

# MODULE 5

## CREDIT PURCHASES AND ALLOWANCES

### Note to the Teacher:

In the previous module, we focused on credit sales and returns. In this module, we are moving our emphasis to credit buying and returns, although an integrated approach will be adopted in that all previous work will be part of the tasks given. The learners studied credit buying in Grade 9 but not returns. You are, therefore, urged to be selective in choosing how many of the first tasks to complete with your class depending on their prior knowledge and skills.

### TASK 5.1 Jim: Credit terms

The purpose of this task is for the learners to discuss what they already know about buying on credit and in particular the advantages and disadvantages. Internal control is an important concept to understand in accounting and should not be seen as something separate but an integral part of the accounting curriculum:

#### Advantages of buying on credit:

- Delayed payment terms.
- Less borrowing and thus less interest on the loans.
- Can buy in bulk and hopefully purchase cheaper.
- Etc.

#### Disadvantages of buying on credit:

- Could be charged interest.
- Can have a negative effect on your cash flow.
- Can negatively affect the reputation of the business if payments are not made.
- More administrative work.
- Etc.

#### Safeguards:

- Ledger accounts to keep records of each creditor.
- Must make payments on time so that you don't get charged interest or develop a bad name.
- Important to try to sell the stock and recover the money from the debtors before making payments.
- Etc.

### TASK 5.2 Jim (2): Flow diagram

This task is an extension of what the learners did in Task 3.1 and 3.2 when they looked at selling on credit. Allow them time to extend their thoughts into the buying on credit.

### TASK 5.3 Jim (3): Advice

Learners need to discuss an internal control procedure where there has to be authorisation and checking on each other – division of duties. Thus, they must design a procedure where somebody needs to check or verify all orders placed, orders received, and payments made.

### TASK 5.4 Sonja's Café: Spreadsheet

#### SPREADSHEET OF SONJA'S CAFÉ FOR JANUARY 20.1

Day	Assets		Expenses	Drawings	Liabilities	Income	Capital
	Trading stock	Equipment			Creditors control		
9	400				400		
15		1 200	800		2 000		
24			190		190		
	400	1 200	990		2 590		

**NOTE:** Trade discount is not shown – subtract and show only the actual price charged – historical cost rule.



## TASK 5.5 88 Hewston Cafeteria: CJ, Ledgers, Creditors List

### 5.5.1 HEWSTON CAFETERIA CREDITORS JOURNAL – JUNE 20.4

CJ1

Inv. no.	D	Creditor	Fol	Creditors control	Equipment	Trading stock	Consumables	Stationery	Sundry accounts	
									Amount	Fol
05	4	Neutron Shop Suppliers	CL2	7 322		6 726	596			
06	9	Neutron Shop Suppliers	CL2	936			666	270		
07	14	Qwert Wholesalers	CL3	900		900				
08	19	Neutron Shop Suppliers	CL2	296					296	Repairs
09	24	Opex Wholesalers	CL2	14 000	14 000					
10	25	Neutron Shop Suppliers	CL2	1 985		1 985				
11	29	Qwert Wholesalers	CL3	13 290		12 190	799	301		
				<b>38 729</b>	<b>14 000</b>	<b>21 801</b>	<b>2 061</b>	<b>571</b>	<b>296</b>	

N8

N7

B6

B5

### 5.5.2 GENERAL LEDGER OF HEWSTON CAFETERIA BALANCE SHEET ACCOUNTS SECTION

Dr	EQUIPMENT		B5	B6	N7	N8	Cr
20.4			20.4				
June 1	Balance	b/d	24 597	Balance			40 596
30	Creditors control	CJ1	14 000				
	Bank	CPJ	1 999				
			<b>40 596</b>				<b>40 596</b>
July 1	Balance	b/d	40 596				

TRADING STOCK		B6
20.4		20.4
June 1	Balance	b/d
30	Bank	CPJ
	Creditors control	CJ1
		<b>37 756</b>
July 1	Balance	b/d
		<b>37 756</b>

Dr					CREDITORS CONTROL					B7		Cr
20.4					20.4							
June	30	Balance	c/d	60 263	June	1	Balance	b/d			21 534	
						30	Sundry accounts*	CJ1			38 729	
				<b>60 263</b>							<b>60 263</b>	
					July	1	Balance	b/d			60 263	

\*Or total purchases

**NOMINAL ACCOUNTS SECTION  
CONSUMABLES**

					N7							
20.4												
June	1	Total	b/f	2 344								
	30	Creditors control	CJ1	2 061								
				<b>4 405</b>								

**STATIONERY**

N8

20.4												
June	1	Total	b/f	4 238								
	30	Creditors control	CJ1	571								
				<b>4 809</b>								

**5.5.3 CREDITORS LEDGER  
OPEX WHOLESALERS**

CL1

Date	Details		Fol	Debit	Credit	Balance
20.4						
June	1	Balance	b/d			9 874
	24	Inv 09	CJ1		14 000	23 874

**NEUTRON SHOP SUPPLIERS**

CL2

Date	Details		Fol	Debit	Credit	Balance
20.4						
June	1	Balance	b/d			5 678
	4	Inv 05	CJ1		7 322	13 000
	9	Inv 06	CJ1		936	13 936
	19	Inv 08	CJ1		296	14 232
	25	Inv 10	CJ1		1 985	16 217

**QWERT WHOLESALERS**

CL3

Date	Details		Fol	Debit	Credit	Balance
20.4						
June	1	Balance	b/d			5 982
	14	Inv 07	CJ1		900	6 882
	29	Inv 29	CJ1		13 290	20 172

**CREDITORS LIST ON 30 JUNE 20.4**

Creditor	Fol	Amount
Opex Wholesale Dealers	CL1	23 874
Neutron Shop Suppliers	CL2	16 217
Qwert Wholesalers	CL3	20 172
		<b>60 263</b>



### TASK 5.6 Hewston Cafeteria (2): Returns, Theory

The purpose of this task is to encourage the learners to determine the entries that need to be made. Give them time to draw up their own ledgers and determine what entries should be made. They can then design their own journal to make the necessary entries.



### TASK 5.7 ☞ Sonja's Cafe: Transaction analysis, Equation

No.	Document	Journal	Account debit	Account credit	A =	O +	L
9	Invoice	CJ	Trading stock	Creditors control	+400		+400
10	Debit Note (D/N)	CAJ	Creditors control	Trading stock	-40		-40
15	Invoice	CJ	Equipment	Creditors control	+1 200		+1 200
			Stationery	Creditors control		-800	+800
17	Debit Note (D/N)	CAJ	Creditors control	Stationery		+150	-150
24	Invoice	CJ	Repairs	Creditors control		-190	+190



### TASK 5.8 ☞ Molepo Stores: CJ, CAJ, Ledgers, Creditors List

#### 5.8.1 MOLEPO STORES CREDITORS JOURNAL – SEPTEMBER 20.8

Inv. no.	D	Creditor	Fol	Creditors control	Trading stock	Equipment	Stationery	Sundry accounts		CJ1
								Amount	Fol	
X1	3	Naidoo's Cash & Carry	CL2	9 210	8 760		450			
789	5	Yeng Fui CC	CL1	4 210	4 210					
B52	11	Plop Wholesalers	CL3	3 450	3 450					
813	13	Yeng Fui CC	CL1	1 980	1 980					
X41	15	Naidoo's Cash & Carry	CL2	4 340		4 340				
006	24	The Printshop	CL4	220			220			
				<b>23 410</b>	<b>18 400</b>	<b>4 340</b>	<b>670</b>			

B7

B6

B5

N8

**CREDITORS ALLOWANCES JOURNAL – SEPTEMBER 20.8**

CAJ1

D/N no.	D	Creditor	Fol	Creditors control	Trading stock	Equipment	Stationery	Sundry accounts		
								Amount	Fol	Details
D7	6	Naidoo's Cash & Carry	CL2	430	390		40			
D8	14	Plop Wholesalers	CL3	380	380					
D9	16	Yeng Fui CC	CL1	120	120					
D10	17	Plop Wholesalers	CL3	3 070*	3 070					
D11	29	Naidoo's Cash & Carry	CL2	90	90					
				<b>4 090</b>	<b>4 050</b>		<b>40</b>			

N8

B6

B7

\*3 450 – 380 (returns on 11<sup>th</sup>) = 3 070

**5.8.2 GENERAL LEDGER OF MOLEPO STORES  
BALANCE SHEET ACCOUNTS SECTION**

Dr		EQUIPMENT		B5		Cr	
		20.8	Sept 30	Balance	c/d	51 130	
Sept 1	Balance	b/d	46 790			51 130	
30	Creditors control	CJ1	4 340				
			<b>51 130</b>			<b>51 130</b>	
Oct 1	Balance	b/d	51 130				

**TRADING STOCK**

B6

20.8		B6	
		20.8	Sept 30
Sept 1	Balance	b/d	18 870
30	Creditors control	CJ1	18 400
			<b>37 270</b>
Oct 1	Balance	b/d	33 220
			<b>37 270</b>

**CREDITORS CONTROL**

B7

20.8		B7	
		20.8	Sept 30
Sept 30	Sundry accounts	CAJ1	4 090
	Balance	c/d	54 670
			<b>58 760</b>
			<b>58 760</b>
			<b>54 670</b>

