 500 | 1 835 500 |

2. Some entries are on the wrong side of the Trial balance.

Activity 4 (Student's Book, page 184)

Suggested answers

- 1. If an entry has been made on the wrong side of the Trial balance or if the columns have been incorrectly added, or if the wrong amounts have been entered into the Trial balance
- 2. By an entry in the General journal

Activity 5 (Student's Book, page 185)

Suggested answers

| General i | iournal |
|-----------|---------|

| | | | | | Debtors control | |
|-----------------|-----------------------------|------|----------|----------|-----------------|--------|
| Date | Details | Fol. | Debit | Credit | Debit | Credit |
| 20.8 Aug. 31 | Bank | | 1 000,00 | | | |
| | Fixed deposit | | | 1 000,00 | | |
| | Correction of error | | | | | |
| | Interest on savings account | | 5 400,00 | | | |
| | Interest on fixed deposit | | | 5 400,00 | | |
| | Correction of error | | | | | |

Activity 6 (Student's Book, page 186)

Suggested answers

General journal

| | | | | | Debtors control | |
|-----------------|-------------------|------|----------|----------|-----------------|--------|
| Date | Details | Fol. | Debit | Credit | Debit | Credit |
| 20.8 Aug. 31 | Debtors control | | 7 000,00 | | 7 000,00 | |
| | Sales | | | 7 000,00 | | |
| | Recording of sale | | | | | |

Activity 7 (Student's Book, page 190)

Suggested answers

The entries can be corrected in the General journal. They cannot be entered in the books of original entry, as they would already be closed off.

| General journal | | | | | |
|-----------------|-------------------------------|------|----------|----------|--|
| Date | Details | Fol. | Debit | Credit | |
| 20.8 | | | | | |
| Aug. 31 | Trading inventory | | 2 180,00 | | |
| | Creditors control | | | 2 180,00 | |
| | Recording of purchase | | | | |
| | Delivery charges | | 120,00 | | |
| | Creditors control | | | 120,00 | |
| | Recording of charge | | | | |
| | Donations | | 250,00 | | |
| | Trading inventory | | | 250,00 | |
| | Recording of donation | | | | |
| | Creditors allowances | | 95,00 | | |
| | Trading inventory | | | 95,00 | |
| | Goods damaged in transit | | | | |
| | Creditors control | | 3 200,00 | | |
| | Bank | | | 3 200,00 | |
| | Correction of error | | | | |
| | Drawings | | 450,00 | | |
| | Trading inventory | | | 450,00 | |
| | Allocation of drawings | | | | |
| | Debtors control: B. Potgieter | | 550,00 | | |
| | Debtors control: P. Potgieter | | | 550,00 | |
| | Correction of error | | | | |
| | Creditors allowances | | 200,00 | | |
| | Trading inventory | | | 200,00 | |
| | Goods damaged in transit | | | | |
| | Creditors control | | 37,50 | | |
| | Sales | | | 37,50 | |
| | Correction of error | | | | |

CHAPTER 4

unit 3: General ledger reconciliation

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Activity 8 (Student's Book, page 190)

Suggested answers

- 1. They are corrected in the General journal.
- 2. Another source document will have to be issued.
- 3. The transaction will have to be corrected in the original book of entry if it has not been closed off, or in the General journal if it has been closed off.
- 4. In the General journal

Activity 9 (Student's Book, page 190)

Suggested answers

| NO | SOURCE DOCUMENT | SUBSIDIARY JOURNAL | ACCOUNT DEBITED | ACCOUNT CREDITED |
|----|--------------------|-----------------------|----------------------|---------------------|
| 1 | Invoice | CJ | Trading inventory | Creditors control |
| 2 | Invoice | CJ | Delivery charge | Creditors control |
| 3 | Debit note | CAJ | Creditors allowances | Trading inventory |
| 4 | Journal voucher | GJ | Creditors control | Bank |
| 5 | Cheque counterfoil | CRJ | Drawings | Trading inventory |
| 6 | Cheque counterfoil | CRJ | Discount allowed | Creditors control |
| 7 | Credit note | CAJ | Debtors allowances | Debtors control |
| 8 | Receipt | CRJ | Discount allowed | Bank |



Questions for revising Unit 3 (Student's Book, page 192)

Question 1

Suggested answers

- 1.1 General journal
- 1.2 Control
- 1.3 Another source document with the difference Make a General journal entry or an entry in the original book of entry if the book has not been closed off.
- 1.4 An entry in the General journal
- 1.5 True

Question 2

Suggested answers

| NO | ENTER IN CRJ/CAJ | ENTER IN CPJ/CJ | ENTER IN GJ | NO ENTRY | POST TO SUBSIDIARY LEDGER |
|----|------------------|-----------------|-------------|----------|---------------------------|
| 1 | | | х | | |
| 2 | | | х | | |
| 3 | | х | | | |
| 4 | | | х | | |
| 5 | х | | | | |

140

chapter 4: compiling reconciliation statements
Question 3

Suggested answers

| General ledger reconciliation statement | | | |
|---|-------|----------|--|
| Details | Debit | Credit | |
| Credit balance as per Creditors ledger | | 4 780,00 | |
| General journal adjustments | | | |
| Cash payments journal adjustment | | | |
| L | • | | |

Chapter challenge (Student's Book, page 193)

Question 1

Suggested answers

- 1.1 Invoice
- 1.2 Bank account and bank statement
- 1.3 It is a cash control measure
- 1.4 The period of time a debtor has to settle their account
- 1.5 By drafting an age analysis
- 1.6 The maximum amount that a credit customer has
- 1.7 A debit note for returns from creditors and a credit note for returns from debtors
- 1.8 Compare the cash journals and the Bank account in the General ledger with the bank statement.
- 1.9 The individual debtors/creditors accounts are compared to the control account in the General ledger, as well as the debtors/creditors list.
- 1.10 Check that for every debit entry there is a corresponding credit entry.

Question 2

Suggested answers

| NO | SOURCE DOCUMENT | SUBSIDIARY JOURNAL | ACCOUNT DEBITED | ACCOUNT CREDITED |
|----|--------------------|-----------------------|----------------------|---------------------|
| 1 | Invoice | CJ | Trading inventory | Creditors control |
| 2 | Invoice | CJ | Delivery charge | Creditors control |
| 3 | Debit note | CAJ | Creditors allowances | Trading inventory |
| 4 | Journal voucher | GJ | Creditors control | Bank |
| 5 | Cheque counterfoil | CRJ | Drawings | Trading inventory |
| 6 | Cheque counterfoil | CRJ | Discount allowed | Creditors control |
| 7 | Credit note | CAJ | Debtors allowances | Debtors control |
| 8 | Receipt | CRJ | Discount allowed | Bank |
| 9 | Invoice | CJ | Trading inventory | Creditors control |
| 10 | Invoice | CJ | Delivery charge | Creditors control |
| 11 | Debit note | CAJ | Creditors allowances | Trading inventory |
| 12 | Journal voucher | GJ | Creditors control | Bank |
| 13 | Cheque counterfoil | CRJ | Drawings | Trading inventory |
| 14 | Cheque counterfoil | CRJ | Discount allowed | Creditors control |

unit 3: General ledger reconciliation

CHAPTER 4

Question 3

Suggested answers

Bank reconciliation statement of Millennium Traders on 31 August 20.8

| Details | Debit | Credit |
|--------------------------------------|-----------|-----------|
| Credit balance as per bank statement | | 13 332,90 |
| Credit amount incorrectly debited | | 100,00 |
| Credit outstanding deposit | | 396,00 |
| Debit amount incorrectly credited | 50,00 | |
| Debit balance as per bank account | 13 778,90 | |
| | 13 828,90 | 13 828,90 |

Question 4

Suggested answers

Debtors age analysis on 31 August 20.8

| Debtor | Balance | Current | 30 days | 60 days | 90 days | Over 90 days |
|-------------|---------|---------|---------|---------|---------|--------------|
| A. Daniels | 20 328 | 12 328 | 9 000 | | | |
| D. Botha | 2 600 | | | 2 600 | | |
| G. Williams | 13 204 | 3 440 | 6 180 | 2 640 | 3 944 | |
| I. Shelembe | 3 868 | 3 868 | | | | |
| K. Kell | 9 360 | | | | | 9 360 |
| | 49 360 | 19 636 | 15 180 | 5 240 | 3 944 | 9 360 |



Question 5 Suggested answers

Creditors reconciliation statement

| Details | Debit | Credit |
|---|----------|----------|
| Credit balance as per creditors control account | | 5 639,00 |
| Credit amount wrongly debited | 180,00 | |
| Debit amount outstanding | 5 528,00 | |
| | 5 708,00 | 5 708,00 |

chapter 4: compiling reconciliation statements

chapter 5

administration of noncurrent assets

This diagram summarises the work covered in Chapter 5.



This chapter and the curriculum

This chapter addresses Topic 6: Basic administration of non-current assets manually (by hand).

| Topic and Outco | d Subject omes | Assessment Standards | Units |
|---------------------------------------|--------------------------------|---|--------|
| 6.1 Explain b concept current a | basic is of non- assets. | The concept of non-current assets is explained. The importance of non-current assets in the business is explained. The impact of changes in non-current assets on the financial position of the business is explained. | Unit 1 |
| 6.2 Calculat deprecia non-curi | e ation on rent assets. | The concept of depreciation is explained. Methods of calculating depreciation on non-current assets are demonstrated. Range: Practical exercises – in cost price (straight line) and diminished balance (carrying amount) methods. | Unit 1 |
| 6.3 Complet register. | te the asset | The format of the asset register is explained. The details of each non-current asset are completed in the asset register. <i>Range: Practical exercises.</i> Depreciation for each non-current asset is completed on asset register. <i>Range: Practical exercises – complete depreciation columns for more than one financial year.</i> | Unit 2 |
| 6.4 Explain disposa | asset I. | The concept of asset disposal is explained. Depreciation is calculated until date of sale. <i>Range: Practical exercises.</i> Details of the asset disposal transaction are completed in the asset register. <i>Range: Practical exercises – in asset register.</i> The profit or loss calculation on the asset disposal transaction is demonstrated. <i>Range: Practical exercises.</i> | Unit 2 |



Getting started (Student's Book, page 198)

Suggested answers

1. Possessions or belongings of a business that have monetary value.

| 2. | Vehicles: | R90 000 |
|----|------------|---------|
| | Equipment: | R13 000 |
| | Bank: | R14 550 |
| | Stock: | R62 128 |
| | Debtors: | R12 400 |

3. Some assets are classified as non-current because of their permanent nature and the fact that 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 not consumed or traded.

