

CAPS Edition

ACCOBILITY

The all-in-one Textbook and Workbook



Solution
Gr. 9
2nd
Year

Financial Literacy
Accounting for Gr 9
CAPS EDITION

ACCOBILITY

THE ALL-IN-ONE TEXTBOOK & WORKBOOK

**EMS
FINANCIAL LITERACY**

**ACCOUNTING FOR GR. 9
2021 CAPS EDITION**

TEACHER'S GUIDE

ISBN: 978-0-9922156-6-8

EXERCISE 1

You are the owner of a business that sells rackets, The Racket Shop. Study the diagram below and then answer the questions that follow:



1.	<p>You bought 400 rackets for the business. Calculate the total amount you had to pay.</p> $400 \times R150 = R60\,000$
2	<p>Calculate the profit that will be generated when one racket is sold.</p> $R350 - R150 = R200$
3	<p>How much will you receive if all the rackets are sold ?</p> $R350 \times 400 = R140\,000$
4	<p>What would the total profit amount to when all the rackets are sold ?</p> $R140\,000 - R60\,000 = R80\,000$ $R200 \times 400 = R80\,000$
5	<p>Calculate the percentage of profit that is made on the cost of one racket. Clue: Express the profit per racket as a percentage of the purchase price per racket.</p> $\frac{R200}{R150} \times \frac{100}{1} = 133\frac{1}{3}\%$

EXERCISE 2

2.1 Calculate the unknown values in each of the following cases:

1	Cost Price, R1 000 Gross Profit, R200 Selling Price, R?	Cost Price + R1 000	Gross Profit = R200	Selling Price R1 200
2	Cost Price, R800 Gross Profit, R? Selling Price, R1 500	Selling Price - R1 500	Cost Price = R800	Gross Profit R700
3	Cost Price, R? Gross Profit, R400 Selling Price, R1 600.	Selling Price - R1 600	Gross Profit = R400	Cost Price R1 200

2.2 Recem Computers bought 20 computers at a price of R4 500 each. They also paid the transport cost to deliver the computers to the business. The transport cost amounted to R2 500. The business' percentage profit mark-up is 80%. Answer the following questions:

1	Calculate the total amount Recem Computers had to pay for the 20 computers, they bought: $20 \times R4\ 500 + R2\ 500 = R92\ 500$
2	What is the cost price of one (1) computer? $R92\ 500 \div 20 = R4\ 625$
3	Calculate the Gross Profit that will be generated when one (1) computer is sold. $R4\ 625 \times 80\% = R3\ 700$
4	What is the selling price of one (1) computer? $R4\ 625 + R3\ 700 = R8\ 325$ Or $R4\ 625 \times 1.80 = R8\ 325$
5	Recem Computers sold 12 computers. Calculate the Cost of Sales for this transaction. $12 \times R4\ 625 = R55\ 500$
	Calculate the total Sales for this transaction. $12 \times R8\ 325 = R99\ 900$ Or $12 \times R4\ 625 \times 1.80 = R99\ 900$
	Calculate the total Gross Profit for this transaction. $R99\ 900 - R55\ 500 = R44\ 400$
	Calculate the value of the unsold Stock. Unsold computers = $20 - 12 = 8$ Value = $8 \times R4\ 625 = R37\ 000$

EXERCISE 3

Calculate the gross profit and selling price in each of the following cases:

No	Cost Price	% Mark-up	Calculation of profit	Profit	Selling Price
E.g.	R500	50%	$\frac{R500}{1} \times \frac{50}{100} =$	R250	R750
1.	R4 500	60%	R4 500 X 60% =	R2 700	R7 200
2.	R540	120%	R540 X 120% =	R648	R1 188
3.	R1 300	250%	R1300 X 250% =	R3 250	R4 550
4.	R1 800	33 $\frac{1}{3}$ %.	R1 800 X 33,3333'% =	R600	R2 400
5.	R45	66 $\frac{2}{3}$ %.	R45 X 66,6666'% =	R30	R75
6.	R40	25%.	R40 X 25% =	R10	R50
7.	R130	100%	R130 X 100% =	R130	R260
8.	R180	40%.	R180 X 40% =	R72	R252
9.	R1 250	80%	R1 250 X 80% =	R1 000	R2 250
10.	R750	250%	R750 X 250% =	R1 875	R2 625
11.	R12 000	75%	R12 000 X 75% =	R9 000	R21 000
12.	R8 000	150%	R8 000 X 150% =	R12 000	R20 000
13.	R90	33 $\frac{1}{3}$ %	R90 X 33,3333'% =	R30	R120
14.	R2000	45%	R2 000 X 45% =	R900	R2 900
15.	R600	25%	R600 X 25% =	R150	R750