**NOMINAL ACCOUNTS SECTION  
STATIONERY**

Dr					N8					Cr
20.8					20.8					
Sept	1	Total	b/f	3 310	Sept	30	Creditors control	CAJ1		40
	30	Creditors control	CJ1	670						
				3 980						40

**CREDITORS LEDGER  
YENG FUI CC**

				CL1		
Date		Details	Fol	Debit	Credit	Balance
20.8						
Sept	1	Balance	b/d			12 450
	5	Inv 789	CJ1		4 210	16 660
	13	Inv 813	CJ1		1 980	18 640
	16	D/N D9	CAJ1	120		18 520

**NAIDOO'S CASH & CARRY**

				CL2		
Date		Details	Fol	Debit	Credit	Balance
20.8						
Sept	1	Balance	b/d			14 570
	3	Inv X1	CJ1		9 210	23 780
	6	D/N D7	CAJ1	430		23 350
	15	Inv X41	CJ1		4 340	27 690
	29	D/N D11	CAJ1	90		27 600

**PLOP WHOLESALERS**

				CL3		
Date		Details	Fol	Debit	Credit	Balance
20.8						
Sept	1	Balance	b/d			8 330
	11	Inv B52	CJ1		3 450	11 780
	14	D/N D8	CAJ1	380		11 400
	17	D/N D10	CAJ1	3 070		8 330

**THE PRINTSHOP**

				CL4		
Date		Details	Fol	Debit	Credit	Balance
20.8						
Sept	24	Inv 006	CJ1		220	220

**5.8.3 CREDITORS LIST ON 30 SEPTEMBER 20.8**

Creditor	Fol	Amount
Yeng Fui CC	CL1	18 520
Naidoo's Cash & Carry	CL2	27 600
Plop Wholesalers	CL3	8 330
The Printshop	CL4	220
		<b>54 670</b>

## TASK 5.9

### Question & Answer

The learners have already learnt about discount allowed to debtors so allow them to extend this knowledge into determining the entries to be made for discount received.

#### Suggested answers

- 5.9.1** Your account with him will be reduced.  
**5.9.2** You will pay less.  
**5.9.3** The CPJ will have to be adapted, They can design their own journal based on their knowledge of the CRJ.  
**5.9.4** The learners must draw up the necessary ledger accounts and make the entries.  
**5.9.5** You will pay less thus your costs are reduced. You can make more profit.  
**5.9.6** No. If you have to borrow the money in order to pay, consider the cost of borrowing against the benefit of the discount.

## TASK 5.10

### Jaydrew Retailers: Accounting equation, CJ, CAJ, CPJ, Ledgers, Creditors List

#### 5.10.1

Day	Document	Journal	Account debit	Account credit	A =	O +	L
3	Invoice	CJ	Consumable stores Trading stock	Creditors control Creditors control	+7 740	-360	+360 +7 740
5	Cheque counterfoil (C/C)	CPJ	Creditors control	Bank	-5 000		-5 000
6	Debit Note (D/N)	CAJ	Creditors control	Consumable stores		+90	-90
7	Cheque counterfoil (C/C)	CPJ	Creditors control Creditors control	Bank Discount received	-8 550	+450	-8 550 -450
10	Invoice	CJ	Trading stock Consumable stores Stationery	Creditors control Creditors control Creditors control	+1 210		+1 210 +240 +170
12	Debit Note (D/N)	CAJ	Creditors control	Trading stock	-120		-120
15	Bank Statement (B/S)	CPJ	Creditors control Creditors control	Bank Discount received	-2 250	+250	-2 250 -250
17	Invoice	CJ	Repairs	Creditors control		-490	+490
18	Debit Note (D/N)	CAJ	Creditors control	Repairs		+50	-50
20	Invoice	CJ	Trading stock	Creditors control	+2 090		+2 090
25	Invoice	CJ	Equipment	Creditors control	+360		+360
26	Debit Note (D/N)	CAJ	Creditors control	Equipment	-120		-120
30	Bank Statement (B/S)	CPJ	Creditors control Creditors control	Bank Discount received	-8 968	+472	-8 968 -472

5.10.2 JAYDREW RETAILERS  
**CREDITORS JOURNAL – MAY 20.6**

CJ1

Inv no	Day	Creditor	Fol	Creditors control	Trading stock	Equipment	Consumable stores	Maintenance & repairs	Sundry accounts	
									Amount	Fol
B52	3	Evo Limited	CL3	8 100	7 740		360			
T098	10	Cormack's Best Deals	CL1	1 620	1 210		240			
Y21	17	Rextrue Wholesalers	CL2	490				490		Stationery
T130	20	Cormack's Best Deals	CL1	2 090	2 090					
B99	25	Evo Limited	CL3	360		360				
				<b>12 660</b>	<b>11 040</b>	<b>360</b>	<b>600</b>	<b>490</b>	<b>170</b>	

B7      B6      B5      N10

**CREDITORS ALLOWANCES JOURNAL – MAY 20.6**

CAJ1

D/N no.	Day	Creditor	Fol	Creditors control	Trading stock	Equipment	Consumable stores	Maintenance & repairs	Sundry accounts	
									Amount	Fol
D39	6	Evo Limited	CL3	90			90			
D40	12	Cormack's Best Deals	CL1	120	120					
D41	18	Rextrue Wholesalers	CL2	50				50		
D42	26	Evo Limited	CL3	120		120				
				<b>380</b>	<b>120</b>	<b>120</b>	<b>90</b>	<b>50</b>	<b>50</b>	

B7      B6      B5      N10

**CASH PAYMENTS JOURNAL FOR MAY 20.6**

CPJ1

Doc no.	Day	Details	Fol	Bank	Creditors control		Sundry accounts
					Pay-ments	Discount received	
C76	5	Cormack's Best Deals	CL1	5 000	5 000	-	
B/S	7	Rextrue Wholesalers	CL2	8 550	8 550	450	
B/S	15	Evo Limited	CL3	2 250	2 250	250	
B/S	30	Rextrue Wholesalers	CL2	8 968	8 968	472	
				<b>24 768</b>	<b>24 768</b>	<b>1 172</b>	

B7      B7      B7 N9



5.10.3

**GENERAL LEDGER OF JAYDREW RETAILERS**

**BALANCE SHEET ACCOUNTS SECTION**

**EQUIPMENT** B5

Dr				Cr				
20.6					20.6			
May	1	Balance	b/d	75 000	May	31	Creditors control	CAJ1 120
	31	Creditors control	CJ1	360			Balance	c/d 75 240
				75 360				75 360
June	1	Balance	b/d	75 240				

**TRADING STOCK** B6

20.6					20.6			
May	1	Balance	b/d	44 660	May	31	Creditors control	CAJ1 120
	31	Creditors control	CJ1	11 040			Balance	c/d 55 580
				55 700				55 700
June	1	Balance	b/d	55 580				

**CREDITORS CONTROL** B7

20.6					20.6			
May	31	Sundry accounts*	CAJ1	380	May	1	Balance	b/d 32 000
		Bank	CPJ1	24 768		31	Sundry accounts*	CJ1 12 660
		Discount received	CPJ1	1 172				
		Balance	c/d	18 340				
				44 660				44 660
					June	1	Balance	b/d 18 340

\*or Total returns/allowances

\*\*or Total purchases

CL  
TOTAL

**NOMINAL ACCOUNTS SECTION**

**DISCOUNT RECEIVED**

N9

					20.6			
					May	1	Total	b/f 500
						31	Creditors control	CPJ1 1 172
								1 672

**MAINTENANCE AND REPAIRS**

N10

20.6					20.6			
May	1	Total	b/f	1 500	May	31	Creditors control	CAJ1 50
	31	Creditors control	CJ1	490				
				1 990				50

5.10.4 **CREDITORS LEDGER**  
**CORMACK'S BEST DEALS**

CL1

Date		Details	Fol	Debit	Credit	Balance
20.6						
May	1	Balance	b/d			11 500
	5	<del>Cheq C76</del> BS	CPJ1	5 000		6 500
	10	Inv T098	CJ1		1 620	8 120
	12	D/N D40	CAJ1	120		8 000
	20	Inv T130	CJ1		2 090	10 090

- L +

**REXTRUE WHOLESALERS**

**CL2**

Date	Details	Fol	Debit	Credit	Balance
20.6					
May 1	Balance	b/d			18 000
7	Electronic transfer	CPJ1	8 550		9 450
	Discount received	CPJ1	450		9 000
17	Inv Y21	CJ1		490	9 490
18	D/N D41	CAJ1	50		9 440
30	Electronic transfer	CPJ1	8 968		472
	Discount received	CPJ1	472		-

**EVO LIMITED**

**CL3**

Date	Details	Fol	Debit	Credit	Balance
20.6					
May 1	Balance	b/d			2 500
3	Inv B52	CJ1		8 100	10 600
6	D/N D39	CAJ1	90		10 510
15	Electronic transfer	CPJ1	2 250		8 260
	Discount received	CPJ1	250		8 010
25	Inv B99	CJ1		360	8 370
26	D/N D42	CAJ1	120		8 250

**5.10.5 CREDITORS LIST ON 31 MAY 20.6**

Creditor	Fol	Amount
Cormack's Best Deals	CL1	10 090
Rextrue Wholesalers	CL2	-
Evo Limited	CL3	8 250
		<b>18 340</b>

**TASK 5.11  McNally Stores: Journals, Ledgers, Debtors/Creditors List, Trial Balance**

The purpose of this task is for learners to appreciate working together as a team and division of duties. Thus each member of the group should be allocated different roles e.g. cash receipts, cash payments, credit sales, etc. Ensure that a different person posts to the ledger making use of the journals prepared.