Assets are classified as current when their value changes all the time. These assets are cash or can be converted into cash in the operating process within one year.

144

- 4. Vehicles and equipment non-current assets Inventory, debtors and bank current assets
- 5. Land and buildings, furniture and financial assets such as fixed deposits
- 6. It would not affect the financial position, because assets will increase and decrease.
- 7. It increases the value of the business.
- 8. No, because no value is added to the vehicle when it is repaired.
- 9. Yes, an alarm system and air conditioner will increase the value of the vehicle.
- 10. No, because vehicles decrease in value over time due to wear and tear and new models that are brought out.
- It is usually a large capital outlay to purchase non-current assets. To ensure that they are used to their maximum potential To ensure that they are used properly to generate an income for the business

CHAPTER 5



non-current assets and depreciation

Unit outcomes

| Topic and Subject Outcomes | Assessment Standards |
|---|---|
| 6.1 Explain basic concepts of non-current assets. | The concept of non-current assets is explained. The importance of non-current assets in the business is explained. The impact of changes in non-current assets on the financial position of the business is explained. |
| 6.2 Calculate depreciation on non-current assets | The concept of depreciation is explained. Methods of calculating depreciation on non-current assets are demonstrated. Range: Practical exercises – in cost price (straight line) and diminished balance (carrying amount) methods. |

Activity 1 (Student's Book, page 200)

Suggested answers

- 1. Possessions or belongings of a business that have monetary value.
- 2. Some assets are classified as non-current because of their permanent nature and the fact that 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 not consumed or traded.

Assets are classified as current when their value changes all the time. These assets are cash or can be converted into cash in the operating process within one year.

 Trading inventories or goods of the business that are sold to customers. Accounts receivable which includes all the money owed to the business by credit customers or other parties.

Cash, which includes the money in the business's bank account, the money in the cash register and in the petty cash box.

4. Fixed assets, also known as property plant and equipment, include land and buildings, vehicles (cars, vans and trucks, delivery cycles, etc.), equipment or machinery and furniture and fittings that are not bought or sold on a regular basis. These items are bought so that the business can run effectively and efficiently and future economic benefits are expected to flow from the purchase of these assets. Financial assets are the amounts of money saved or invested in financial institutions. These assets invested can also generate an income for the business.

Activity 2 (Student's Book, page 201)

Suggested answers

Students' own answers

Activity 3 (Student's Book, page 204)

Suggested answers

- 1. You subtract liabilities from assets.
- 2. Bank (asset) decreases while Vehicles (asset) increases. No effect on equity and liabilities.
- 3. Creditors control (asset) increases while Vehicles (asset) also increases. No effect on equity.

Activity 4 (Student's Book, page 204) Suggested answers

| A = | E + | L | REASON |
|----------------------|-------|-----------|--|
| 22 400 | 6 720 | 15 680 | Balances brought forward |
| + 4 000 | 0 | + 4 000 | Furniture (asset) increases and creditors control (liability) increases |
| + 1 500 - 1 500 | 0 | 0 | Equipment (asset) increases and bank (asset) decreases |
| + 200 000 | 0 | + 200 000 | Land and buildings (asset) increases and loan (liability) increases |
| + 42 000 - 42 000 | 0 | 0 | Vehicles (asset) increases and bank (asset) decreases. |
| | | | |
| 226 400 | 6 720 | 219 680 | |

CHAPTER

Activity 5 (Student's Book, page 205)

Suggested answers

- 1. The one vehicle is brand new and the other one is second hand.
- 2. New vehicles, brand new better quality; they should not give problems in the near future; no additional expenses
 - OR Second hand vehicles because they are cheaper so she saves money.
- 3. Additions to the vehicles such as installation of air conditioning, leather seats, etc.
- 4. Wear and tear. If the vehicle has been in an accident.
- 5. Unlike vehicles property increases in value over time because there is usually no wear and tear on property. Property that has been well maintained and that is situated in the right area will always appreciate in value over time.

unit 1: non-current assets and depreciation

Activity 6 (Student's Book, page 206)

Suggested answers

- 1. The decrease in the value of an asset over a specific period as a result of being used.
- 2. Fixed amount method or straight line method and the diminishing balance method.
- 3. Part of the cost of the asset is allocated to a specific period.

Activity 7 (Student's Book, page 207)

Suggested answers

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|--------|--------|--------|--------|--------|
| Cost price | 80 000 | 80 000 | 80 000 | 80 000 | 80 000 |
| Annual depreciation | 16 000 | 16 000 | 16 000 | 16 000 | 16 000 |
| Accumulated depreciation at the end of the year | 16 000 | 32 000 | 48 000 | 64 000 | 80 000 |
| Carrying (book) value at the end of the year | 64 000 | 48 000 | 32 000 | 16 000 | 0 |

Activity 8 (Student's Book, page 208)

Suggested answers

| Fixed amount method | Diminishing balance method |
|--|--|
| Useful for assets which have an expected lifespan and from which the business will benefit equally every year. | Useful for assets where the value of the asset decreases more during the first years of use than in later years. |
| Amount of depreciation is fixed every year. | Amount of depreciation is different every year and amount decreases in later years. |
| When the asset has reached its expected lifespan, the value of the asset is nil. | The value of the assets never reaches nil. |
| Asset depreciates at a faster rate with this method. | Asset depreciates at a slower rate with this method. |

Activity 9 (Student's Book, page 209)

Suggested answers

| 1 | | |
|---|----|--|
| | L, | |
| | | |

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|--------|--------|--------|--------|-----------|
| Cost price | 80 000 | 80 000 | 80 000 | 80 000 | 80 000 |
| Annual depreciation | 16 000 | 12 800 | 10 240 | 8 192 | 6 553,60 |
| Accumulated depreciation at the end of the year | 16 000 | 28 800 | 39 040 | 47 232 | 53 785,60 |
| Carrying (book) value at the end of the year | 64 000 | 51 200 | 40 960 | 32 768 | 26 214,40 |

2. The diminishing balance method, because a vehicle does not need to be replaced as quickly as some equipment and is always worth something after a period of time. She will definitely be able to still use the vehicle after five years and it will also be worth something after five years. The diminishing balance method also

makes the asset depreciate at a slower rate than fixed amount method. It is very seldom that the book value of a vehicle is nil. The fixed amount method is more appropriate for equipment that can become obsolete or outdated and has to be replaced at a fast rate.

Activity 10 (Student's Book, page 210)

Suggested answers

| No | Asset | Cost price | Date of purchase | Basis of depreciation | Depreciation on 28 February 20.8 |
|----|-----------|------------|---------------------|--------------------------|----------------------------------|
| 1 | Equipment | R69 000 | 1 May 20.7 | 20 % | |
| 2 | Furniture | R11 400 | 1 Oct. 20.7 | 10 % | ? |
| 3 | Vehicles | R204 000 | 1 July 20.7 | 15 % | ? |
| 4 | Equipment | R14 700 | 1 Jan. 20.8 | 20 % | ? |
| 5 | Furniture | R22 300 | 1 Nov. 20.7 | 15 % | ? |

1. R69 000 x 20 % x 10 (1 May 20.7 to 28 February 20.8 = 10 months) 12 = R11 500

2. R11 400 x 10 % x 5 (1 Oct. 20.7 to 28 February 20.8 = 5 months) 12 = R475

3. R204 000 x 20 % x 8 (1 July 20.7 to 28 February 20.8 = 8 months) 12 = R27 200

4. R22 300 x 15 % x 4 (1 Jan 20.8 to 28 February 20.8 = 2 months) 12 = R490

5. R11 400 x 10 % x 5 (1 Oct. 20.7 to 28 February 20.8 = 5 months) 12 = R475

Activity 11 (Student's Book, page 211)

Suggested answers

1. To keep a separate record of each fixed asset in the business.

- 2. Important information includes:
 - description of the asset
 - the date of purchase
 - who it was bought from
 - make and model of the asset
 - registration numbers or serial numbers
 - percentage and method of depreciation
 - cost price of asset
 - accumulated depreciation
 - carrying value
 - particulars about maintenance and repairs

unit 1: non-current assets and depreciation

- information about any damaged incurred or the sale of the asset

149

CHAPTER

Activity 12 (Student's Book, page 211) Suggested answers

| Just port. | Just port. Fixed Asset Register | | | | | | |
|--|---------------------------------------|--------------------------|----------------|----------------------|--|--|--|
| General ledger account: Vehicles (B4) Item: VW Delivery van (NPN 77212) Purchased from: Alphine VW Date of purchase: 1 March 20.7 Cost price: R80 000 Depreciation: 15% p.a. on diminishing balance Date sold: | | | | | | | |
| Date | Current depreciation | Accumulated depreciation | Carrying value | Remarks/ Comments | | | |
| 28 Feb. 20.8 | 12 000 | 12 000 | 68 000 | | | | |
| 28 Feb. 20.9 | 10 200 | 22 200 | 57 800 | | | | |
| 28 Feb. 20.0 | 8 670 | 30 870 | 49 130 | | | | |

| Just port | | Fixed Asset Register | | Page 3 |
|---|---|--------------------------|----------------|----------------------|
| General ledger Item: HP psc 13 Purchased from Date of purcha Cost price: R1 3 Depreciation: 2 Date sold: To whom sold: Selling price: Profit/Loss on | account: Equipment (B3) 15 Printer (serial no. 334534K2 1: Incredible connection se: 1 September 20.7 300 20% p.a. on fixed amount |) | | |
| Date | Current depreciation | Accumulated depreciation | Carrying value | Remarks/ Comments |
| 28 Feb. 20.8 | *130 | 130 | 1 170 | |
| 28 Feb. 20.9 | 260 | 390 | 910 | |