EXERCISE 4

Study the cases below and then answer the questions:

CASE 1:

Amos Zulu is the owner of Zulu Traders, a business that sells garden-tools. He bought the following stock recently:

10 Wheelbarrows at R450 each
 30 Gardening-forks at R45 each
 50 Spades at R40 each.

He sells his stock at a profit mark-up of :

Wheelbarrow - 75%
 Garden-forks - 66⅔%
 Spades - 120%.

Answer the following questions:

4.1.1	Calculate the total purchasing price of the 10 wheelbarrows: 10 X R450 R4 500	Calculate the total purchasing price of the 30 garden-forks: 30 X R45 R1 350	Calculate the total purchasing price of the 50 spades: 50 X R40 R2 000
4.1.2	Calculate the profit that will be made on 1 wheelbarrow: R450 X 75% R337,50	Calculate the profit that will be made on 1 garden-fork: R45 X 66⅔% R30	Calculate the profit that will be made on 1 spade: R40 X 120% R48
4.1.3	Calculate the selling price of 1 wheelbarrow: R450 + R337,50 = R787,50 R450 X 175% = R787,50	Calculate the selling price of 1 garden-fork: R45 + R30 = R75 R45 X 166⅔% = R75	Calculate the selling price of 1 spade: R40 + R48 = R88 R40 X 220% = R88
4.1.4	Zulu Traders sold 3 wheelbarrows, 5 garden-forks and 6 spades to a client. What will the total sales amount to? (3 X R787,50) + (5 X R75) + (6 X R88) R2 362,50 + R375 + R528 R3 265,50		
4.1.5	Did Zulu Trades make a profit with the previous transaction? Make use of a calculation to substantiate your answer. R3115,50 - [(3 X R450) + (5 X R45) + (6 X R40)] R3 265,50 - R1 815) R1 450,50 profit made		

CASE 2:

Manny Naidoo sells cell phone accessories. Manny bought 20 cell phones and paid R1 200 each. He also paid the transport cost to deliver the phones to his shop. The transport cost amounted to R1 000.

Answer the following questions:

4.2.1	<p>Calculate the total amount Manny had to pay for the 20 cell phones, he bought:</p> $(20 \times R1\ 200) + R1\ 000$ $R24\ 000 + R1\ 000$ $R25\ 000$
4.2.2	<p>Manny sells a cell phone at R2 375. Calculate the profit that will be generated when one cell phone is sold:</p> $R25\ 000 \div 20 = R1\ 250 \text{ cost price}$ $R2\ 375 - R1\ 250 = R1\ 125 \text{ profit}$
4.2.3	<p>What will the total profit amount to when all the cell phones are sold?</p> $R1\ 125 \times 20 = R22\ 500$

EXERCISE 5

Calculate the profit mark-up percentage achieved in each of the following cases:

No	Cost Price	Gross Profit	Selling Price	Calculation of <u>% Mark-up</u>	% Mark-up
E.g.	R200	R100	R300	$\frac{R100}{R200} \times \frac{100}{1} =$	50%
1.	R1 200	R372	R1 572	$R372 \div R1\ 200 \times 100 =$	31%
2.	R730	R730	R1 460	$R730 \div R730 \times 100 =$	100%
3.	R550	R330	R880	$R330 \div R550 \times 100 =$	60%
4.	R3 000	R600	R3 600	$R600 \div R3\ 000 \times 100 =$	20%
5.	R200	R80	R280	$R80 \div R200 \times 100 =$	40%
6.	R600	R180	R780	$R180 \div R600 \times 100 =$	30%
7.	R300	R900	R1 200	$R900 \div R300 \times 100 =$	300%
8.	R850	R1 275	R2 125	$R1\ 275 \div R850 \times 100 =$	150%
9.	R6 900	R4 600	R11 500	$R4\ 600 \div R6\ 900 \times 100 =$	66,66%
10.	R4 800	R6 000	R10 800	$R6\ 000 \div R4\ 800 \times 100 =$	125%

EXERCISE 6

Elfriede sells a large variety of paint and paint accessories in her business. Her secret code for the cost price is:

C	O	N	S	U	M	A	B	L	E
1	2	3	4	5	6	7	8	9	0

Elfriede bought 25 tins of paint and paid R8 900 in total. She also paid the transport cost to deliver the paint to her shop. The transport cost amounted to R1 250. She sells the paint at a percentage profit mark-up of 50%. Answer the following questions:

1	What was the cost price (in Rand) of the 25 tins of paint ? R8 900 + R1 250 = R10 150
2	What was the cost price (in Rand) of 1 tin of paint ? R10 150 ÷ 25 = R406
3	What is the cost price code of 1 tin of paint ? SEM/EE
4	What is the selling price of 1 tin of paint ? R406 X 150% = R609 [R406 + (R406 X 50%)]
5	She sold a brush for R25,50. The cost price code is CA/EE. Show the following: The Cost Price of the brush, in Rand: R17,00 The Gross Profit made on the brush, in Rand: R25,50 - R17,00 = R8,50 The Percentage Mark-up on the brush: R8,50 ÷ R17,00 X 100 = R50%

EXERCISE 7

7.1 Show the ratio needed to calculate the cost price, in each of the following cases:

Profit Margin	Ratio		Profit Margin	Ratio			
33⅓%	<table border="1"><tr><td>100%</td></tr></table>	100%	Cost Price	60%	<table border="1"><tr><td>100%</td></tr></table>	100%	Cost Price
100%							
100%							
	<table border="1"><tr><td>133⅓%</td></tr></table>	133⅓%	Selling Price		<table border="1"><tr><td>160%</td></tr></table>	160%	Selling Price
133⅓%							
160%							
Profit Margin	Ratio		Profit Margin	Ratio			
25%	<table border="1"><tr><td>100%</td></tr></table>	100%	Cost Price	120%	<table border="1"><tr><td>100%</td></tr></table>	100%	Cost Price
100%							
100%							
	<table border="1"><tr><td>125%</td></tr></table>	125%	Selling Price		<table border="1"><tr><td>220%</td></tr></table>	220%	Selling Price
125%							
220%							

7.2 Calculate in each of the following cases, the cost price:

No.	Selling Price	Mark-up	Ratio $\frac{\text{Cost Price}}{\text{Selling Price}}$	Calculation	Cost Price in Rand
E.g.	R900	50%	$\frac{100}{150}$	$\frac{R900}{1} \times \frac{100}{150}$	R600
1.	R5 000	25%	$\frac{100}{125}$	$\frac{R5\ 000}{1} \times \frac{100}{125}$	R4 000
2.	R400	33⅓%	$\frac{100}{133\frac{1}{3}}$	$\frac{R400}{1} \times \frac{100}{133,33}$	R300
3.	R1 080	140%	$\frac{100}{240}$	$\frac{R1\ 080}{1} \times \frac{100}{240}$	R450
4.	R5 800	60%	$\frac{100}{160}$	$\frac{R5\ 800}{1} \times \frac{100}{160}$	R3 625
5.	R210	133⅓%	$\frac{100}{233\frac{1}{3}}$	$\frac{R210}{1} \times \frac{100}{233,33}$	R90
6.	R464	45%	$\frac{100}{145}$	$\frac{R464}{1} \times \frac{100}{145}$	R320
7.	R600	66⅔%	$\frac{100}{166\frac{2}{3}}$	$\frac{R600}{1} \times \frac{100}{166,66}$	R360
8.	R400	200%	$\frac{100}{300}$	$\frac{R400}{1} \times \frac{100}{300}$	R133,33
9.	R390	30%	$\frac{100}{130}$	$\frac{R390}{1} \times \frac{100}{130}$	R300
10.	R750	50%	$\frac{100}{150}$	$\frac{R750}{1} \times \frac{100}{150}$	R500