5.11.1 McNALLY STORES  
CASH RECEIPTS JOURNAL FOR AUGUST 20.3

CRJ8

Doc no.	Day	Details	Fol	Analysis of receipts	Bank	Sales	Cost of sales	Debtors control		Sundry accounts	
								Receipts	Discount allowed	Amount	Fol
R01	4	S. Smart		13 775	13 775			13 775 <sup>[1]</sup>	725		
R02	5	B. Wise		9 000	9 000			9 000	-		
CRT1	8	Sales		19 470	19 470	12 980					
R03	15	A. McNally		10 000				7 078 <sup>[2]</sup>	372	10 000	B1 Capital
R04		T. Tough		7 078							
CRT2		Sales		21 720	38 798	14 480					
CRT3	24	Sales		18 540	18 540	12 360					
R05	25	City Treasurer		320	320					320	N7 Water and electricity
R06	26	S. Smart		8 430				8 430	-		
R07		B. Wise		4 500	12 930			4 500	-		
R08	31	Grewer Logistics		4 670	28 760	16 060				4 670	N16 Commission income
CRT4		Sales		24 090	141 593	55 880		42 783	1 097	14 990	
					B6	N1	N2	B5	B5 N10		

Alternative format:

<sup>[1]</sup>Debtors control 14 500

<sup>[2]</sup>Debtors control 7 450 (rounded off)

**CASH PAYMENTS JOURNAL FOR AUGUST 20.3**

**CPJ8**

Doc no.	D	Details	Fol	Bank	Creditors control		Wages & salaries	Trading Stock	Sundry accounts	
					Payments	Discount received			Amount	Fol
C1	4	Buttons & Co	CL2	15 000	15 000 <sup>[1]</sup>	500				
C2	7	Employees		15 000			15 000			
C3		Buttons & Co		650					650	N5 Consumable stores
C4	9	Stripes Ltd		1 070				1 070		
C5	12	Zip Wholesalers	CL1	10 170	10 170 <sup>[2]</sup>	1 130				
C6	14	Employees		15 000			15 000			
C7	18	Zip Wholesalers		13 490				12 330		N5 Consumable stores
C8	21	Employees		15 000			15 000			
C9	24	Stripes Ltd		370					370	N12 Stationery
C10	25	City Treasurer		912					912	N7 Water and electricity
C11		TMN		1 370					1 370	N9 Telephone
C12		A McNally		2 900					2 900	B2 Drawings
C13	26	Buttons & Co	CL2	8 630	8 630 <sup>[3]</sup>	960				
C14	27	Stripes Ltd	CL3	7 460	7 460	-				
C15	28	Employees		15 000			15 000			
C16		B. Ballard		21 000			21 000			
C17		Svet Bank		6 875					6 875	B9 Loan: Svet Bank
B/S	31	B. Wise (R/D)	DL3	4 500					4 500	B5 Debtors control
B/S		S. Smart (R/D)	DL1	8 430					8 430	B5 Debtors control
B/S		Bank		590					250	N13 Bank charges
									340	N14 Interest on overdraft
C-18		Cash		1 860					1 860	B7 Petty cash
				<b>165 277</b>	<b>41 260</b>	<b>2 590</b>	<b>81 000</b>	<b>13 400</b>	<b>29 617</b>	
				B6	B8	B8 N11	N4	B4		

Alternative format:

<sup>[1]</sup>Creditors control 15 500

<sup>[2]</sup>Creditors control 11 300

<sup>[3]</sup>Creditors control 9 590

**PETTY CASH JOURNAL - AUGUST 20.3**

**PCJ8**

Doc no	D	Details	Petty cash	Wages	Repairs	Consumables	Sundry accounts		
							Amount	Fol	Details
V1	4	PFN Stationers	120			120			
V2	7	Marius	300	300					
V3	10	A. McNally	50				50	B2	Drawings
V4	14	Marius	300	300					
V5	18	Zentech Suppliers	110			110			
V6	21	Gysmo Ltd	290				290	B3	Equipment
V7	21	Marius	300	300					
V8	25	Jabu	90		90				
V9	28	Marius	300	300					
			<b>1 860</b>	<b>1 200</b>	<b>90</b>	<b>230</b>	<b>340</b>		

B7
N4
N15
N5

**DEBTORS JOURNAL – AUGUST 20.3**

**DJ8**

Inv. No.	D	Debtor	Fol	Sales	Cost of sales
A1	5	B. Wise	DL3	14 820	9 880
A2	11	S. Smart	DL1	17 760	11 840
A3	14	T. Tough	DL2	23 100	15 400
A4	21	S. Smart	DL1	21 540	14 360
A5	24	B. Wise	DL3	15 150	10 100
				<b>92 370</b>	<b>61 580</b>

B6/N1
N2/B5

**DEBTORS ALLOWANCES JOURNAL – AUGUST 20.3**

**DAJ8**

C/N No.	D	Debtor	Fol	Debtors allowances	Cost of sales
M1	12	S. Smart	DL1	560	
M2	22	S. Smart	DL1	450	300
M3	27	B. Wise	DL3	1 200	800
				<b>2 210</b>	<b>1 100</b>

N3/B6
B5/N2

**CREDITORS JOURNAL – AUGUST 20.3**

CJ8

Inv. no.	D	Creditor	Fol	Creditors control	Trading stock	Equipment	Consumable stores	Maintenance & repairs	Sundry accounts		
									Amount	Fol	Details
Z1	9	Zip Wholesalers	CL1	3 050	2 560				490	N12	Stationery
Z2	14	Stripes Ltd	CL3	5 480	5 480						
Z3	19	Zip Wholesalers	CL1	11 630	4 560	6 700	370				
Z4	24	Buttons & Co	CL2	64 380	63 400	980					
Z5	25	Stripes Ltd	CL3	3 440	3 330		110				
				<b>87 980</b>	<b>79 330</b>	<b>7 680</b>	<b>480</b>		<b>490</b>		

B8 B4 B3 N5

**CREDITORS ALLOWANCES JOURNAL – AUGUST 20.3**

CAJ8

D/N. no.	D	Creditor	Fol	Creditors control	Trading stock	Equipment	Consumable stores	Maintenance & repairs	Sundry accounts		
									Amount	Fol	Details
D1	10	Zip Wholesalers	CL1	650	650						
D2	20	Zip Wholesalers	CL1	700		700					
D3	25	Buttons & Co	CL2	340	300	40					
D4	28	Stripes Ltd	CL3	110			110				
				<b>1 800</b>	<b>950</b>	<b>740</b>	<b>110</b>				

B8 B4 B3 N5

**5.11.2 GENERAL LEDGER OF McNALLY STORES  
BALANCE SHEET ACCOUNTS SECTION**

Dr		CAPITAL		B1		Cr	
20.3			20.3				
Aug	31	Balance	210 000	1	Balance	b/d	200 000
				3	Bank	CRJ8	10 000
			<b>210 000</b>				<b>210 000</b>
				1	Balance	b/d	210 000

Dr					DRAWINGS					B2		Cr	
20.3					20.3								
Aug	10	Bank	CPJ8	57 800	Aug	31	Balance	c/d				60 750	
	18	Petty cash	PCJ8	50									
	25	Bank	CPJ8	2 900									
				<b>60 750</b>								<b>60 750</b>	
Sep	1	Balance	b/d	60 750									

EQUIPMENT					B3								
20.3					20.3								
Aug	1	Balance	b/d	73 900	Aug	31	Creditors control	CAJ8				740	
	12	Petty cash	PCJ8	290			Balance	c/d				81 130	
	31	Creditors control	CJ8	7 680									
				<b>81 870</b>								<b>81 870</b>	
Sep	1	Balance	b/d	81 130									

TRADING STOCK					B4								
20.3					20.3								
Aug	1	Balance	b/d	35 760	Aug	31	Cost of sales	CRJ8				55 880	
	31	Creditors control	CJ8	79 330			Cost of sales	DJ8				61 580	
		Bank	CPJ8	13 400			Creditors control	CAJ8				950	
		Cost of sales	DAJ8	1 100			Balance	c/d				11 180	
				<b>129 590</b>								<b>129 590</b>	
Sep	1	Balance	b/d	11 180									

DEBTORS CONTROL					B5								
20.3					20.3								
Aug	1	Balance	b/d	47 670	Aug	31	Bank	CRJ8				42 783	
	31	Bank (r/d)	CPJ8	4 500			Discount allowed	CRJ8				1 097	
		Bank (r/d)	CPJ8	8 430			Debtors allowances	DAJ8				2 210	
		Sales	DJ8	92 370			Balance	c/d				106 880	
				<b>152 970</b>								<b>152 970</b>	
Sep	1	Balance	b/d	106 880									

BANK					B6								
20.3					20.3								
Aug	31	Sundry accounts	CRJ8	141 593	Aug	1	Balance	b/d				4 690	
		Balance	c/d	28 374		31	Sundry accounts	CPJ8				165 277	
				<b>169 967</b>								<b>169 967</b>	
					Sep	1	Balance	b/d				28 374	