650

28 Feb. 20.0 *(R1 300 x 20 % x $\frac{6}{12}$) 260

chapter 5: administration of non-current assets

650

FM level 3 TG modules.indd 150

Activity 13 (Student's Book, page 212)

Suggested answers

| Just port. | | | | | | | |
|--|----------------------|--------------------------|----------------|----------------------|--|--|--|
| General ledger account: Equipment Item: Computer (serial no. ZA 1213777) Purchased from: Zoot Computers Date of purchase: 1 July 20.4 Cost price: R7 500 Depreciation: 20% p.a. on diminishing balance Date sold: To whom sold: Selling price: Profit/Loss on sale: | | | | | | | |
| Date | Current depreciation | Accumulated depreciation | Carrying value | Remarks/ Comments | | | |
| 28 Feb. 20.5 | R1 000 | R1 000 | R6 500 | | | | |
| 28 Feb. 20.6 | R1 300 | R2 300 | R5 200 | | | | |
| 28 Feb. 20.7 | R1 040 | R3 340 | R4 160 | | | | |
| 28 Feb. 20.8 | R832 | R4 172 | R3 328 | | | | |

28 Feb. 20.5: R7 500 x 20% x $\frac{8}{12}$ = R1 000 28 Feb. 20.6: R7 500 - R1 000 = R6 500 x 20% = R1 300 28 Feb. 20.7: R7 500 - R2 300 (R1 000 + R1 300) = R5 200 x 20% = R1 040 28 Feb. 20.8: R7 500 - R3 340 (R1 000 + R1 300 + R1 040) = R4 160 x 20% = R832

Activity 14 (Student's Book, page 213)

Suggested answers

Debit depreciation (Expense), credit Accumulated depreciation (Negative asset)
 It decreases the value of an asset.

Activity 15 (Student's Book, page 213)

Suggested answers

| A = | E + | L | REASON |
|----------|----------|---|--|
| - 52 000 | - 52 000 | 0 | Accumulated depreciation on equipment (Negative asset) decreases assets and depreciation (Expense) decreases equity |
| - 30 880 | - 30 880 | 0 | Accumulated depreciation on vehicles (Negative asset) decreases assets and depreciation (Expense) decreases equity |

Depreciation calculations:

Equipment: R208 000 x 25% = R52 000 Vehicles: R193 000 - R38 600 = R154 400 x 20% = R30 880

unit 1: non-current assets and depreciation

Activity 16 (Student's Book, page 216)

Suggested answers

- 1. General journal
- 2. Source document: Internal memorandum or journal voucher Supporting document: Fixed asset register
- 3. Accumulated depreciation in the Balance sheet section and depreciation in the Nominal accounts section.
- 4. Debit Depreciation Credit Accumulated depreciation
- 5. **The beginning of the year:** These are balances for cost and accumulated depreciation from the previous year. Accumulated depreciation is deducted from the cost price to determine carrying value.

Movements during the year: Additional assets purchased during the year are added; disposals at carrying value which are assets sold during the year are sub-tracted and depreciation written off for the year is also subtracted.

The end of the year: These are balances for cost and accumulated depreciation at the end of the current year, after movements have been taken into account. Carrying value is calculated as follows: Carrying value at the beginning less depreciation under movements. The cost price at the end of the year remains the same as the beginning and accumulated depreciation includes the balances at the beginning plus depreciation written off during the year

Activity 17 (Student's Book, page 216)

Suggested answers

1. Calculation of depreciation: R264 500 - R105 800 = R158 700 x $\frac{20}{100}$ = R31 740 2.

| | | | | | | Debtors cor | ntrol | Creditors co | ontrol |
|------|-----|--|------|--------|--------|-------------|--------|--------------|--------|
| Doc. | Day | Details | Fol. | Debit | Credit | Debit | Credit | Debit | Credit |
| JV1 | 28 | Depreciation | N18 | 31 740 | | | | | |
| | | Accumulated depreciation on vehicles | B8 | | 31 740 | | | | |
| | | Depreciation on vehicles at 20% p.a. according to the diminishing balance method | | | | | | | |

General journal of Blouberg Suppliers

GJ2

CHAPTER .

chapter 5: administration of non-current assets

| 3. | | | | | | | | |
|-----------------|--|------|---------|-----------------|--------------|------|---------|--|
| Dr | Accumulated depreciation on vehicles (Negative asset) B8 | | | | | | | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | |
| 20.8 Feb. 28 | Balance | c/d | 137 540 | 20.7 Mar. 1 | Balance | b/d | 105 800 | |
| | | | | 20.8 Feb. 28 | Depreciation | GJ1 | 31 740 | |
| | | | 137 540 | | | | 137 540 | |
| | | | | 20.9 Mar. 1 | Balance | b/d | 137 540 | |

| Nominal accounts section | | | | | | | |
|--------------------------|--|------|---------------|----------------|---------|------|--------|
| Dr | | | + Depreciatio | on (Expense) - | - | N18 | Cr |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Feb. 28 | Accumulated depreciation on vehicles | GJ1 | 31 740 | | | | |
| | | | | | | | |

4.

Notes to financial statements for the year ended 28 February 20.8

| 1. Fixed/Tangible assets | Vehicles |
|---|-----------|
| Carrying value at the beginning of the year: 1 March 20.7 | 158 700 |
| Cost | 264 500 |
| Accumulated depreciation | (105 800) |
| Movements | (31 740) |
| Additions at cost | - |
| *Disposals at carrying value | - |
| Depreciation | (31 740) |
| Carrying value at the end of the year: 28 February 20.8 | 126 960 |
| Cost | 264 500 |
| Accumulated depreciation | (137 540) |

5. Basic accounting equation:

| A = | E + | L | REASON |
|----------|----------|---|--|
| - 31 740 | - 31 740 | 0 | Accumulated depreciation on vehicles (Negative asset) decreases assets and depreciation (Expense) decreases equity |

unit 1: non-current assets and depreciation

CHAPTER 5

Activity 18 (Student's Book, page 216)

| General | iournal of | f Sunningdal | e Dealers - | March 20. |
|---------|------------|--------------|-------------|---------------|
| ocherat | journat of | Junningaut | c bcutcib | 11101 011 201 |

| <u> </u> | 2 |
|----------|---|
| U) | 2 |

| | | | | | | Debtors cor | ntrol | Creditors co | ontrol | | | | |
|------|-----|---|------|--------|--------|-------------|--------|--------------|--------|--|--|--|--|
| Doc. | Day | Details | Fol. | Debit | Credit | Debit | Credit | Debit | Credit | | | | |
| JV1 | 31 | Depreciation | N18 | 13 935 | | | | | | | | | |
| | | Accumulated depreciation on vehicles | B7 | | 10 375 | | | | | | | | |
| | | Accumulated depreciation on equipment | B8 | | 3 560 | | | | | | | | |
| | | Depreciation on vehicles at 25% p.a. on the diminishing balance and on equipment 20% on the fixed amount. | | | | | | | | | | | |

Depreciation calculations: Vehicles: R202 500 - R67 500 = R13 500 x $\frac{25}{100}$ = R3 375 R84 000 x $\frac{25}{100}$ = R21 000 x $\frac{4}{12}$ (December–March) = R7 000 Total: R3 375 + R7 000 = R10 375 Equipment: R17 800 x $\frac{20}{100}$ = R3 560

CHAPTER 5

General ledger of Sunningdale Dealers

| Balance sl | Balance sheet section | | | | | | | | | | | |
|----------------|-----------------------|------|------------|-----------------|---------|------|---------|--|--|--|--|--|
| Dr | | | + Vehicles | | B5 | | | | | | | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | | | | | |
| 20.6 Apr. 1 | Balance | b/d | 202 500 | 20.7 Mar. 31 | Balance | c/d | 286 500 | | | | | |
| Dec 1 | Bank | CPJ1 | 84 000 | | | | | | | | | |
| | | | 286 500 | | | | 286 500 | | | | | |
| 20.7 Apr. 1 | Balance | b/d | 286 500 | | | | | | | | | |

| Dr | | | + Equipment (As | sset) – | B6 | Cr | |
|----------------|---------|------|-----------------|---------|---------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.6 Apr. 1 | Balance | b/d | 17 800 | | | | |

| Dr | Accumulated depreciation on vehicles (Negative asset) B7 | | | | | | | | | | |
|-----------------|--|------|--------|-----------------|--------------|------|--------|--|--|--|--|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | | | | |
| 20.7 Mar. 31 | Balance | c/d | 77 875 | 20.6 Apr. 1 | Balance | b/d | 67 500 | | | | |
| | | | | 20.7 Mar. 31 | Depreciation | GJ1 | 10 375 | | | | |
| | | | 77 875 | | | | 77 875 | | | | |
| | | | | 20.7 Apr. 1 | Balance | b/d | 77 875 | | | | |

| Dr | | Accumu | lated depreciation | on on equipmen | t (Negative asset) | B8 | Cr |
|-----------------|---------|--------|--------------------|-----------------|--------------------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.7 Mar. 31 | Balance | c/d | 12 460 | 20.6 Apr. 1 | Balance | b/d | 8 900 |
| | | | | 20.7 Mar. 31 | Depreciation | GJ1 | 3 560 |
| | | | 12 460 | | | | 12 460 |
| | | | | 20.7 Apr. 1 | Balance | b/d | 12 460 |

Nominal accounts section

| Dr | | | + Depre | ciation (Expens | N18 | Cr | |
|-----------------|---|------|---------|-----------------|-----------------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.7 Mar. 31 | Accumulated depreciation on vehicles | GJ1 | 10 375 | 20.7 Mar. 31 | Profit and loss | GJ1 | 13 935 |
| | Accumulated depreciation on equipment | GJ1 | 3 560 | | | | |
| | | | 13 935 | | | | 13 935 |