EXERCISE 8

8.1 Complete the following table:

No	Cost Price	Gross Profit	Selling Price	Percentage Mark-up on Cost Price
1.	R1 000	R500	R1 500	50%
2.	R86	R34	R120	$R34/R86 \times 100/1 = 39,53\%$
3.	R75	$R100 - R75 = R25$	R100	$R25/R75 \times 100/1 = 33\frac{1}{3}\%$
4.	R1 890	$R2\ 362,50 - R1\ 890 = R472,50$	R2 362,50	$R472,50/R1\ 890 \times 100/1 = 25\%$
5.	R2 250	$R3\ 000 - R2\ 250 = R750$	R3 000	$R750/R2\ 250 \times 100/1 = 33\frac{1}{3}\%$
6.	R3 000	R600	$R3\ 000 + R600 = R3\ 600$	$R600/R3\ 000 \times 100/1 = 20\%$
7.	R1 640	R820	$R1\ 640 + R820 = R2\ 460$	$R820/R1\ 640 \times 100/1 = 50\%$
8.	R1 030	R515	$R1\ 030 + R515 = R1\ 545$	$R515/R1\ 030 \times 100/1 = 50\%$
9.	R890	$R890/1 \times 50/100 = R445$	$R890 + R445 = R1\ 335$	50%
10.	R760	$R760/1 \times 75/100 = R570$	$R760 + R570 = R1\ 330$	75%

8.2 Complete the following table:

No	Cost Price	Gross Profit	Selling Price	Mark-up
1.	R591	$R591/1 \times 33\frac{1}{3}/100 = R197$	$R591 + R197 = R788$	33 $\frac{1}{3}$ %
2.	$R800/1 \times 100/80 = R1\ 000$	R800	$R1\ 000 + 800 = R1\ 800$	80%
3.	$R1\ 010/1 \times 100/66\frac{2}{3} = R1\ 515$	R1 010	$R1\ 515 + R1\ 010 = R2\ 525$	66 $\frac{2}{3}$ %
4.	$R3\ 787,50/1 \times 100/150 = R2\ 525$	R3 787,50	$R2\ 525 + R3\ 787,50 = R6\ 322,50$	150%
5.	$R5\ 610/1 \times 100/125 = R4\ 488$	$R5\ 610 - R4\ 488 = R1\ 122$	R5 610	25%
6.	$R7\ 499,25/1 \times 100/225 = R3\ 333$	$R7\ 499,25 - R3\ 333 = R4\ 166,25$	R7 499,25	125%
7.	$R900/1 \times 100/150 = R600$	$R900 - R600 = R300$	R900	50%
8.	$R909/1 \times 100/75 = R1\ 212$	R909	$R1\ 212 + R909 = R2\ 121$	75%
9.	R6 452,50	$R6\ 452,50/1 \times 80/100 = R5\ 162$	$R6\ 452,50 + R5\ 162 = R11\ 614,50$	80%
10.	$R116,20/1 \times 100/200 = R58,10$	$R116,20 - R58,10 = R58,20$	R116,20	100%

EXERCISE 9

9.1 Study the diagram below and then answer the following questions:



Questions to answer: (Show workings)

1	The clothing store bought 600 shirts. Calculate the total amount they had to pay $600 \times R30 = R18\ 000$
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2	Calculate the profit that will be generated when one shirt is sold. $R30 \times 60\% = R18$
---	--

3	Calculate the selling price of a shirt. $R30 + R18 = R48$
---	--

4	How much will the clothing store receive if all the shirts are sold ? $600 \times R48 = R28\ 800$
---	--

5	The Clothing store bought 200 trousers for which they paid R16 000. Choose the correct term/concept best describing the R16 000 (indicate your answer by making a "X" in the correct column):		
	Gross Profit	Cost Price	Selling Price
		X	

6	R16 000 was paid for the 200 trousers bought. What will these trousers be known as in the books of the business (Choose the correct term/concept, indicate your answer by making a "X" in the correct column):		
	Gross Profit	Cost Price	Trading Stock
			X

7	Calculate the Gross Profit that will be generated (made) when one trouser is sold. $R136 - R80 = R56$
---	--

8	Calculate the percentage (%) profit that is generated (made) on the cost of one trouser. $\frac{R56}{R80} \times \frac{100}{1} = 70\%$
---	---

9	The trousers bought, need to be transported from Johannesburg to Vryheid. The transport cost amounted to R1 000. Calculate the carriage (transport cost) paid per trouser. $R1\ 000 / 200 = R5$
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10	The clothing store added the carriage (transport costs) of the trousers to the purchasing price of the trousers in order to calculate the total purchasing price.
	Did the clothing store deal with it correctly? (Yes or No). Yes
	Motivate your answer. Carriage/Transport costs on stock purchased, increases the purchasing price of the stock

9.2 Match the different concepts in "Column 1" with the correct description in "Column 2". Only write down the number with the correct letter next to it (answer this on the next page).