PETTY CASH					B7								
20.3					20.3								
Aug	1	Balance	b/d	2 500	Aug	31	Sundry accounts	PCJ8				1 860	
	31	Bank	CPJ8	1 860			Balance	c/d				2 500	
				<b>4 360</b>								<b>4 360</b>	
Sep	1	Balance	b/d	2 500									

Dr					CREDITORS CONTROL					B8		Cr	
20.3					20.3								
Aug	31	Sundry accounts	CAJ8	1 800	Aug	1	Balance	b/d				39 990	
		Bank	CPJ8	41 260		31	Sundry accounts	CJ8				87 980	
		Discount received	CPJ8	2 590									
		Balance	c/d	82 320									
				<b>127 970</b>								<b>127 970</b>	
					Sep	1	Balance	b/d				82 320	

LOAN FROM SVETBANK					B9								
20.3					20.3								
Aug	28	Bank	CPJ8	6 875	Aug	1	Balance	b/d				50 000	
	31	Balance	c/d	43 125									
				<b>50 000</b>								<b>50 000</b>	
					Sep	1	Balance	b/d				43 125	

NOMINAL ACCOUNTS SECTION					SALES					N1			
					20.3								
					Aug	1	Total	b/f				160 670	
						31	Bank	CRJ8				83 820	
							Debtors control	DJ8				92 370	
												<b>336 860</b>	

COST OF SALES					N2								
20.3					20.3								
Aug	1	Total	b/f	60 320	Aug	31	Trading stock	DAJ8				1 100	
	31	Trading stock	CRJ8	55 880									
		Trading stock	DJ8	61 580									
				<b>177 780</b>								<b>1 100</b>	

DEBTORS ALLOWANCES					N3								
20.3													
Aug	1	Total	b/f	2 860									
	31	Debtors control	DAJ8	2 210									
				<b>5 070</b>									

SALARIES AND WAGES					N4								
20.3													
Aug	1	Total	b/f	96 000									
	31	Bank	CPJ8	81 000									
		Petty cash	PCJ8	1 200									
				<b>178 200</b>									

CONSUMABLES					N5								
20.3					20.3								
Aug	1	Total	b/f	4 510	Aug	31	Creditors control	CAJ8				110	
	7	Bank	CPJ8	650									
	18	Bank	CPJ8	1 160									
	31	Petty cash	PCJ8	230									
		Creditors control	CJ8	480									
				<b>7 030</b>								<b>110</b>	



Dr		INSURANCE				N6		Cr	
20.3									
Aug	1	Total	b/f	6 540					

WATER AND ELECTRICITY					N7				
20.3					20.3				
Aug	1	Total	b/f	8 770	Aug	25	Bank	CRJ8	320
	25	Bank	CPJ8	912					
				9 682					320

RENT EXPENSE					N8				
20.3									
Aug	1	Total	b/f	48 000					

TELEPHONE					N9				
20.3									
Aug	1	Total	b/f	12 900					
	25	Bank	CPJ8	1 370					
				14 270					

DISCOUNT ALLOWED					N10				
20.3									
Aug	1	Total	b/f	2 340					
	31	Debtors control	CRJ8	1 097					
				3 437					

DISCOUNT RECEIVED					N11				
					20.3				
					Aug	1	Total	b/f	4 520
						31	Creditors control	CPJ8	2 590
									7 110

STATIONERY					N12				
20.3									
Aug	9	Creditors control	CJ8	490					
	24	Bank	CPJ8	370					
				860					

BANK CHARGES					N13				
20.3									
Aug	31	Bank	CPJ8	250					

INTEREST ON OVERDRAFT					N14				
20.3									
Aug	31	Bank	CPJ8	340					

REPAIRS					N15				
20.3									
Aug	31	Petty cash	PCJ8	90					

Dr		<b>COMMISSION INCOME</b>				N16		Cr	
					20.3				
					Aug	31	Bank	CRJ8	4 670

**DEBTORS LEDGER  
S. SMART**

				DL1		
Date		Details	Fol	Debit	Credit	Balance
20.3						
Aug	1	Balance	b/d			14 500
	4	Receipt No. 1	CRJ8		13 775	725
		Discount allowed	CRJ8		725	-
	11	Invoice No. A1	DJ8	17 760		17 760
	12	Credit Note M1	DAJ8		560	17 200
	21	Invoice No. A4	DJ8	21 540		38 740
	22	Credit Note M2	DAJ8		450	38 290
	26	Receipt No. 06	CRJ8		8 430	29 860
	31	Cheque dishonoured	CPJ8	8 430		38 290

**T. TOUGH**

				DL2		
Date		Details	Fol	Debit	Credit	Balance
20.3						
Aug	1	Balance	b/d			14 900
	14	Invoice A3	DJ8	23 100		38 000
	15	Receipt No. 4	CRJ8		7 078	30 922
		Discount allowed	CRJ8		372	30 550

**B. WISE**

				DL3		
Date		Details	Fol	Debit	Credit	Balance
20.3						
Aug	1	Balance	b/d			18 270
	5	Receipt No. 2	CRJ8		9 000	9 270
	5	Invoice A1	DJ8	14 820		24 090
	24	Invoice A5	DJ8	15 150		39 240
	26	Receipt No. 7	CRJ8		4 500	34 740
	27	Credit Note M3	DAJ8		1 200	33 540
	31	Cheque dishonoured	CPJ8	4 500		38 040

**5.11.3 DEBTORS LIST ON 31 AUGUST 20.3**

Debtor	Fol	Amount
S. Smart	DL1	38 290
T. Tough	DL2	30 550
B. Wise	DL3	38 040
		<b>106 880</b>

**CREDITORS LEDGER  
ZIP WHOLESALERS**

**CL1**

Date		Details	Fol	Debit	Credit	Balance
20.3						
Aug	1	Balance	b/d			8 900
	9	Inv Z1	CJ8		3 050	11 950
	10	Debit Note D1	CAJ8	650		11 300
	12	Cheque C5	CPJ8	10 170		1 130
		Discount received	CPJ8	1 130		-
	19	Invoice Z3	CJ8		11 630	11 630
	20	Debit Note D2	CAJ8	700		10 930

**BUTTONS & CO.**

**CL2**

Date		Details	Fol	Debit	Credit	Balance
20.3						
Aug	1	Balance	b/d			25 090
	7	Electronic transfer	CPJ8	15 000		10 090
		Discount received	CPJ8	500		9 590
	24	Invoice Z4	CJ8		64 380	73 970
	25	Debit Note D3	CAJ8	340		73 630
	26	Electronic transfer	CPJ8	8 630		65 000
		Discount received	CPJ8	960		64 040

**STRIPES LTD.**

**CL3**

Date		Details	Fol	Debit	Credit	Balance
20.3						
Aug	1	Balance	b/d			6 000
	14	Invoice Z2	CJ8		5 480	11 480
	25	Invoice Z5	CJ8		3 440	14 920
	26	Cheque 14	CPJ8	7 460		7 460
	28	Debit Note D4	CAJ8	110		7 350

**CREDITORS LIST ON 31 AUGUST 20.3**

Creditor	Fol	Amount
Zip Wholesalers	CL1	10 930
Buttons & Co.	CL2	64 040
Stripes Ltd.	CL3	7 350
		<b>82 320</b>

**5.11.4 TRIAL BALANCE OF McNALLY STORES AS AT 31 AUGUST 20.3**

<b>Balance Sheet accounts section</b>	<b>Fol</b>	<b>DR</b>	<b>CR</b>
Capital	B1		210 000
Drawings	B2	60 750	
Equipment	B3	81 130	
Trading stock	B4	11 180	
Debtors control	B5	106 880	
Bank	B6		28 374
Petty cash	B7	2 500	
Creditors control	B8		82 320
Loan from Svet Bank	B9		43 125
<b>Nominal accounts section</b>			
Sales	N1		336 860
Cost of sales	N2	176 680	
Debtors allowances	N3	5 070	
Salaries and wages	N4	178 200	
Consumables	N5	6 920	
Insurance	N6	6 540	
Water and electricity	N7	9 362	
Rent expense	N8	48 000	
Telephone	N9	14 270	
Discount allowed	N10	3 437	
Discount received	N11		7 110
Stationery	N12	860	
Bank charges	N13	250	
Interest on overdraft	N14	340	
Repairs	N15	90	
Commission income	N16		4 670
		<b>712 459</b>	<b>712 459</b>



## TASK 5.12 Majola's Superette: Journals, Debtors/Creditors Ledger, General Ledger

### 5.12.1 MAJOLA'S SUPERETTE CASH RECEIPTS JOURNAL FOR FEBRUARY 20.2

CRJ2

Doc. no.	D	Details	Fol	Analysis of receipts	Bank	Sales	Cost of sales	Debtors control		Sundry accounts		
								Receipts	Discount allowed	Amount	Fol	Details
R01	1	ZBS			20 000					20 000		Loan: ZBS
R02	5	Ms X Quisite		265	265			265	15			
CRT01	7	Sales		7 800	7 800	5 850						
CRT02	14	Sales		6 200	6 200	4 650						
R03	19	Bey Knowles	DL1	430	430			430	20			
CRT03	21	Sales		9 200	9 200	6 900						
CRT04	26	Sales		12 000		9 000						
R04	26	Bluray Videos		1 200	13 200					1 200		Rent income
					<b>57 095</b>	<b>35 200</b>	<b>26 400</b>	<b>695</b>	<b>35</b>	<b>21 200</b>		