Notes to financial statements

| 1. Fixed/Tangible assets | Vehicles | Equipment | Total | |
|---|----------|-----------|----------|--|
| Carrying value at the beginning of the year: 1 April 20.6 | 135 000 | 8 900 | 143 900 | |
| Cost | 202 500 | 17 800 | 220 300 | |
| Accumulated depreciation | (67 500) | (8 900) | (76 400) | |
| Movements | | | | |
| Additions at cost | 84 000 | - | 84 000 | |
| *Disposals at carrying value | | | | |
| Depreciation | (10 375) | (3 560) | (13 935) | |
| Carrying value at the end of the year: 28 February 20.8 | 141 125 | 5 340 | 146 465 | |
| Cost | 219 000 | 17 800 | 236 800 | |
| Accumulated depreciation | (77 875) | (12 460) | (90 335) | |

unit 1: non-current assets and depreciation

CHAPTER 5

| A = | E + | L | REASON |
|----------|----------|---|--|
| - 10 375 | - 10 375 | 0 | Accumulated depreciation on vehicles (Negative asset) decreases assets and depreciation (Expense) decreases equity |
| - 3 560 | - 3 560 | 0 | Accumulated depreciation on equipment (Negative asset) decreases assets and depreciation (Expense) decreases equity |

Activity 19 (Student's Book, page 218)

Suggested answers

Cash payments journal of Westbeach Traders – November 20.7

CPJ2

| | | Name of | | | Tradina | Sundry accounts | | | |
|------|-----|---------|------|--------|-----------|-----------------|------|-----------|--|
| Doc. | Day | payee | Fol. | Bank | inventory | Amount | Fol. | Details | |
| СС | 30 | Cash | | 12 000 | | 12 000 | | Equipment | |

Calculation for depreciation:

Vehicles:

R212 800 - R42 560 = R170 240 x $\frac{20}{100}$ = R34 048 Equipment: R68 000 - R12 000 = R56 000 x $\frac{15}{100}$ = R8 400 R12 000 x $\frac{15}{100}$ = R1 800 x $\frac{7}{12}$ = R1 050 Total equipment: R8 400 + R1 050 = R9 450

| | General journal of Westbeach Traders – June 20.7 | | | | | | | | | | | | |
|------|--|--|------|--------|--------|-----------------|--------|-------------------|--------|--|--|--|--|
| | | | | | | Debtors control | | Creditors control | | | | | |
| Doc. | Day | Details | Fol. | Debit | Credit | Debit | Credit | Debit | Credit | | | | |
| JV1 | 31 | Depreciation | N18 | 43 498 | | | | | | | | | |
| | | Accumulated depreciation on vehicles | В7 | | 34 048 | | | | | | | | |
| | | Accumulated depreciation on equipment | B8 | | 9 450 | | | | | | | | |
| | | Depreciation on vehicles at 20% p.a. on the dimi- nishing balance and on equipment 15% on the fixed amount | | | | | | | | | | | |

chapter 5: administration of non-current assets

CHAPTER 5

General ledger of Westbeach Traders

| Balance sh | Balance sheet section | | | | | | | | | | | | |
|----------------|-----------------------|------|----------------|-----------------|---------|------|--------|--|--|--|--|--|--|
| Dr | | | + Equipment (A | sset) – | | B5 | Cr | | | | | | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | | | | | | |
| 20.7 Jul. 1 | Balance | b/d | 56 000 | 20.8 Jun. 30 | Balance | c/d | 68 000 | | | | | | |
| Nov 30 | Bank | CPJ1 | 12 000 | | | | | | | | | | |
| | | | 68 000 | | | | 68 000 | | | | | | |
| 20.7 Apr. 1 | Balance | b/d | | | | | | | | | | | |

| Dr | | | + Vehicles (As | set) – | B6 Cr | | |
|--------|---------|------|----------------|--------|---------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.6 | | | | | | | |
| Apr. 1 | Balance | b/d | 212 800 | | | | |

| Dr | | Accumulated | depreciation on ve | hicles (Negati | B7 | Cr | |
|-----------------|---------|-------------|--------------------|-----------------|--------------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Jun. 30 | Balance | c/d | 76 608 | 20.7 Jul. 1 | Balance | b/d | 42 560 |
| | | | | 20.8 Jun. 30 | Depreciation | GJ1 | 34 048 |
| | | | 76 608 | | | | 76 608 |
| | | | | 20.8 Jul. 1 | Balance | b/d | 76 608 |

| Dr | | Accumulated | depreciation on ec | រុuipment (Neរ្ | Cr | | |
|-----------------|---------|-------------|--------------------|-----------------|--------------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Jun. 30 | Balance | c/d | 21 450 | 20.7 Jul. 1 | Balance | b/d | 12 000 |
| | | | | 20.8 Jun. 30 | Depreciation | GJ1 | 9 450 |
| | | | 21 450 | | | | 21 450 |
| | | | | 20.8 Jul. 1 | Balance | b/d | 21 450 |

unit 1: non-current assets and depreciation

| Nominal accounts section | | | | | | | | | | |
|--------------------------|---|------|----------------|-----------------|-----------------|------|--------|--|--|--|
| Dr | | + | Depreciation (| Expense) – | | N18 | Cr | | | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | | | |
| 20.8 Jun. 30 | Accumulated depreciation on vehicles | GJ1 | 34 048 | 20.8 Jun. 30 | Profit and loss | GJ1 | 43 498 | | | |
| | Accumulated depreciation on equipment | GJ1 | 9 450 | | | | | | | |
| | | | 43 498 | | | | 43 498 | | | |

Notes to financial statements

| 1. Fixed/Tangible assets | Vehicles | Equipment | Total |
|---|----------|-----------|----------|
| Carrying value at the beginning of the year: 1 April 20.6 | 170 240 | 44 000 | 214 240 |
| Cost | 212 800 | 56 000 | 268 800 |
| Accumulated depreciation | (42 560) | (12 000) | (54 560) |
| Movements | | | |
| Additions at cost | | 12 000 | 12 000 |
| *Disposals at carrying value | | | |
| Depreciation | (34 048) | (9 450) | (43 498) |
| Carrying value at the end of the year: 28 February 20.8 | 136 192 | 46 550 | 182 742 |
| Cost | 212 800 | 68 000 | 280 800 |
| Accumulated depreciation | (76 608) | (21 450) | (98 058) |

| A = | E + | L | REASON |
|----------|----------|---|---|
| - 34 048 | - 34 048 | 0 | Accumulated depreciation on vehicles (Negative asset) decreases assets and depreciation (Expense) decreases equity |
| - 9 450 | - 9 450 | 0 | Accumulated depreciation on equipment (Negative asset) decreases assets and depreciation (Expense) decreases equity |

Questions for revising Unit 1 (Student's Book, page 219)

Question1

Suggested answers

- 1.1 The decrease in the value of an asset over a specific period of time as a result of being used
- 1.2 Items on which the value 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 not consumed or traded.
- 1.3 The period during which the activities of an enterprise take place. It does not

have to be the same as a calendar year, but is usually 12 months. It is always a fixed time of the year.

- 1.4 An expense of which a part is allocated or ascribed or charged to a specific period
- 1.5 The total amount of depreciation written off at any given time

Question 2

Suggested answers

- 2.1 R58 000 R5 800 = R52 200 x $\frac{15}{100}$ = R7 830

- 2.2 R140 000 ÷ 8 = R17 500 2.3 R4 860 x $\frac{20}{100}$ = R972 x $\frac{4}{12}$ (May August) = R324 2.4 R950 (R19 000 R18 050) Cannot write off more than the cost price of the asset. 2.5 R800 x $\frac{15}{100}$ = R120 x $\frac{1}{12}$ = R10

Question 3

Suggested answers

| 3.1 | | | | | | | | | |
|---|-------------------------|-----------------------------|----------------|----------------------|--|--|--|--|--|
| Crystal Traders | Fixed Asset Regi | Fixed Asset Register Page 2 | | | | | | | |
| General ledger account: Equipment (B4) Item: Pentium Mercer Computer Serial number 23ACE998 Purchased from: Thunder Computers Date of purchase: 1 January 20.6 Cost price: R12 000 Depreciation: 20% p.a. on diminishing balance Date sold: | | | | | | | | | |
| Date | Current depreciation | Accumulated depreciation | Carrying value | Remarks/ Comments | | | | | |
| 28 Feb. 20.6 | 400 | 400 | 11 600 | | | | | | |
| 28 Feb. 20.7 | 2 320 2 720 9 280 | | | | | | | | |
| 28 Feb. 20.8 | 1 856 | 4 576 | 7 424 | | | | | | |

CHAPTER 5

3.2 Calculation: R230 000 x $\frac{15}{100}$ = R34 500 x $\frac{10}{12}$ = R28 750

| Dr | | | + Vehicles | s (Asset) – | | B6 | Cr |
|---------------|-------------------|------|------------|-------------|---------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.7 May 1 | Creditors control | CJ | 230 000 | | | | |

| Dr | Accu | mulated | depreciatio | n on vehicles (Ne | gative asset) | B7 | Cr |
|------|---------|---------|-------------|-------------------|---------------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| | | | | 20.8 Feb. 28 | Depreciation | GJ | 28 750 |

unit 1: non-current assets and depreciation

| Dr | | + | Depreciation | (Expense) – | | Cr | |
|----------------|--|------|--------------|----------------|-----------------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Feb 28 | Accumulated depreciation on vehicles | GJ1 | 28 750 | 20.8 Feb 28 | Profit and loss | GJ1 | 28 750 |
| | | | 28 750 | | | | 28 750 |

CHAPTER 5

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160

chapter 5: administration of non-current assets

FM level 3 TG modules.indd 160

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asset disposal

Unit outcomes

| Topic and Subject Outcomes | Assessment Standards | | | | | |
|-----------------------------------|---|--|--|--|--|--|
| 6. 3 Complete the asset register. | The format of the asset register is explained. The details of each non-current asset are completed in the asset register. <i>Range: Practical exercises.</i> Depreciation for each non-current asset is completed on asset register. <i>Range: Practical exercises – complete depreciation columns for more than one financial year.</i> | | | | | |
| 6. 4 Explain asset disposal. | The concept of asset disposal is explained. Depreciation is calculated until date of sale. <i>Range: Practical exercises.</i> Details of the asset disposal transaction are completed in the asset register. <i>Range: Practical exercises – in asset register.</i> The profit or loss calculation on the asset disposal transaction is demonstrated. <i>Range: Practical exercises.</i> | | | | | |

Activity 1 (Student's Book, page 224)

Suggested answers

- Selling the fixed asset on credit or for cash. Trade the fixed asset in as part payment on the purchase of a new asset. The fixed asset can be given away as a donation. The owner can take a fixed asset out of the business for his/her personal use.
- Step 1: Calculate the relevant asset's depreciation for the current financial year.
 Step 2: Transfer the cost price of the relevant asset from the asset account to the Asset disposal account.