1.	Selling Price
2.	Profit Mark-up
3.	Cost of Sales
4.	Gross Profit
5.	Net Profit

A.	The Final Profit. Gross Profit + Other Income - Other Expenses
B.	The price at which the goods will be sold.
C.	Selling Price minus Cost of Sales
D.	The purchasing price of stock sold.
E.	A fixed percentage profit added to the cost price in order to calculate the selling price.

Number	Your answer (A, B, C, D, E)
1.	B
2.	E
3.	D

Number	Your answer (A, B, C, D, E)
4.	C
5.	A

9.3 Indicate the difference between “Service Enterprises” and “Trading Enterprises”:

Service Enterprise:	Trading Enterprise:
Does not sell physical goods Earn an income by rendering service to the public	Buys and sells physical goods Earn an income by buying physical goods and then selling them at a higher price to the public

9.4 The bookkeeper of ABC Stores made the following entries, for the given transactions, in the books of the business. Indicate in each case whether the entry was made correctly or not. (Indicate your answer by making a “X” in the correct column). (Revision Gr.8).

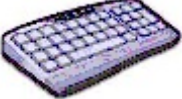




TRANSACTION	Bookkeeper's entry in the GL	Bookkeeper was correct	Bookkeeper was wrong
The Telephone account was paid by EFT.	Debit Telephone Account	x	
Advertising was paid by EFT.	Debit Bank Account		x
A new computer was bought by EFT.	Debit Equipment Account	x	

EXERCISE 10

Zinzi owns a business that sells computer accessories. Her business is situated in Ballito and she increased her clientele over the last 5 years. Her secret code for the cost price is:

B	E	A	C	H	F	R	O	N	T
1	2	3	4	5	6	7	8	9	0

Complete the following table :

Product	% Mark-up	Cost Price Code	Cost price (In Rand)	Gross Profit (In Rand)	Selling Price (In Rand)
	80%	EAT/TT	R230,00	R230 X 80% R184,00	R230 + R184 R414,00
	60%	EEH/TT	R360 X 100/160 R225,00	R360 - R225 R135,00	R360,00
	125%	NT/TT	R90,00	R90 X 125/100 R112,50	R90 + R112,50 R202,50
	$\frac{R2\ 327,50}{R2\ 450,00} \times 100$ 95%	ECHT/TT	R2 450,00	R4 777,50 - R2 450,00 R2 327,50	R4 777,50
	33 $\frac{1}{3}$ %	CHT/TT	R150/1 X 100/33 $\frac{1}{3}$ R450	R150,00	R450 + R150 R600

EXERCISE 11

Read through each statement and decide whether it is true or false. If false, correct the statement given.

No.	Statement	T	F	If false, correct the statement given
1.	Trading businesses buy and sell goods.	X		
2.	Current Income is the most important income of a trading business.		X	Sales is most important income of a trading business. Current Income is the most important income of a service business.
3.	Gross Profit = Selling Price - Cost Price	X		
4.	With cash sales, we debit bank and credit sales with the selling price.	X		
5.	With cash sales, no entry is made to rectify the stock.		X	An adjustment entry for the cost of sales needs to be made to update the Trading Stock Account.
6.	Cost of Sales is the purchasing price of the stock sold.	X		
7.	100% profit means: Selling Price = 2 X Cost Price	X		
8.	Trading Stock is an income.		X	Trading Stock is a Current Asset.
9.	Sales is an income.	X		
10.	The profit mark-up is a percentage of the cost price which is added to the cost price in order to calculate the selling price.	X		
11.	Cost of Sales increases the owner's equity.		X	Cost of Sales is an expense. Expenses decrease profit and therefore Owner's Equity.
12.	Sales increases the owner's equity.	X		
13.	EFT's are used to make payments.	X		
14.	The source document for cash sales is a cash register roll.	X		
15.	A cash register slip will be issued to the owner of the business when capital is contributed.		X	A receipt will be handed over to the owner. A Cash Register Slip is issued when sales take place.
16.	The Trading Stock Account represents the unsold stock.	X		
17.	Preparing a Trial Balance is the 6 th step in the accounting cycle.		X	Drawing up a Trial Balance is the 5 th step in the accounting cycle.
18.	Transactions are always directly recorded into the journals.		X	Transactions are always recorded on documents first.
19.	A business uses EFT Payment Authorisation Forms as source documents for entries to be made in its journals.	X		
20.	The Financial Statements consist of the CRJ and CPJ.		X	Financial Statements consist of the Income Statement and Balance Sheet. The CRJ and CPJ are journals.