N1 B9 B7 B7

### CASH PAYMENTS JOURNAL FOR FEBRUARY 20.2

CPJ2

Doc. no.	D	Details	Fol	Bank	Creditors control		Wages	Trading stock	Sundry accounts			
					Payments	Discount received			Amount	Fol	Details	
C01	3	Telfone		360					360		Telephone	
C02	7	Cash		3 900			3 900					
C03	10	Cash		250					250		Cash float	
C04	14	Cash		3 900			3 900					
C05	16	Yebo Wholesalers	CL1	1 000	1 000	30						
C06	18	TLC		522						522	Water & electricity	
C07	21	Cash		5 850			5 850					
C08	25	Upfront Wholesalers		3 077				2 777		300	Equipment	
C09	26	Cash		6 435			6 435					
C10	27	CWT Printers		340						340	Stationery	
C11		Yebo Wholesalers	CL1	1 617	1 617	33						
C12	29	DeeJo Suppliers		545				450		95	Consumable stores	
				<b>27 796</b>	<b>2 617</b>	<b>63</b>	<b>20 085</b>	<b>3 227</b>	<b>1 867</b>			

B8 B8

**DEBTORS JOURNAL – FEBRUARY 20.2**

DJ2

Inv. no.	D	Debtor	Fol	Sales	Cost of sales
Inv 01	7	Bey Knowles	DL1	640	480
Inv 02	17	Bey Knowles	DL1	320	240
Inv 03	22	Ms X Quisite		520	390
Inv 04		Bey Knowles	DL1	780	585
				<b>2 260</b>	<b>1 695</b>

B7/N1

B9

**CREDITORS JOURNAL – FEBRUARY 20.2**

C-J2

Inv. no.	D	Creditor	Fol	Creditors control	Trading stock	Equipment	Consumable stores	Maintenance & repairs	Sundry accounts		
									Amount	Fol	Details
Inv01	12	Upfront Wholesalers		430	330				100		Stationery
Inv02	23	Yebo Wholesalers	CL1	340	340						
Inv03		Upfront Wholesalers		2 410	2 410						
				<b>3 180</b>	<b>3 080</b>				<b>100</b>		

B8

B9

**5.12.2 DEBTORS LEDGER  
BEY KNOWLES**

DL1

Date	Details	Fol	Debit	Credit	Balance
20.2					
Feb	1 Balance	b/d			450
	7 Inv 01	DJ2	640		1 090
	17 Inv 02	DJ2	320		1 410
	19 Rec 03	CRJ2		430	980
	Discount allowed	CRJ2		20	960
	22 Inv 04	DJ2	780		1 740

**5.12.3 CREDITORS LEDGER  
YEBO WHOLESALERS**

**CL1**

Date		Details	Fol	Debit	Credit	Balance
20.2						
Feb	1	Balance	b/d			2 340
	16	Cheque no. 5	CPJ2	1 000		1 340
		Discount received	CPJ2	30		1 310
	23	Inv 02	CJ2		340	1 650
	27	Cheque no. 11	CPJ2	1 617		33
		Discount received	CPJ2	33		-

**5.12.4 GENERAL LEDGER OF MAJOLA'S SUPERETTE  
BALANCE SHEET ACCOUNTS SECTION**

Dr					DEBTORS CONTROL					B7	Cr
20.2					20.2						
Feb	1	Balance	b/d	730	Feb	28	Bank	CRJ2			695
	28	Sales	DJ2	2 260			Discount allowed	CRJ2			35
							Balance	c/d			2 260
				<b>2 990</b>							<b>2 990</b>
Mar	1	Balance	b/d	2 260							

CREDITORS CONTROL					B8					
20.2					20.2					
Feb	28	Bank	CPJ2	2 617	Feb	1	Balance	b/d		4 240
		Discount received	CPJ2	63		28	Sundry accounts	CJ2		3 180
		Balance	c/d	4 740						
				<b>7 420</b>						<b>7 420</b>
					Mar	1	Balance	b/d		4 740

TRADING STOCK					B9					
20.2					20.2					
Feb	1	Balance	b/d	38 000	Feb	28	Cost of sales	CRJ2		26 400
	28	Bank	CPJ2	3 227			Cost of sales	DJ2		1 695
		Creditors control	CJ2	3 080			Balance	c/d		16 212
				<b>44 307</b>						<b>44 307</b>
Mar	1	Balance	b/d	16 212						

**NOMINAL ACCOUNTS SECTION  
SALES**

**N1**

					20.2					
					Feb	1	Total	b/f		47 000
						28	Bank	CRJ2		35 200
							Debtors control	DJ2		2 260
										<b>84 460</b>



## TASK 5.13 **Tovisha Wholesalers: Journals, Debtors/Creditors Ledger, General Ledger**

### 5.13.1 TOVISHA WHOLESALERS CASH RECEIPTS JOURNAL FOR APRIL 20.5

CRJ8

Doc. no.	D	Details	Fol	Analysis of receipts	Bank	Sales	Cost of sales	Debtors control		Sundry accounts	
								Receivables	Discount allowed	Amount	Fol
R10	1	J. Hovic	DL1	380				380	20		
CRT10		Sales		1 500	1 880	1 500	1 200				
R11	17	G. Guthrie		215				215	10		
CRT11		Sales		6 200	6 415	6 200	4 960				
R12	18	J. Hovic	DL1	100	100			100	5		
CRT12	25	Sales		3 510	3 510	3 510	2 808				
R13	29	UBS		3 510	2 120					2 000	Fixed deposit: UBS
										120	Interest on fixed deposit
					<b>14 025</b>	<b>11 210</b>	<b>8 968</b>	<b>695</b>	<b>35</b>	<b>2 120</b>	

B8

B6

B6

### CASH PAYMENTS JOURNAL FOR APRIL 20.5

CPJ8

Doc. no.	D	Details	Fol	Bank	Creditors control		Wages & salaries	Trading stock	Sundry accounts	
					Payments	Discount received			Amount	Fol
C10	3	Jennings Wholesalers		2 000				2 000		
C11	5	Cruisers High School		1 300					1 300	Drawings
C12	7	Cash		5 900			5 900			
C13	12	Alim Dealers	CL1	1 170		1 170				
C14	14	Cash		5 900			5 900			
C15	21	Cash		8 850			8 850			
C16	28	Stapleton Stationers		2 250		2 250				
C17		Cash		8 850			8 850			
ET	30	Teimok		670					670	Telephone
ET		QP Logistics		500				500		
ET		City Council		980					980	Water & electricity
				<b>38 370</b>	<b>3 420</b>	<b>280</b>	<b>29 500</b>	<b>2 500</b>	<b>2 950</b>	

B8

B7

B7



**DEBTORS JOURNAL – APRIL 20.5**

DJ8

Inv. No.	D	Debtor	Fol	Sales	Cost of sales
Inv10	3	G. Guthrie		225	180
Inv11	5	J. Hovic	DL1	375	300
Inv12	25	G. Guthrie		325	260
				<b>925</b>	<b>740</b>

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**DEBTORS ALLOWANCES JOURNAL – APRIL 20.5**

DAJ8

C/N No.	D	Debtor	Fol	Debtors allowances	Cost of sales
CN10	16	J. Hovic	DL1	45	
CN11	28	G. Guthrie		325	260
				<b>370</b>	<b>260</b>

B6

**CREDITORS JOURNAL – APRIL 20.5**

CJ8

Inv. no.	D	Creditor	Fol	Creditors control	Trading stock	Equipment	Consumable stores	Maintenance & repairs	Sundry accounts		
									Amount	Fol	Details
Inv10	5	Stapleton Stationers		2 700		2 500			200		Stationery*
Inv11	7	Alim Dealers	CL1	4 000	4 000						
Inv12	27	Alim Dealers	CL1	600			600				
				<b>7 300</b>	<b>4 000</b>	<b>2 500</b>	<b>600</b>		<b>200</b>		

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**CREDITORS ALLOWANCES JOURNAL – APRIL 20.5**

CAJ8

D/N no.	D	Creditor	Fol	Creditors control	Trading stock	Equipment	Consumable stores	Maintenance & repairs	Sundry accounts		
									Amount	Fol	Details
DN10	18	Alim Dealers	CL1	2 000	2 000						
DN11	25	Stapleton Stationers		200					200		Stationery*
				<b>2 200</b>	<b>2 000</b>				<b>200</b>		

B7

\* or treat as Consumable stores

**5.13.2 DEBTORS LEDGER**  
**J. HOVIC**

**DL1**

Date	Details	Fol	Debit	Credit	Balance
20.5					
Apr 1	Balance	b/d			400
	Receipt no. 10	CRJ8		380	20
	Discount allowed	CRJ8		20	-
5	Inv No. 11	DJ8	375		375
16	CN 10	DAJ8		45	330
18	Rec 12	CRJ8		100	230
	Discount allowed	CRJ8		5	225

**5.13.3 CREDITORS LEDGER**  
**ALIM DEALERS**

**CL1**

Date	Details	Fol	Debit	Credit	Balance
20.5					
Apr 1	Balance	b/d			2 400
7	Inv no. 11	CJ8		4 000	6 400
12	Cheque no. 13	CPJ8	1 170		5 230
	Discount received	CPJ8	30		5 200
18	D/N 10	CAJ8	2 000		3 200
27	Inv No. 12	CJ8		600	3 800