Step 3: Transfer the accumulated depreciation of the relevant asset as at the date of sale from the Accumulated depreciation account to the Asset disposal account.
Step 4: Record the disposal of the asset (sale, trade in, donation or drawings).
Step 5: Calculate the profit or loss on the disposal of the asset. When the asset is disposed of at a price higher than its carrying value, a profit is made.
Step 6: The profit or loss on the Asset disposal account is closed off at the end of the financial year to the Profit and loss account.

3. The Asset disposal account is used to record all the information relating to the relevant sale of the asset. This account is an intermediate account in which we record the disposal of each asset individually. The Asset disposal account will appear in the Nominal accounts section of the General ledger and the main aim of this account is to calculate the profit or the loss on the disposal of the fixed asset. Once the asset is disposed of, the Asset disposal account is closed off.

unit 2: asset disposal

Activity 2 (Student's Book, page 228)

Suggested answers

- 1. Depreciation has already been calculated and taken into account and therefore there is no need to do Step 1.
- 2. Receipt, CRJ.
- 3. When we transfer the cost price of the asset to the Asset disposal account, we record it in the **General journal** and in the General ledger we debit the **Asset disposal** account and credit the **asset** account.
- 4. When we transfer the accumulated depreciation of the asset to the Asset disposal account, we record it in the **General journal** and in the General ledger we debit the **Accumulated depreciation** account and credit the **Asset disposal** account.
- 5. When we transfer the cash sale of the asset to the Asset disposal account, we debit the **Bank** account and credit the **Asset disposal** account in the General ledger.
- 6. When a profit is made on the sale of the asset, the entry will appear on the **debit** side of the Asset disposal account and the contra account will be **Profit on sale of asset.**
- 7. The profit on sale of asset account is closed off to the **Profit and loss** account at the end of the financial year.

Activity 3 (Student's Book, page 228)

Suggested answers

| | General journal of Westbeach Traders – July 20.9 | | | | | | | | GJ2 |
|------|--|--|------|---------|---------|---------|---------|--------------|--------|
| | | | | | | Debtors | control | Creditors co | ontrol |
| Doc. | Day | Details | Fol. | Debit | Credit | Debit | Credit | Debit | Credit |
| JV1 | 1 | Asset disposal | N19 | 212 800 | | | | | |
| | | Office furniture | B6 | | 212 800 | | | | |
| | | Transfer of cost price of office furniture | | | | | | | |
| | | Accumulated depreciation on office furniture | B8 | 123 025 | | | | | |
| | | Asset disposal | N19 | | 123 025 | | | | |
| | | Transfer of accumulated depreciation | | | | | | | |
| | | Loss on sale of asset | N20 | 1 275 | | | | | |
| | | Asset disposal | N19 | | 1 275 | | | | |
| | | Loss made on sale of asset | | | | | | | |

CHAPTER 5

chapter 5: administration of non-current assets

FM level 3 TG modules.indd 162

| | | | | Analysis | | | | Sundry accounts | |
|------|-----|----------|------|----------------|--------|-------|------------------|-----------------|-------------------|
| Doc. | Day | Details | Fol. | of receipts | Bank | Sales | Cost of sales | Amount | Details |
| R | 1 | L. Saver | DL1 | 88 500 | 88 500 | | | 88 500 | Asset disposal |

General ledger of Westbeach Traders

| Balance sheet section | | | | | | | | | | | | |
|-----------------------|---------|------|-----------|----------------|----------------|------|--------|---------|--|--|--|--|
| Dr | | | + Vehicle | s (asset) – | | B6 | | Cr | | | | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | | | | | |
| 20.9 Jul. 1 | Balance | b/d | 212 800 | 20.9 Jul. 1 | Asset disposal | GJ1 | | 212 800 | | | | |

| | General journal of Westbeach Traders – June 2010 GJ: | | | | | | | | | | | |
|------|--|---|------|-------|--------|-----------------|--------|--------------|--------|--|--|--|
| | | | | | | Debtors control | | Creditors co | ontrol | | | |
| Doc. | Day | Details | Fol. | Debit | Credit | Debit | Credit | Debit | Credit | | | |
| JV2 | 30 | Profit and loss account | F2 | 1 275 | | | | | | | | |
| | | Loss on sale of asset | N20 | | 1 275 | | | | | | | |
| | | Loss on sale of asset transferred to profit and loss account | | | | | | | | | | |

| Dr | Ac | Cr | | | | | |
|----------------|-------------------|------|---------|----------------|---------|------|---------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.9 Jul. 1 | Asset disposal | GJ1 | 123 025 | 20.9 Jul. 1 | Balance | b/d | 123 025 |
| | | | | | | | |

| N | ominal a | ccounts section | | | | | | |
|----------|--------------|-----------------|------|----------------|----------------|--|------|---------|
| D | r | | | Asset disposal | | N19 | Cr | |
| D | ate | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20 Ju | 0.9 Il. 1 | Vehicles | GJ1 | 212 800 | 20.9 Jul. 1 | Accumulated depreciation on vehicles | GJ1 | 123 025 |
| | | | | | | Bank | CRJ1 | 88 500 |
| | | | | | | Loss on sale of assets | GJ1 | 1 275 |
| | | | | 212 800 | | | | 212 800 |

| Dr | | | + Loss on sale of a | N20 | Cr | | | |
|----------------|-------------------|------|---------------------|----------------|-----------------|------|--------|-------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | |
| 20.9 Jul. 1 | Asset disposal | GJ1 | 1 275 | 20.9 Jul. 1 | Profit and loss | GJ1 | | 1 275 |

unit 2: asset disposal

CHAPTER 5

CRJ2

| A = | E + | L | REASON |
|-----------|--------------------|---|--|
| - 212 800 | - 212 800 | o | Vehicles (asset) decrease, Asset disposal (Debited) decreases equity. |
| + 123 025 | + 123 025 | 0 | Accumulated depreciation on vehicles (Negative asset) decrease resulting in an increase in assets, Asset disposal (Credited) increases equity. |
| + 88 500 | + 88 500 | 0 | Bank (asset) increases, Asset disposal (Credited) increases equity. |
| 0 | + 1 275 - 1 275 | o | Loss on sale of asset (Expense) decreases equity, Asset disposal (Credited) increases equity. |

Activity 4 (Student's Book, page 229) Suggested answers

General journal of Blouberg Suppliers – March 20.8 GJ2 Debtors control Creditors control Details Debit Credit Debit Debit Credit Doc. Day Fol. Credit JV1 Asset disposal N19 98 000 1 Vehicles B6 98 000 Transfer of cost price of vehicles Accumulated depreciation on vehicles B8 38 416 Asset disposal N19 38 416 Transfer of accumulated depreciation Debtors control Β4 60 000 60 000 Asset disposal N19 60 000 Vehicles sold on credit to M. Fish Asset disposal N19 416 Profit on sale of asset N20 416 Profit made on sale of asset

CHAPTER 5

164

General journal of Blouberg Suppliers – February 20.9

| | | | | | | Debtors control | | Creditors control | |
|------|-----|---|------|-------|--------|-----------------|--------|-------------------|--------|
| Doc. | Day | Details | Fol. | Debit | Credit | Debit | Credit | Debit | Credit |
| JV2 | 28 | Profit on sale of asset | N20 | 416 | | | | | |
| | | Profit and Loss account | F2 | | 416 | | | | |
| | | Profit on sale of asset transferred to profit and loss account | | | | | | | |

General ledger of Blouberg Suppliers

| Balance s | Balance sheet section | | | | | | | | | | | | |
|----------------|-----------------------|------|-----------|----------------|----------------|------|---------|--|--|--|--|--|--|
| Dr | | | + Vehicle | es (asset) – | | B6 | Cr | | | | | | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | | | | | | |
| 20.8 Mar. 1 | Balance | b/d | 264 500 | 20.8 Mar. 1 | Asset disposal | GJ1 | 98 000 | | | | | | |
| | | | | 30 | Balance | c/d | 166 500 | | | | | | |
| | | | 264 800 | | | | 264 800 | | | | | | |
| 20.8 Apr. 1 | Balance | b/d | 166 500 | | | | | | | | | | |

| Dr | | Acc | umulated deprecia | tion vehicle | es (Negative asset) | B8 | Cr |
|----------------|-------------------|------|-------------------|----------------|---------------------|------|---------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Mar. 1 | Asset disposal | GJ1 | 38 416 | 20.8 Mar. 1 | Balance | b/d | 137 540 |
| 30 | Balance | c/d | 99 124 |] | | | |
| | | | 137 540 | | | | 137 540 |
| | | | | 20.8 Apr. 1 | Balance | b/d | 99 124 |

| Nominal | accounts section | | | | | | |
|----------------|----------------------------|------|--------|----------------|---|------|--------|
| Dr | | | Asse | Asset disposal | | | Cr |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Mar. 1 | Vehicles | GJ1 | 98 000 | 20.8 Mar. 1 | Accumulated depreciation on vehicles | GJ1 | 38 416 |
| | Profit on sale of asset | GJ1 | 416 | | Debtors control | GJ1 | 60 000 |
| | | | 98 416 | | | | 98 416 |

| Dr | | | – Profit on sale | e of asset (l | N20 | | |
|-----------------|--------------------|------|------------------|-----------------|----------------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.9 Feb. 28 | Profit and loss | GJ1 | 416 | 20.9 Feb. 28 | Asset disposal | GJ1 | 416 |

165

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GJ3

| A = | E + | L | REASON |
|----------|----------------|---|---|
| - 98 000 | - 98 000 | 0 | Vehicles (Asset) decrease, Asset disposal (Debited) decreases equity |
| + 38 416 | + 38 416 | 0 | Accumulated depreciation on vehicles (Negative asset) decrease resulting in an increase in assets, Asset disposal (Credited) increases equity |
| + 60 000 | + 60 000 | 0 | Debtors control (Asset) increases, Asset disposal (Credited) increases equity |
| 0 | + 416 - 416 | 0 | Profit on sale of asset (Income) increases equity, Asset disposal (Debited) decreases equity. |