EXERCISE 12

Use the following two transactions to complete this exercise:

- Purchased trading stock per EFT, R5 000.
- Sold R2 000 of the stock for cash at a profit mark-up of 60%.

Required: (Show workings)

1	How much stock is sold?
	R2 000
2	Calculate the selling price of the stock sold.
	R2 000 X 160% = R3 200
	or
	R2 000 + (60% X R2 000) = R3 200
3	How much of the stock is left unsold ?
	R5 000 - R2 000 = R3 000

4. Use the following T- Accounts, try to complete the double entry principle for the above two transactions.

BANK			
Sales	3 200	T/Stock	5 000

TRADING STOCK			
Bank	5 000	Cost of Sales	2 000

SALES	
	Bank 3 200

COST OF SALES	
T/Stock	2 000

EXERCISE 13

1. Arrange the following steps in the accounting cycle in the correct sequence. Write down the number to indicate the correct sequence :

Accounting Cycle	Correct order
Financial Statements	6
Documents	2
Ledger	4
Analyse & Interpret	7
Transactions	1
Trial Balance	5
Journals	3

2. Listed below are certain actions/tasks that needs to be executed in order to keep the books of the business up to date. Identify the step in the Accounting Cycle represented by the given action/task. Write out the full description of the step you have identified.





No	Action/Task	Step in the Accounting Cycle
1.	The bookkeeper wants to check the correctness of the entries made into the General Ledger.	Trial Balance
2.	Received R5 000 from the tenant.	Transaction
3.	The rent received from the tenant, R5 000, was entered into the CRJ by the bookkeeper.	Journals
4.	The owner wants to determine whether the business is solvent.	Analysis and Interpret
5.	Withdraw cash from the bank for wages, R4 000.	Transaction/Documents
6.	The journals are all summarised in one place.	General Ledger
7.	Calculating the profit and determining the financial position.	Financial Statements

3. Briefly distinguish between the following concepts:

Document	Transactions are recorded on documents. Documents are the first "place" where transactions are recorded. Documents serves as proof of transactions.
Source Document	Source documents are "documents" that provide the business information, from which journals can be completed.

EXERCISE 14

Study the given cash register slips and then answer the questions. The business only uses one cash register. On 16 May 2012 four cash register slips were issued.

 ROCK STORES CASH SALE KONTANTVERKOPE A ▪ 456,00 T/s B ▪ 470,00 C/t C ▪ 14,00 C/h D 6845 E 14:23 F 16/05/2012 DANKIE / THANK YOU	 ROCK STORES CASH SALE KONTANTVERKOPE ▪ 150,00 T/s ▪ C/t ▪ 50,00 C/h 6846 14:31 16/05/2012 DANKIE / THANK YOU	 ROCK STORES CASH SALE KONTANTVERKOPE ▪ 898,00 T/s ▪ 900,00 C/t ▪ C/h 6847 14:45 16/05/2012 DANKIE / THANK YOU	 ROCK STORES CASH SALE KONTANTVERKOPE ▪ T/s ▪ 700,00 C/t ▪ 28,00 C/h ? 14:50 16/05/2012 DANKIE / THANK YOU
--	---	--	--

1	Study the first cash register slip given. Each line is numbered from A to F. Briefly explain the meaning of each line on the cash register slip.
A	The total amount of the transaction
B	The amount received from the client
C	The change due to the client
D	Unique number/ Reference number of the cash register slip
E	Time of transaction
F	Date on which the transaction took place

2	Calculate the amount received from the client according to the 2 nd cash register slip. R150 + R50 = R200
3	Carefully study the 3 rd cash register slip. How much change should be given to the client? R900 - R898 = R2
4	Calculate the sales amount according to the 4 th cash register slip. R700 - R28 = R672
5	What is the unique number of the 4 th cash register slip? 6848

20.

6	Calculate the total sales for the day according to the 4 cash register slips. $R456 + R150 + R898 + R672$ $= R2\ 176$
7	On which source document will the total be entered that you calculated in no.6 ? On the Cash Register Roll

EXERCISE 15Required:

Record the following transactions in the CRJ and CPJ of Liza's Grill for April 2013.