**5.13.4 GENERAL LEDGER OF TOVISHA WHOLESALERS**  
**BALANCE SHEET SECTION**

Dr					DEBTORS CONTROL					B6		Cr
20.5					20.5							
Apr 1	Balance	b/d	2 400		Apr 30	Debtors allowances	DAJ8		370			
	30	Sales	DJ8	925		Bank	CRJ8		695			
						Discount allowed	CRJ8		35			
						Balance	c/d		2 225			
				<b>3 325</b>								<b>3 325</b>
May 1	Balance	b/d	2 225									

CREDITORS CONTROL					B7							
20.5					20.5							
Apr 30	Sundry accounts	CAJ8	2 200		Apr 1	Balance	b/d		4 500			
	Bank	CPJ8	3 420		30	Sundry accounts	CJ8		7 300			
	Discount received	CPJ8	280									
	Balance	c/d	5 900									
			<b>11 800</b>									<b>11 800</b>
					May 1	Balance	b/d		5 900			

BANK					B8						
20.5					20.5						
Apr 1	Balance	b/d	25 600		Apr 30	Total payments	CPJ8		38 370		
	30	Total receipts	CRJ8	14 025		Balance	c/d		1 255		
				<b>39 625</b>							<b>39 625</b>
May 1	Balance	b/d	1 255								

## TASK 5.14 ☼💧 Accounting equation

No.	Document	Journal	Account debit	Account credit	A =	O +	L
1.	Receipt	CRJ	Bank	Capital	+50 000	+50 000	
2.	Cheque counterfoil/Bank statement	CPJ	Fixed deposit	Bank	±5 000		
3.	Cheque counterfoil	CPJ	Wages	Bank	-2 400	-2 400	
4.	Cheque counterfoil	CPJ	Trading stock	Bank	±120		
5.	Receipt	CRJ	Bank	Debtors control	±500		
			Discount allowed	Debtors control	-20	-20	
6.	Cheque counterfoil	CPJ	Cash float	Bank	±250		
7.	Cash register tape	CRJ	Bank	Sales	+1 420	+1 420	
			Cost of sales	Trading stock	-1 065	-1 065	
8.	Cheque counterfoil	CPJ	Creditors control	Bank	-720		-720
			Creditors control	Discount received		+35	-35
9.	Cheque counterfoil	CPJ	Drawings	Bank	-999	-999	
10.	Cheque counterfoil/Bank statement	CPJ	Salary	Bank	-4 500	-4 500	
11.	Invoice	CJ	Trading stock	Creditors control	+4 400		+4 400
12.	Invoice	DJ	Debtors control	Sales	+3 483	+3 483	
			Cost of sales	Trading stock	-2 322	-2 322	
13.	Cheque counterfoil	CPJ	Creditors control	Bank			±2 280
			Creditors control	Discount received		+120	-120
14.	Receipt/ Bank statement	CRJ	Bank	Loan			±3 000
15.	Cash register tape	CRJ	Bank	Sales		+3 726	-3 726
			Cost of sales	Trading stock	-4 140	-4 140	
16.	Bank statement	CPJ	Bank charges	Bank		-250	+250
17.	Receipt/ Bank statement	CRJ	Bank	Interest income		+67	-67
18.	Cheque counterfoil	CPJ	Petty cash	Bank	+513		+513
19.	Cheque counterfoil/Bank statement	CPJ	Loan	Bank			±500
20.	Cheque counterfoil	CPJ	Creditors control	Bank			±429
			Creditors control	Discount received		+11	-11
21.	Credit note	DAJ	Debtors allowances	Debtors control	-150	-150	
			Trading stock	Cost of sales	+100	+100	
22.	Debit note	CAJ	Creditors control	Trading stock	-360		-360

## TASK 5.15 Thirsk Stores: CRJ, CPJ, DJ, DAJ, CJ, CAJ, General/Debtors Ledger

### THIRSK STORES CASH RECEIPTS JOURNAL – MAY 20.9

CRJ6

Doc. no.	D	Details	Fol	Analysis of receipts	Bank	Debtors control		Sales	Cost of sales	Sundry accounts	
						Receipts	Discount allowed			Amount	Fol
101	1	S Wright			20 000					20 000	Capital
CRT101	6	Sales		2 700	2 700			2 700	1 800		
102	9	S. Sukdeo		520		520					
103		C Zwane		400	920	400	35				
CRT102	16	Sales		2 400	2 400			2 400	1 600		
CRT103	25	Sales		4 200				4 200	2 800		
104		A de Wet		800	5 000					800	Rent income
105	26	C Cornwall			4 050	4 050	450				Interest income
BS	31	Payne Bank			85	4 970	485	9 300	6 200	20 885	
					35 155	4 970	485	9 300	6 200	20 885	

### CASH PAYMENTS JOURNAL – MAY 20.9

CPJ8

Doc no	Day	Details	Fol	Bank	Trading Stock	Creditors control		Wages	Debtors control	Sundry accounts	
						Payments	Discount received			Amount	Fol
2001	4	C van Tonder		4 050	3 800					250	N5 Stationery
2002	7	Cash		1 450				1 450			
2003	12	S Hulbert		1 100		1 100	60				
2004	14	Cash		1 450				1 450			
2005	21	Cash		1 450				1 450			
2006	22	E Rossler		720	720						
2007	24	J White		1 200		1 200	90				
2008	25	S Hulbert		300		300					
2009	27	T Locke		5 500	5 180					320	Stationery
BS	31	Payne Bank		60					520	60	Bank charges
BS		S Sukdeo (R/D)		520						1 100	Water & electricity
BS		Municipality		1 100	9 700	2 600	150	4 350	520	1 730	
					18 900	2 600	150	4 350	520	1 730	

**THIRSK STORES  
CREDITORS JOURNAL – MAY 20.9**

CJ8

Inv. no.	D	Creditor	Fol	Creditors control	Trading stock	Equipment	Stationery & printing	Consumable stores	Sundry accounts	
									Amount	Fol
MW5354	11	L Poley		1 300	900		250	150		
T1575	19	S Hulbert		2 570	650	1 800	120			
I 456	28	J White		5 320	3 200	1 600		520		
				9 190	4 750	3 400	370	670		

**CREDITORS ALLOWANCES JOURNAL – MAY 20.9**

CAJ2

D/N no.	D	Creditor	Fol	Creditors control	Trading stock	Equipment	Stationery & printing	Consumable stores	Sundry accounts	
									Amount	Fol
55	15	L Poley		130	90					
56	29	J White		240		240	25	15		
				370	90	240	25	15		

**DEBTORS JOURNAL – MAY 20.9**

DJ4

Inv. No.	D	Debtor	Fol	Sales	Cost of sales
1002		C Cornwall		450	300
1003		C Zwane		600	400
1004	17	S Sukdeo		300	200
1005	29	S Sukdeo		900	600
				2 520	1 680

**DEBTORS ALLOWANCES JOURNAL – MAY 20.9**

DAJ2

C/N No.	D	Debtor	Fol	Debtors allowances	Cost of sales
11	30	S Sukdeo		320	
				470	100

**GENERAL LEDGER OF THIRSK STORES**

Dr					DEBTORS CONTROL					B	Cr
20.9					20.9						
May	1	Balance	b/d	8 900	May	31	Bank	CRJ6	4 970		
	31	Sales	DJ4	2 520			Discount allowed	CRJ6	485		
		Bank (R/D)	CPJ8	520			Debtors allowances	DAJ2	470		
							Balance	c/d	6 015		
				<b>11 940</b>					<b>11 940</b>		
June	1	Balance	b/d	6 015							

CREDITORS CONTROL					B				
20.9					20.9				
May	31	Sundry accounts	CAJ2	370	May	1	Balance	b/d	6 600
		Bank	CPJ8	2 600		31	Sundry accounts	CJ8	9 190
		Discount received	CPJ8	150					
		Balance	c/d	12 670					
				<b>15 790</b>					<b>15 790</b>
					June	1	Balance	b/d	12 670

**NOMINAL ACCOUNTS SECTION**

SALES					N				
					20.9				
					May	1	Total	b/f	12 860
						31	Bank	CRJ6	9 300
							Debtors control	DJ4	2 520
									<b>24 680</b>

DISCOUNT ALLOWED					N				
20.9									
May	1	Total	b/f	420					
	31	Debtors control	CRJ6	485					
				<b>905</b>					

**DEBTORS LEDGER OF THIRSK STORES**

**S. SUKDEO**

				DL		
Date		Details	Fol	Debit	Credit	Balance
20.9						
May	1	Balance	b/d			1 200
	3	Invoice 1001	DJ4	270		1 470
	9	Receipt 102	CRJ6		520	950
	17	Invoice 1004	DJ4	300		1 250
	29	Invoice 1005	DJ4	900		2 150
	30	Credit note 11	DAJ2		320	1 830
	31	Cheque dishonoured	CPJ8	520		2 350