Activity 5 (Student's Book, page 233)

Suggested answers

- 1. When depreciation is written off at the end of the year, the **Depreciation** account is debited and the **Accumulated depreciation** account is credited in the General ledger.
- 2. When a loss is made on the sale of the asset, the entry will appear on the **credit** side of the Asset disposal account and the contra account will be **Loss on sale of asset**.
- 3. The Loss on sale of asset account is closed off to the **Profit and loss** account at the **end** of the financial year.
- 4. Source document if an asset is sold on credit invoice. Journal in which we record the cash sale of an asset – CRJ.
- 5. Disposals at carrying value in the Fixed asset note in the Balance sheet are calculated by subtracting the total accumulated depreciation from the cost price.

| ge 234) |
|---------|
| 1 |

Suggested answers

| Cash receipts journal of Sunningdale Dealers – March 20.8 | | | | | | | | | | | |
|---|-----|-----------|------|----------------|-------|-------|------------------|-------------|-------------------|--|--|
| | | | | Analysis | | | | Sundry acco | ounts | | |
| Doc. | Day | Details | Fol. | of receipts | Bank | Sales | Cost of sales | Amount | Details | | |
| R | 31 | N. Naiker | DL1 | 2 000 | 2 000 | | | 2 000 | Asset disposal | | |

General journal of Sunningdale Dealers - March 20.8

GJ2

| | | | | | | Debtors control | | Creditors o | control |
|------|-----|---|------|-------|--------|-----------------|--------|-------------|---------|
| Doc. | Day | Details | Fol. | Debit | Credit | Debit | Credit | Debit | Credit |
| JV1 | 31 | Depreciation | N20 | 3 560 | | | | | |
| | | Accumulated depreciation on equipment | B8 | | 3 560 | | | | |
| | | Depreciation on equipment at 20% p.a. on fixed amount method | | | | | | | |

| ····· | | 1 | 1 | | г | · · · · · · · · · · · · · · · · · · · | · · · · · · · · · · · · · · · · · · · | T |
|-------|---|-----|--------|--------|---|---------------------------------------|---------------------------------------|---|
| | Asset disposal | N19 | 17 800 | | | | | |
| | Equipment | B6 | | 17 800 | | | | |
| | Transfer of cost price of equipment | | | | | | | |
| | Accumulated depreciation on equipment (12 460 + 3 560) | B8 | 16 020 | | | | | |
| | Asset disposal | N19 | | 16 020 | | | | |
| | Transfer of accumulated depreciation | | | | | | | |
| | Asset disposal | N19 | 220 | | | | | |
| | Profit on sale of asset | N21 | | 220 | | | | |
| | Profit made on sale of asset | | | | | | | |

| | | Gen | eral journa | al of Sunningda | le Dealers – I | Aarch 20.8 | | _ | GJ2 |
|------|-----|---|-------------|-----------------|----------------|------------|---------|-----------|---------|
| | | | | | | Debtors | control | Creditors | control |
| Doc. | Day | Details | Fol. | Debit | Credit | Debit | Credit | Debit | Credit |
| JV2 | 31 | Profit on sale of asset | N21 | 220,00 | | | | | |
| | | Profit and loss account | F2 | | 220,00 | | | | |
| | | Profit on sale of asset transferred to profit and loss account | | | | | | | |
| | | Depreciation | N20 | 48 122,50 | | | | | |
| | | Accumulated depreciation on vehicles | B9 | | 44 562,50 | | | | |
| | | Accumulated depreciation on equipment | B8 | | 3 560,00 | | | | |
| | | Depreciation on vehicles at 25% p.a. on diminishing balance method and equipment 20% on fixed amount method | | | | | | | |

CHAPTER 5

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General ledger of Sunningdale Dealers

Balance sheet section

| Dr | | | + Equipme | nt (Asset) – | B6 | Cr | |
|----------------|------------------------|------|-----------|-----------------|----------------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.7 Apr. 1 | pr. 1 Balance b/d 17 8 | | 17 800 | 20.8 Mar. 31 | Asset disposal | GJ1 | 17 800 |

| Dr + | | | | s (Asset) – | B7 | Cr | |
|--------|---------------------|-----|---------|-------------|---------|------|--------|
| Date | ate Details Fol. Ar | | Amount | Date | Details | Fol. | Amount |
| 20.7 | | | | | | | |
| Apr. 1 | Balance | b/d | 286 500 | | | | |

| Dr | - Acc | B8 | Cr | | | | |
|-----------------|----------------|------|--------|-----------------|--------------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Mar. 31 | Asset disposal | GJ1 | 16 020 | 20.7 Apr. 1 | Balance | b/d | 12 460 |
| | | | | 20.8 Mar. 31 | Depreciation | GJ1 | 3 560 |
| | | | 16 020 | | | | 16 020 |

| Dr | – Αςςι | B9 | Cr | | | | |
|-----------------|---------|------|------------|-----------------|--------------|------|------------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Mar. 31 | Balance | c/d | 152 812,50 | 20.7 Apr. 1 | Balance | b/d | 108 250,00 |
| | | | | 20.8 Mar. 31 | Depreciation | GJ1 | 44 562,50 |
| | | | 152 812,50 | | | | 152 812,50 |
| | | | | 20.8 Apr. 1 | Balance | b/d | 152 812,50 |

| Nominal accounts section | | | | | | | | | | | |
|--------------------------|----------------------------|------|--------|-----------------|---|------|--------|--|--|--|--|
| Dr | N19 | Cr | | | | | | | | | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | | | | |
| 20.8 Mar. 31 | Equipment | GJ1 | 17 800 | 20.8 Mar. 31 | Accumulated depreciation on equipment | GJ1 | 16 020 | | | | |
| | Profit on sale of asset | GJ1 | 220 | | Bank | CRJ1 | 2 000 | | | | |
| | | | 18 020 | | | | 18 020 | | | | |

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| Dr | | | + Depreciation – | | | | Cr |
|-----------------|---|------|------------------|-----------------|-----------------|------|-----------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Mar. 31 | Accumulated depreciation on equipment | GJ1 | 3 560 | 20.8 Mar. 31 | Profit and loss | GJ1 | 48 122,50 |
| | Accumulated depreciation on vehicles | GJ1 | 44 562,50 | | | | |
| | | | 48 122,50 | | | | 48 122,50 |

| Dr | | | N21 | Cr | | | |
|---------|-----------------|------|--------|---------|----------------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 | | | | 20.8 | | | |
| Mar. 31 | Profit and loss | GJ1 | 220 | Mar. 31 | Asset disposal | GJ1 | 220 |

| A = | E + | L | REASON |
|----------|----------------|---|---|
| - 3 560 | - 3 560 | 0 | Accumulated depreciation on equipment (Negative asset) increases resulting in an decrease in assets, depreciation (Expense) decreases equity. |
| - 17 800 | - 17 800 | 0 | Equipment (Asset) decrease, Asset disposal (Debited) decreases equity. |
| + 16 020 | + 16 020 | 0 | Accumulated depreciation on equipment (Negative asset) decrease resulting in an increase in assets, Asset disposal (Credited) increases equity. |
| + 2 000 | + 2 000 | 0 | Debtors control (Asset) increases, Asset disposal (Credited) increases equity. |
| 0 | + 220 - 220 | 0 | Profit on sale of asset (Income) increases equity, Asset disposal (Debited) decreases equity. |

Notes to financial statements

| 1. Fixed/Tangible assets | Vehicles | Equipment | Total |
|---|--------------|--------------|--------------|
| Carrying value at the beginning of the year: 1 April 20.6 | 178 250,00 | 5 340,00 | 183 590,00 |
| Cost | 286 500,00 | 17 800,00 | 304 300,00 |
| Accumulated depreciation | (108 250,00) | (12 460,00) | (120710,00) |
| Movements | | | |
| Additions at cost | | | |
| *Disposals at carrying value | | *(1 780) | (1 780,00) |
| Depreciation | (44 562,50 | (3 560) | (48 122,50) |
| Carrying value at the end of the year: 28 February 20.8 | 133 687,50 | 0 | 133 687,50 |
| Cost | 286 500,00 | 0 | 286 500,00 |
| Accumulated depreciation | (152 812,50) | 0 | (152 812,50) |
| | | • | • |

* R17 800 – R16 020 (R12 460 + R3 560) = R1 780

unit 2: asset disposal

| | | Gener | al journa | l of Sunningd | ale Dealers – | February 2 | 0.9 | | GJ2 |
|------|-----|--|-----------|---------------|---------------|------------|---------|--------------|--------|
| | | | | | | Debtors | control | Creditors co | ontrol |
| Doc. | Day | Details | Fol. | Debit | Credit | Debit | Credit | Debit | Credit |
| JV2 | 31 | Profit on sale of asset | N21 | 2 600 | | | | | |
| | | Profit and loss account | F2 | | 2 600 | | | | |
| | | Profit on sale of asset transferred to profit and loss account | | | | | | | |
| | | Depreciation | N20 | 71 304 | | | | | |
| | | Accumulated depreciation on vehicles | N9 | | 24 704 | | | | |
| | | Accumulated depreciation on equipment | N8 | | *46 600 | | | | |
| | | Depreciation on vehicles at 20% p.a. on diminishing balance method and equipment at 25% on the fixed amount method | | | | | | | |



Activity 7 (Student's Book, page 234) Suggested answers

R208 000 - R21 600 = R186 400 x 25% = R46 600

R21 600 x $\frac{25}{100}$ x $\frac{10}{12}$ (1 Mar. 20.8 – 31 Dec. 20.8)

| | General journal of Hillside Wholesalers – December 20.8 GJ: | | | | | | | | | | | | |
|------|---|---|-----------|--------|--------|-----------|--------|-------------------|--------|--|--|--|--|
| | | | | | | Debtors c | ontrol | Creditors control | | | | | |
| Doc. | Day | Details | Fol. | Debit | Credit | Debit | Credit | Debit | Credit | | | | |
| JV1 | 31 | Depreciation Accumulated depreciation on equipment | N20 B8 | *4 500 | *4 500 | | | | | | | | |
| | | Depreciation on equipment at 25% p.a. on fixed amount method | | | | | | | | | | | |