## TASK 5.16 ☹️ N. Nishal: Transaction analysis

### 5.16.1 SPREADSHEET OF XYZ TRADERS FOR MARCH

Date	Journal	Document	General Ledger		Debtors Ledger		Amount
			Account debit	Account credit	Account debit	Account credit	
1	DJ	Invoice	Debtors control	Sales	N. Nishal		600
2	DJ	Invoice	Debtors control	Sales	N. Nishal		475
5	DAJ	C/N	Debtors allowances	Debtors control		N. Nishal	130
10	DJ	Invoice	Debtors control	Sales	N. Nishal		750
15	CRJ	Receipt	Bank	Debtors control		N. Nishal	230
16	DAJ	C/N	Discount allowed	Debtors control		N. Nishal	20
20	DJ	Invoice	Debtors allowances	Debtors control		N. Nishal	100
25	CRJ	Receipt	Debtors control	Sales	N. Nishal		610
29	CPJ	D/N/ BS	Bank	Debtors control		N. Nishal	400
							400

### 5.16.2 Transactions:

- 1 Balance outstanding R475
- 1 Sold goods on credit to N. Nishal as per invoice no. 317 for R600
- 1 Sold goods on credit to N. Nishal as per invoice no. 333 for R475
- 5 N. Nishal returned goods as per credit note no. 123 for R130
- 10 Sold goods on credit to N. Nishal as per invoice no. 402 for R750
- 15 N. Nishal paid R230 off his account and we gave him discount of R20. Issued receipt no. 459
- 16 N. Nishal returned goods for R100 as per credit note no. 139
- 20 Sold goods on credit to N. Nishal as per invoice no. 537 for R610
- 25 N. Nishal paid R400 off his account. Issued receipt no. 527
- 29 Bank informed us that N. Nishal's cheque received on the 25<sup>th</sup> has been returned marked R/D – Insufficient funds.

**5.16.3** N. Nishal owed R475 at the beginning of the month and he has only paid R230 plus discount of R20. The R400 cheque to sort out this account in 30 days, was returned marked R/D. He is, therefore, not settling his account in 30 days. He should be charged interest.



### TASK 5.17 Patel's Outfitters: Transaction analysis

Date	Journal	Source document	General ledger		Subsidiary ledger		Amount
			Debit	Credit	Debit	Credit	
3	DJ	Invoice	Debtors control	Sales	M. Momet		300
			Cost of sales	Trading stock			200
8	DJ	Invoice	Debtors control	Sales	M. Momet		600
			Cost of sales	Trading stock			400
9	DAJ	Credit note	Debtors allowances	Debtors control		M. Momet	150
			Trading stock	Cost of sales			100
14	CRJ	CRT	Bank	Sales			420
			Cost of sales	Trading stock			280
15	CRJ	Receipt	Bank	Debtors control		M. Momet	1 000
			Discount allowed	Debtors control		M. Momet	25
19	CRJ	CRT	Bank	Sales			360
			Cost of sales	Trading stock			240
	DJ	Invoice	Debtors control	Sales	M. Momet		540
			Cost of sales	Trading stock			360
21	CRJ	Receipt	Bank	Debtors control		M. Momet	700
25	DJ	Invoice	Debtors control	Sales	M. Momet		525
			Cost of sales	Trading stock			350
26	CPJ	B/S or D/N	Debtors control	Bank	M. Momet		700



### TASK 5.18 JP'S Star Shop: Debtors Ledger

#### DEBTORS LEDGER OF JP'S STAR SHOP MACK MAHAN

DL-31

Date	Details	Fol	Debit	Credit	Balance
20.7					
1	Balance	b/d			1 465
5	Invoice	DJ	970		2 435
9	Credit note	DAJ		123	2 312
14	Receipt	CRJ		1 400	912
20	Electronic transfer	CRJ		300	612
23	Invoice	DJ	249		861
25	R/D cheque	CPJ	1 400		2 261



## TASK 5.19 Appleby's Antiques: Debtors Ledger

### 5.19.1 DEBTORS LEDGER OF APPLEBY'S ANTIQUES MRS CAROL FURLY

DL29

Date	Details	Fol	Debit	Credit	Balance
20.8					
Feb 1	Balance	b/d			572
3	Inv. no. F02	DJ	79		651
5	Rec. no. R89	CRJ		572	79
8	Inv. no. F19	DJ	499		578
12	R/d cheque	CPJ	572		1 150
13	C/N no. C229	DAJ		36	1 114
25	Rec. no. R130	CRJ		900	214
	Discount	CRJ		45	169
27	Inv. no. F36	DJ	756		925
29	C/N no. C248	DAJ		49	876

### 5.19.2 Transactions

- 1 Balance owing on the 1 Feb 20.8 by Mrs Carol Furly – R572.
- 3 Sold goods on credit to Mrs Carol Furly as per invoice no. F02 for R79.
- 5 Mrs Carol Furly paid R572 off her account – issued receipt no. R89.
- 8 Sold goods on credit to Mrs Carol Furly as per invoice no. F19 for R499.
- 12 Mrs Carol Furly's cheque for R572 returned by the bank marked R/D.
- 13 Mrs Carol Furly returned goods per credit note no. C229 for R36.
- 25 Mrs Carol Furly paid R900 off her account. Gave her a discount of R45. Issued receipt no. R130.
- 27 Sold goods on credit to Mrs Carol Furly as per invoice no. F36 for R756.
- 29 Mrs Carol Furly returned goods for R49 as per C/N C248.

## TASK 5.20 GM Distributors: Transaction analysis

### 5.20.1 CREDITORS LEDGER OF XYZ TRADERS GM DISTRIBUTORS

DL1

Date	Details	Fol	DR	CR	Balance
20.7					
Mar 1	Balance	b/d			6 600
5	Inv 404	CJ		2300	8 900
6	Cheque no. 867	CPJ	400		8 500
	Discount	CPJ	20		8 480
7	D/N 37	CAJ	300		8 180
12	Inv 450	CJ		850	9 030
15	Inv 455	CJ		450	9 480
25	Cheque 979	CPJ	800		8 680

### 5.20.2 SPREADSHEET OF XYZ TRADERS

Date	Subsidiary Book	Document	General Ledger		Creditors Ledger		Amount
			Account debit	Account credit	Account debit	Account credit	
5	CJ	Invoice	Trading stock	Creditors control			2 300
6	CPJ	Cheque counterfoil	Creditors control	Bank	GM Distributors		400
7	CAJ	D/N	Creditors control	Discount received	GM Distributors		20
12	CJ	Invoice	Creditors control	Trading stock	GM Distributors		300
15	CJ	Invoice	Trading stock	Creditors control	GM Distributors		850
25	CPJ	Cheque counterfoil	Trading stock	Creditors control	GM Distributors		450
			Creditors control	Bank			800

**Note:** The invoices could have been to buy various items, e.g. trading stock, stationary, consumable stores, etc.

### 5.20.3 Transactions:

- Balance owing to GM Distributors on 1<sup>st</sup> March, R6 600.
- Bought goods on credit from GM Distributors for R2 300 as per invoice no. 404.
- Paid GM Distributors R400 per cheque no. 867 and received discount of R20.70.
- Returned goods as per D/N 37 for R300.
- Bought goods on credit from GM Distributors for R850 as per invoice no. 450.
- Bought goods on credit from GM Distributors for R450 as per invoice no. 455.
- Paid GM Distributors R800 per cheque no. 979.

### 5.20.4

During the month a total of R1 200 was paid and a further R20 discount was received (R1 220). The opening balance was R6 600. Therefore they are not meeting their credit terms of 30 days.

They need to settle in 30 days in order to obtain the discount on early settlement.

## TASK 5.21 XL Men's Outfitters: Creditors Ledger

### CREDITORS LEDGER OF XL MENS' OUTFITTERS BAJCO FACTORY SHOP

Date	Document / Details	Fol	CL		Balance
			Dr	Cr	
20.9					
Apr 1	Balance	b/d			4 560
4	Invoice no. 100	CJ		11 879	16 439
10	Debit Note no. 20	CAJ	1 467		14 972
12	Invoice no. 110	CJ		7 000	21 972
15	Debit note no. 24	CAJ	700		21 272
15	Electronic payment	CPJ	8 000		13 272
	Discount received	CPJ	400		12 872
24	Invoice no. 122	CJ		12 340	25 212
27	Debit Note no. 27	CAJ	500		24 712
28	Electronic payment	CPJ	12 356		12 356
	Discount received	CPJ	424		11 932

## TASK 5.22 Tapel's Boutique: Creditors Ledger

### 5.22.1 TAPEL'S BOUTIQUE CREDITORS LEDGER AMANDA WHOLESALERS

CL39

Date	Details	Fol	Debit	Credit	Balance
20.3 Dec	1 Balance	b/d			<b>11 653</b>
	5 Inv. no. DD22	CJ		13 338	24 991
	9 D/N no. V7	CAJ	1 735		23 256
	14 Electronic payment – B/S	CPJ	15 000		<b>8 256</b>
	Discount	CPJ	750		7 506
	18 Inv. no. DD45	CJ		4 938	12 444
	21 D/N no. V12	CAJ	535		11 909
	27 Inv. no. DD59	CJ		922	12 831
	29 Cheq. no. 1132	CPJ	3 168		9 663

### 5.22.2 Transactions

- 1 Balance owing to Amanda Wholesalers, R11 653.
- 5 Bought goods on credit from Amanda Wholesalers as per invoice no. DD22 for R13 338.
- 9 Returned good worth R1 735 to Amanda Wholesalers as per D/N no. V7.
- 14 Paid Amanda Wholesalers R15 000 by electronic transfer and received a discount of R750.
- 18 Bought goods on credit from Amanda Wholesalers as per invoice no. DD45 for R4 938.
- 21 Returned goods worth R535 to Amanda Wholesalers as per D/N no. V12.
- 27 Bought goods on credit from Amanda Wholesalers as per invoice no. DD59 for R922.
- 29 Paid Amanda Wholesalers R3 168 as per cheque no. 1132.

## TASK 5.23 Tingle Dealers: General Ledger

### GENERAL LEDGER BALANCE SHEET ACCOUNTS SECTION TRADING STOCK

Dr				B				Cr	
20.2 Sep	1	Balance	b/d	61 982	20.2 Sep	30	Cost of sales	DJ	30 243
	30	Cost of sales	DAJ	2 103			Cost of sales	CRJ	46 671
		Creditors control	CJ	27 681			Creditors control	CAJ	5 569
		Petty cash	PCJ	820			Balance	c/d	10 103
				<b>92 586</b>					<b>92 586</b>
Oct	1	Balance	b/d	10 103					

### DEBTORS CONTROL

				B					
20.2 Sep	1	Balance	b/d	69 874	20.2 Sep	30	Bank	CRJ	42 386
	30	Bank (R/D)	CPJ	3 450			Discount allowed	CRJ	1 987
		Sales	DJ	40 324			Debtors allowances	DAJ	3 139
				<b>113 648</b>			Balance	c/d	66 136
									<b>113 648</b>
Oct	1	Balance	b/d	66 136					

Dr					CREDITORS CONTROL					B		Cr	
20.2					20.2								
Sep	30	Bank	CPJ	70 992	Sep	1	Balance	b/d				82 345	
		Discount received	CPJ	3 214		30	Sundry accounts	CJ				35 479	
		Sundry accounts	CAJ	5 766									
		Balance	c/d	37 852									
				<b>117 824</b>									<b>117 824</b>
					Oct	1	Balance	b/d				37 852	

## TASK 5.24 Ledger accounts

### GENERAL LEDGER BALANCE SHEET ACCOUNTS SECTION

Dr					TRADING STOCK					B7		Cr	
20.4					20.4								
Aug	1	Balance	b/d	35 672	Aug	31	<b>Cost of sales</b>	CRJ				<b>15 634</b>	
	31	Creditors control	CJ	12 960			Cost of sales	<b>DJ</b>				<b>7 610</b>	
		Bank	CPJ	9 544			<b>Creditors control</b>	CAJ				270	
		Cost of sales	<b>DAJ</b>	<b>140</b>			Balance	c/d				<b>34 802</b>	
				<b>58 316</b>								<b>58 316</b>	
Sept	1	Balance	b/d	<b>34 802</b>									

### DEBTORS CONTROL

B8

20.4					20.4								
Aug	1	Balance	b/d	6 210	Aug	31	Bank	CRJ				9 720	
	31	Sales	<b>DJ</b>	<b>11 415</b>			<b>Discount allowed</b>	CRJ				<b>420</b>	
		Bank (r/d cheques)	<b>CPJ</b>	1 207			<b>Debtors allowances</b>	DAJ				210	
				<b>18 832</b>			Balance	c/d				8 482	
												<b>18 832</b>	
Sept	1	Balance	b/d	8 482									

### CREDITORS CONTROL

B9

20.4					20.4								
Aug	31	Bank	CPJ	5 475	Aug	1	Balance	b/d				4 710	
		<b>Discount received</b>	CPJ	105		31	Sundry accounts	<b>CJ</b>				<b>12 960</b>	
		<b>Total allowances</b>	CAJ	<b>270</b>									
		Balance	c/d	<b>11 820</b>									
				<b>17 670</b>								<b>17 670</b>	
					Sept	1	Balance	b/d				<b>11 820</b>	

### NOMINAL ACCOUNTS SECTION

#### SALES

N1

					20.4								
					Aug	31	Total	b/f				120 889	
							Bank	CRJ				23 451	
							<b>Debtors control</b>	<b>DJ</b>				<b>11 415</b>	

#### COST OF SALES

N2

20.4					20.4								
Aug	1	Total	b/f	<b>80 593</b>	Aug	31	Trading stock	DAJ				<b>140</b>	
	31	Trading stock	CRJ	<b>15 634</b>									
		Trading stock	DJ	<b>7 610</b>									

## TASK 5.25 Era Stores: Trading stock account

5.25.1

Dr				TRADING STOCK				B6		Cr
20.6				20.6						
Apr	1	Balance	b/d	4 950	Apr	30	Creditors control	CAJ	215	
	30	Bank	CPJ	8 520			Cost of sales	DJ	1 430	
		Cost of sales	DAJ	180			Cost of sales	CRJ	6 200	
		Creditors control	CJ	12 275			Balance	c/d	18 080	
				25 925					25 925	
May	1	Balance	b/d	18 080						

<b>5.25.2</b>	<b>Answer the following questions:</b>
<b>(a)</b>	<b>Explain the entry for R180 on the Dr side of the account.</b>
	Trading stock with a cost price of R180 was returned.
<b>(b)</b>	<b>What is the value of stock bought during the month?</b>
	$R8\ 520 + R12\ 275 = R20\ 795$
<b>(c)</b>	<b>What is the cost price of the stock sold during the month?</b>
	$R1\ 430 + R6\ 200 = R7\ 630$
<b>(d)</b>	<b>Has this business sold their opening stock in one month? Quote figures in your answer.</b>
	Yes as the balance of R4 950 is less than the cost of the goods sold (R7 630)
<b>(e)</b>	<b>How long on an average do you think the stock of R18 080 at the end of the month will take to sell? Show your calculations.</b>
	$R18\ 080 / R7\ 630 = 2.4\ \text{months}$
<b>(f)</b>	<b>Considering this is a music store do you think it is acceptable for the business to hold this amount of stock? Discuss fully.</b>
	Learners to give their own opinions. Suggestions: music has a limited life span but 2 months is acceptable. The business also needs to hold a variety of stock.
<b>(g)</b>	<b>If the business did stocktaking of all the goods at the end of April 20.6 and calculated that their stock on hand was worth R17 950, what conclusion would you come to?</b>
	They have lost R130 worth of stock.
<b>(h)</b>	<b>What double entry do you think you will need to process to record your findings in (g) above?</b>
	<b>Dr Loss of stock    Cr Trading stock</b>

## TASK 5.26 Ethical & internal control scenarios affecting credit purchases

Before undertaking this task, it is advisable to inform the learners about what is meant by ethics in business, fraud and internal control (you may refer to Modules 13 and 14). In each of the following scenarios identify whether the problem relates to ethics or internal control, and spend time in class in discussing each scenario with regard to possible solutions.

<b>5.26.1</b>	This is ethical of Barry. Loyalty to a supplier is a good characteristic. Barry should remain with the tried and trusted supplier. The new supplier might be undercutting the current price just to get a foothold in the market. However, Barry should negotiate the best prices for his customers. He must do some investigation. If Goya's prices are too high, he should ask them to reduce them, failing which he could consider a new supplier.
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5.26.2	Poor internal control. The creditors' accounts in the Creditors Ledger should be compared to the statements received from the creditors so that the correct amount is paid. This will prevent any unnecessary over-payments being made, which would mean more work to be done in getting re-funds.
5.26.3	Poor internal control. With proper division of duties amongst the employees, the Creditors List (prepared by employee A) must equal the balance on the Control account (prepared by employee B). This means that any error by one of the employees can be detected each month promptly.
5.26.4	Fraud due to poor internal control. It appears that Ima has ordered the computer for herself and has tried to cover it up by a GJ entry. All assets ordered by the business must appear in the Fixed Assets Register. Proper division of duties will prevent such a problem, e.g. Employee A orders the asset, Employee B receives the asset, Employee C enters the assets in the Fixed Asset Register, Employee D enters the amounts in the journals and General Ledger, Employee E writes up the Creditors Ledger, and Employee F signs the cheques with another signatory.
5.26.5	Unethical. Barry must settle accounts promptly so that he does not get a poor reputation with his suppliers.
5.26.6	Possible theft or poor internal control. Barry must investigate this. It appears that R630 worth of items has gone missing in transportation back to the supplier, or an error has been made on one of the documents.
5.26.7	Possible theft or poor internal control. Barry must investigate this. It appears that 10 bags have gone missing, at the supplier, in transit, or at Barry's business.
5.26.8	This is possibly unethical on the part of the supplier. If the bags are badly made, they must accept them back, otherwise Barry must not use that supplier again. If the bags were damaged in Barry's business, he should bear the loss. If the customer has caused the damage, Barry might decide to refund him anyway if he wants to keep the customer on his books.

## CHECKLIST

Skills	Yes – proficient	Requires more attention	Complete
Analyse transactions using the accounting equation.			
Identification of documents relevant to the CJ and CAJ.			
Completion of the Creditors Journal.			
Completion of the Creditors Allowances Journal.			
Posting to the General and Creditors Ledgers.			
Extraction of a Creditors List.			
Recording of Cash Payments and Discount Received.			
Extraction of a Trial Balance.			
Recording of entries directly into the ledger accounts.			
Analysis of ledger accounts.			
Analyse ethical & internal control scenarios affecting credit purchases.			