170

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|---------------------------------------|--|-----|--------|--------|--------|------|--|
| | Asset disposal | N19 | 21 600 | | | | |
| | Equipment | B6 | | 21 600 | | | |
| | Transfer of cost price of equipment | | | | | | |
| | Accumulated depreciation on equipment (**8 100 + 4 500) | B8 | 12 600 | | | | |
| | Asset disposal | N19 | | 12 600 | | | |
| | Transfer of accumulated depreciation | | | | | | |
| | Debtors control | B4 | 11 600 | | 11 600 | | |
| | Asset disposal | N19 | | 11 600 | | | |
| | Equipment sold on credit to S. Criticos | | | | | | |
| | Asset disposal | N19 | 2 600 | | | | |
| | Profit on sale of asset | N21 | | 2 600 | | | |
| | Profit made on sale of asset | | | | | | |

 $(R21\ 600\ x\ \frac{25}{100}\ x\ \frac{6}{12}\ (1\ \text{Sept.}\ 20.6\ -\ 28\ \text{Feb.}\ 20.7) = R2\ 700) + R21\ 600\ x\ \frac{25}{100}$ $(1\ \text{Mar.}\ 20.7\ -\ 28\ \text{Feb.}\ 20.7) = R5\ 400) = R8\ 100$

General ledger of Hillside Wholesalers

| Balance sl | neet section | | | | | | | |
|----------------|--------------|------|----------------|-----------------|----------------|------|---------|--|
| Dr | | | + Equipment (/ | Asset) – | | B6 | Cr | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | |
| 20.8 Mar. 1 | Balance | b/d | 208 000 | 20.8 Dec. 31 | Asset disposal | GJ1 | 21 600 | |
| | | | | 20.9 Feb. 28 | Balance | c/d | 186 400 | |
| | | | 208 000 | | | | 208 000 | |
| 20.9 Mar. 1 | Balance | b/d | 186 400 | | | | | |

| Dr | | | + Vehicles (A | B7 | Cr | | |
|----------------|---------|------|---------------|------|---------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Mar. 1 | Balance | b/d | 193 000 | | | | |

| Dr | – Accu | mulated o | lepreciation on eq | uipment (Ne | gative asset) + | B8 | Cr |
|-----------------|----------------|-----------|--------------------|-----------------|-----------------|------|---------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Dec. 31 | Asset disposal | GJ1 | 12 600 | 20.8 Mar. 1 | Balance | b/d | 130 000 |
| 20.9 Feb. 28 | Balance | c/d | 168 500 | 20.8 Dec. 31 | Depreciation | GJ1 | 4 500 |
| | | | | 20.9 Feb. 28 | Depreciation | GJ1 | 46 600 |
| | | | 181 100 | | | | 181 100 |
| | | | | 20.9 Mar. 1 | Balance | b/d | 168 500 |

| Dr | – Accu | B8 | Cr | | | | |
|-----------------|---------|------|--------|-----------------|--------------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Mar. 31 | Balance | c/d | 94 184 | 20.8 Mar. 1 | Balance | b/d | 69 480 |
| | | | | 20.9 Feb. 28 | Depreciation | GJ1 | 24 704 |
| | | | 94 184 | | | | 94 184 |
| | | | | 20.9 Mar. 1 | Balance | b/d | 94 184 |

| Nominal ac | counts section | | | | | | |
|-----------------|----------------------------|------|-----------|-----------------|---|------|--------|
| Dr | | | Asset dis | N19 | Cr | | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Dec. 31 | Equipment | CJ1 | 21 600 | 20.8 Dec. 31 | Accumulated depreciation on equipment | CJ1 | 12 600 |
| | Profit on sale of asset | CJ1 | 2 600 | | Debtors control | DJ1 | 11 600 |
| | | | 24 200 | | | | 24 200 |

| Dr | + Depreciation – | | | | | N20 | Cr |
|-----------------|---|------|--------|-----------------|-----------------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Dec. 31 | Accumulated depreciation on equipment | CJ1 | 4 500 | 20.9 Feb. 28 | Profit and loss | GJ2 | 75 804 |
| 20.9 Feb. 28 | Accumulated depreciation on equipment | CJ2 | 46 600 | | | | |
| | Accumulated depreciation on vehicles | CJ2 | 24 704 | | | | |
| | | | 75 804 | | | | 75 804 |

CHAPTER 5

chapter 5: administration of non-current assets

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| Dr – Pro | | | – Profit on sale o | Profit on sale of asset (Income) + | | | Cr |
|-----------------|-----------------|------|--------------------|------------------------------------|----------------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.9 Feb. 28 | Profit and loss | GJ1 | 2 600 | 20.8 Dec. 31 | Asset disposal | GJ1 | 2 600 |
| | | | | | | | |

| A = | E + | L | REASON |
|----------|----------------|---|---|
| - 4 500 | - 4 500 | 0 | Accumulated depreciation on equipment (Negative asset) increase resulting in a decrease in assets, depreciation (Expense) decreases equity. |
| - 21 600 | - 21 600 | 0 | Equipment (Asset) decrease, Asset disposal (Debited) decreases equity. |
| + 16 020 | + 16 020 | 0 | Accumulated depreciation on equipment (Negative asset) decrease resulting in an increase in assets, Asset disposal (Credited) increases equity. |
| + 2 000 | + 2 000 | 0 | Debtors control (Asset) increases, Asset disposal (Credited) increases equity. |
| 0 | + 220 - 220 | 0 | Profit on sale of asset (Income) increases equity, Asset disposal (Debited) decreases equity. |

Notes to financial statements

| Carrying value at the beginning of the year: 1 April 20.6 Cost | 123 520 | 78 000 | 201 520 |
|---|----------|-------------|-----------|
| Cost | 102 000 | | |
| | 195 000 | 208 000 | 401 000 |
| Accumulated depreciation | (69 480) | (130 000) | (199 480) |
| Movements | | | |
| Additions at cost | - | | - |
| Disposals at carrying value | - | *(9 000) | (9 000) |
| Depreciation | (24 704) | (51 100) | (75 804) |
| Carrying value at the end of the year: 28 February 20.8 | 98 816 | 17 900 | 116 716 |
| Cost | 193 000 | 186 400 | 379 400 |
| Accumulated depreciation | (94 184) | **(168 500) | (262 684) |

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Т

* R21 600 - R12 600 = R9 000 ** R130 000 + 4 500 - R12 600 (R8 100 + R4 500) + 46 600 = R168 500

CHAPTER 5

Activity 8 (Student's Book, page 236)

Suggested answers

| Blouberg Suppliers | Fixed Asset Register Page 1 | | | | | | | | |
|---------------------------------------|---|--------|----------|----------|--|--|--|--|--|
| General ledger account: Vehicles (B6) | | | | | | | | | |
| Item: VW Caddy (CA 12399) | | | | | | | | | |
| Purchased from: Knox M | otors | | | | | | | | |
| Date of purchase: 1 Dece | ember 20.5 | | | | | | | | |
| Cost price: R98 000 | | | | | | | | | |
| Depreciation: 20% p.a. o | on diminishing balance | | | | | | | | |
| Date sold: 1 March 20.8 | Date sold: 1 March 20.8 | | | | | | | | |
| To whom sold: M. Fish o | To whom sold: M. Fish on credit | | | | | | | | |
| Selling price: R60 000 | | | | | | | | | |
| Profit/Loss on sale: Prof | Profit/Loss on sale: Profit on sale of asset R416 | | | | | | | | |
| | | | Carrying | Remarks/ | | | | | |
| Date | Comments | | | | | | | | |
| 28 Feb. 20.6 | R4 900 | R4 900 | R93 100 | | | | | | |
| 28 Feb. 20.7 R18 620 R23 520 R74 480 | | | | | | | | | |
| 28 Feb. 20.8 R14 896 R38 416 R59 584 | | | | | | | | | |

Activity 9 (Student's Book, page 236)

Suggested answers

| Hillside Wholesalers | side Wholesalers Fixed Asset Register Page 1 | | | | | | | |
|--|--|--------|---------|--|--|--|--|--|
| General ledger account: Equipment (B6) Item: OKI Colour Phototstat machine (serial number: 98342LA23) Purchased from: OKI Distributors Date of purchase: 1 September 20.6 Cost price: R21 600 Depreciation: 25% p.a. on fixed amount method Date sold: 31 December 20.8 To whom sold: S. Criticos on credit Selling price: R11 600 | | | | | | | | |
| Profit/Loss on sale: Profit on | sale of asset R2 600 | | | | | | | |
| Current Carrying Remarks/ Date Accumulated depreciation value Comments | | | | | | | | |
| 28 Feb. 20.7 | R2 700 | R2 700 | R18 900 | | | | | |
| 28 Feb. 20.8 | R5 400 R8 100 R12 500 | | | | | | | |

R12 600

Activity 10 (Student's Book, page 236)

R4 500

Suggested answers

Calculations:

31 Dec. 20.8

Depreciation on equipment: (R16 800 (R7 400 + R7 400 + R2 000) x $\frac{15}{100}$ = R2 520) + (R6 800 x $\frac{15}{100}$ x $\frac{6}{12}$ (1 July – 31 December) = R510) = R3 030

CHAPTER 5

chapter 5: administration of non-current assets

R9 000

Depreciation on vehicles: R160 000 x $\frac{20}{100}$ x $\frac{3}{12}$ (1 October – 31 December) = R8 000

Asset disposal: Cost price: R7 400 – Accumulated depreciation: (R7 400 x $\frac{15}{100}$ = R1 110) = Carrying value: R6 290 Selling price: R6 000. Profit on sale of asset: R290

Activity 11 (Student's Book, page 236)

Student's own answer. Use the rubric on page 237 to assess this activity.

Questions for revising Unit 2 (Student's Book, page 238)

Question 1

Suggested answers

- 1. Calculate the relevant asset's depreciation for the current financial year.
- 2. Transfer the cost price of the relevant asset from the asset account to the Asset disposal account.
- 3. Transfer the accumulated depreciation of the relevant asset as at the date of sale from the Accumulated depreciation account to the Asset disposal account.
- 4. Record the disposal of the asset.
- 5. Calculate the profit or loss on disposal of asset.
- 6. The profit or loss on disposal of asset account is closed off to the Profit and loss account.

Question 2

Suggested answers

- 2.1 Intermediate nominal account
- 2.2 R18 000 R9 000 = R9 000
- 2.3 On credit
- 2.4 R9 000 R1 800 = R7 200
- 2.5 R18 000 x $\frac{?}{100}$ x $\frac{6}{12}$ (1 May 1 November) = R1 800 R1 800 x 12 ÷ 6 x 100 ÷ R18 000 = 20 %
- 2.6 Carrying value: R9 000 Selling price R8 900 = Loss: R100
- 2.7 R81 000 R18 000 = R63 000
- 2.8 R63 000 x $\frac{20}{100}$ = R12 600 + R1 800 = R14 400
- 2.9 R18 000 x $\frac{20}{100}$ = R3 600 x 2 = R7 200 (balance). Balance is made up of two years' depreciation; thus equipment was purchased on 1 May 20.6.

unit 2: asset disposal

| A = | E + | L | REASON |
|----------|----------------|---|---|
| - 1 800 | - 1 800 | 0 | Accumulated depreciation on equipment (Negative asset) increase resulting in a decrease in assets, depreciation (Expense) decreases equity. |
| - 18 000 | - 18 000 | 0 | Equipment (Asset) decrease, Asset disposal (Debited) decreases equity. |
| + 9 000 | + 9 000 | 0 | Accumulated depreciation on equipment (Negative asset) decrease resulting in an increase in assets, Asset disposal (Credited) increases equity. |
| + 8 900 | + 8 900 | 0 | Debtors control (Asset) increases, Asset disposal (Credited) increases equity. |
| 0 | + 100 - 100 | 0 | Loss on sale of asset (Expense) decreases equity, Asset disposal (Credited) increases equity. |

2.11

2.10

| Waterglen Traders | Page 1 | | | | | | | | |
|---|------------------------------------|--------------------------|-------------------|----------------------|--|--|--|--|--|
| General ledger account: Equipment (B6) Item: Sanyo Pro Extra X Multiverse Projector (serial number 777SP343) Purchased from: Sanyo Distributors Date of purchase: 1 May 20.6 Cost price: R18 000 Depreciation: 20% p.a. on fixed amount method Date sold: 1 November 20.8 To whom sold: 1. Human on credit Selling price: R8 900 Profit/Ioss on sale: Loss on sale of asset R100 | | | | | | | | | |
| Date | Current depreciation | Accumulated depreciation | Carrying value | Remarks/ Comments | | | | | |
| 30 Apr. 20.7 | R3 600 | R3 600 | R14 400 | | | | | | |
| 30 Apr. 20.7 | 30 Apr. 20.7 R3 600 R7 200 R10 800 | | | | | | | | |
| 1 Nov. 20.8 | 1 Nov. 20.8 R1 800 R9 000 R9 000 | | | | | | | | |

CHAPTER 5

chapter 5: administration of non-current assets

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Chapter challenge (Student's Book, page 240)

Question 1

| Cash receipts journal of Sassoon Stores – December 20.8 | | | | | | | | | | CRJ2 |
|---|------|-----|---------------|------|----------------|-------|-------|------------------|-------------|-------------------|
| | | | | | Analysis | | | | Sundry acco | ounts |
| | Doc. | Day | Details | Fol. | of receipts | Bank | Sales | Cost of sales | Amount | Details |
| | R | 31 | S. Pennington | | 4 500 | 4 500 | | | 4 500 | Asset disposal |

| Cash payments journal of Sassoon Stores – June 20.8 | | | | | | | | | | CPJ2 |
|---|------|-----|------------------|------|-------|------------|-------|----------------|-----------------|----------------|
| | | | | | | | | Consum- | Sundry accounts | |
| | Doc. | Day | Name of payee | Fol. | Bank | Stationery | Wages | able stores | Amount | Details |
| | R | 30 | Style Quip | | 1 950 | | | | 1 950 | Equip- ment |

| | | Gene | eral journ | al of Sassoon | Stores – Dece | ember 20.8 | 3 | | GJ2 |
|------|-----|---|------------|---------------|---------------|------------|--------|-------------|--------|
| | | Debtors control | | | | | | Creditors c | ontrol |
| Doc. | Day | Details | Fol. | Debit | Credit | Debit | Credit | Debit | Credit |
| JV1 | 31 | Depreciation | N20 | *1 512 | | | | | |
| | | Accumulated depreciation on equipment | B8 | | *1 512 | | | | |
| | | Depreciation on equipment at 25% p.a. on fixed amount method | | | | | | | |
| | | Asset disposal | N19 | 9 000 | | | | | |
| | | Equipment | B6 | | 9 000 | | | | |
| | | Transfer of cost price of equipment | | | | | | | |
| | | Accumulated depreciation on equipment (3 240 + 1 512) | B8 | 4 752 | | | | | |
| | | Asset disposal | N19 | | 4 752 | | | | |
| | | Transfer of accumulated depreciation | | | | | | | |
| | | Asset disposal | N19 | 252 | | | - | | |
| | | Profit on sale of asset | N21 | | 252 | | | | |
| | | Profit made on sale of asset | | | | | | | |

CHAPTER 5

* Depreciation: 1 Mar. 20.6 – 28 Feb. 20.7 = R9 000 x 20 % = R1 800 1 Mar. 20.7 – 28 Feb. 20.8 = R9 000 – R1 800 = R7 200 x 20% = R1 440 1 Mar. 20.8 – 1 Dec. 20.8 = R9 000 – (R1 800 + R1 440) = R5 760 x 20% x $\frac{10}{12}$ = R1 512

unit 2: asset disposal

Question 2

General ledger of Sassoon Stores

| Balance sh | Balance sheet section | | | | | | | | |
|----------------|-----------------------|------|---------|-----------------|----------------|------|--------|--|--|
| Dr | | | + Equip | oment (Asse | B6 | Cr | | | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | | |
| 20.8 Mar. 1 | Balance | b/d | 69 720 | 20.8 Dec. 31 | Asset disposal | GJ1 | 9 000 | | |
| 20.8 Jun 30 | Bank | СРЈ | 1 950 | 20.9 Feb. 28 | Balance | c/d | 62 670 | | |
| | | | 71 670 | | | | 71 670 | | |
| 20.9 Mar. 1 | Balance | b/d | 62 670 | | | | | | |

| Dr | Dr Accumulated depreciation on equipment (Negative asset) | | | | | B8 | Cr |
|-----------------|---|------|--------|-----------------|--------------|------|--------|
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount |
| 20.8 Dec. 31 | Asset disposal | GJ1 | 4 752 | 20.8 Mar. 1 | Balance | b/d | 23 480 |
| 20.9 Feb. 28 | Balance | c/d | 28 596 | 20.8 Dec. 31 | Depreciation | GJ1 | 1 512 |
| | | | | 20.9 Feb. 28 | Depreciation | GJ1 | *8 356 |
| | | | 33 348 | | | | 33 348 |
| | | | | 20.9 Mar. 1 | Balance | b/d | 28 596 |

* $(R69 720 - R9 000 = R60 720) - (R23 480 - R3 240 = R20 240) = R40 480 \times 20\% = R8 096 + (R1 950 \times 20\% \times \frac{8}{12} = R260) = R8 356$



| Nominal accounts section | | | | | | | | |
|--------------------------|----------------------------|------|--------|-----------------|---|------|--------|--|
| Dr Asset disposal | | | | | | N19 | Cr | |
| Date | Details | Fol. | Amount | Date | Details | Fol. | Amount | |
| 20.8 Dec. 31 | Equipment | GJ1 | 9 000 | 20.8 Dec. 31 | Accumulated depreciation on equipment | GJ1 | 4 752 | |
| | Profit on sale of asset | GJ1 | 252 | | Bank | CRJ1 | 4 500 | |
| | | | 9 252 | | | | 9 252 | |

178

Question 3

| Sassoon Stores | Fixed Asset Register Page 1 | | | | | | | | | |
|--|-----------------------------|--------------------------|----------|----------|--|--|--|--|--|--|
| General ledger account: Equipment (B6) | | | | | | | | | | |
| Item: Cash register | | | | | | | | | | |
| Purchased from: ABC C | luip | | | | | | | | | |
| Date of purchase: 1 Ma | rch 20.6 | | | | | | | | | |
| Cost price: R9 000 | | | | | | | | | | |
| Depreciation: 20% p.a. | on diminishing balance met | hod | | | | | | | | |
| Date sold: 1 December | 20.8 | | | | | | | | | |
| To whom sold: S. Penn | ington cash | | | | | | | | | |
| Selling price: R4 500 | | | | | | | | | | |
| Profit/Loss on sale: Pro | ofit on sale of asset R252 | | | | | | | | | |
| | | | Carrying | Remarks/ | | | | | | |
| Date | Current depreciation | Accumulated depreciation | value | Comments | | | | | | |
| 28 Feb. 20.7 | R1 800 | R1 800 | R7 200 | | | | | | | |
| 28 Feb. 20.8 | | | | | | | | | | |
| 1 Dec. 20.8 | R1 512 | R4 752 | R4 284 | | | | | | | |

Question 4

Notes to financial statements

| 1. Fixed/Tangible assets | Equipment |
|---|-----------|
| Carrying value at the beginning of the year: 1 April 20.6 | 46 240 |
| Cost | 69 720 |
| Accumulated depreciation | (23 480) |
| Movements | |
| Additions at cost | 1 950 |
| *Disposals at carrying value | (4 248) |
| Depreciation | (9 868) |
| Carrying value at the end of the year: 28 February 20.8 | 34 074 |
| Cost (69 720 + 1 950 – 9 000) | 62 670 |
| Accumulated depreciation (23 480 + 1 512 – 4 752 + 8 356) | (28 596) |

CHAPTER 5

unit 2: asset disposal

FM level 3 TG modules.indd 180

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