Transactions:

2020

- April 01 Liza Mashoi started her own business by depositing R500 000 in the current bank account of the business. Receipt no.1 issued.
- 02 EFT payment no.1 was made to Beta Suppliers for equipment, R190 000, and for trading stock bought, R150 000.
- 03 Paid per EFT to Prestige Estates for the rent of the premises, R8 500.
- 08 Withdraw cash for the cash float, R5 000 and for stationery, R3 000.
- 10 Bought trading stock per EFT from Tasty Suppliers, R23 000.
- 12 Cash Sales according to CRR no.1 amounted to R72 000. The goods were sold at a profit mark-up of 200%.
Advertisement paid by EFT to the "Ndaba News", R4 000.
- 14 Draw cash to pay the last two weeks' wages, R15 000.
- 17 According to the cash register roll, trading stock with a cost price of R60 000, had been sold at a profit mark-up of 80%.
Received R10 800 from Juicy Juices. This receipt was in respect of commission received for the marketing of their juices.
- 23 Equipment, R12 000 and Consumable Stores, R21 000, bought by EFT from FF Electrical.
- 28 The past two weeks' wages, R30 000 and stationery, R2 500, were paid after cash was withdrawn from the bank.
- 30 Made an EFT payment to the owner for personal use, R40 000.
Cash sales according to the cash register roll amounted to R140 000. These goods were sold at a profit of R84 000.

EXERCISE 16

Required:

Record the following transactions in the cash journals of Madoda Furnishers.

Information:

The following balances/totals appeared in the General Ledger on 1 August 2013:

Bank, R23 000; Cash Float, R5 000; Capital, R746 000; Drawings, R84 000; Land and Buildings, R480 000; Equipment, R120 000; Trading Stock, R240 000; Sales, R788 000; Cost of Sales, R492 500; Rent Income, R42 000; Stationery, R19 500; Wages, R80 000; Packing Material, R15 000; Telephone, R17 000.

Transactions:

2020

- Aug 01 Madoda Zulu increased his capital contribution to R766 000, with a direct deposit in the business' bank account. (Receipt no.11).
- 03 Paid R13 200 to Proofbak per EFT no. 12. This is for stationery, R11 200 and the rest for packing material.
- 07 Bought equipment from U. Truter and paid by EFT, R8 000.
Trading Stock bought from MM Manufacturers per EFT, R35 000.
- 11 Made an EFT payment to F. Fuller for equipment bought, R14 000.
Cash Sales to date, R40 000. Goods are sold at a profit mark-up of 300%. (CRR 21)
An office space has been let, since 1 January 2020, to K. Muller. So far, she has paid her rent, in full, every month. The rent was increased with 10% from 1 August 2020. A receipt was issued to K. Muller for August's rent.
- 18 An EFT payment was made to Mali Stores for stock, R50 000, and for equipment bought, R15 000.
- 20 Draw cash for the following:
- Wages, R14 000
 - Stationery, R2 300
 - Packing Material, R1 750
 - Repairs, R3 700.
- 21 Telephone account at Telkom paid by EFT, R4 500.
- 22 Make an EFT payment to Fullmark for R18 000. This is for equipment, R2 400 and the rest for trading stock.
- 25 Cash Sales amounted to R 53 000. These goods were sold at a profit of R23 000.
- 26 Wages paid after cash was drawn, R14 000.
- 28 Bought a delivery van from Vryheid Motors and paid by EFT, R124 000.
- 30 Stock with a cost price of R120 000 was sold at a percentage profit mark-up of 80%.
- 31 Make an EFT payment to the owner for personal use, R18 000.
Paid the salary of the manager, K. Loots, per EFT, R14 500.

EXERCISE 17**Required:**

Record the following transaction in the cash journals of Julie's Stationers.

Information:

The following balances/totals appeared in the General Ledger on 1 April 2013:

Capital, R637 600; Drawings, R35 000; Land and Buildings, R320 000; Equipment, R59 500; Vehicles, R141 200; Trading Stock, R110 250; Bank, R95 350; Cash Float, R7 500; Sales, R395 000; Cost of Sales, R157 000; Rent Income, R42 000; Commission Income, R51 000; Insurance, R10 300; Wages, R35 000, Salaries, R92 000; Stationery, R20 000; Advertising, R32 000; Bank Charges, R11 500.

Transactions:

2020

- April 02 Bought trading stock per EFT no. 87 from P. Peters, R15 000.
- 04 Pay the following expenses after withdrawing cash from the bank:
- | | | |
|------------|---|-----------------------------------|
| Wages | - | R3 500 |
| Insurance | - | R5 900 |
| Stationery | - | R4 500 (for use in the business). |
- 08 Cash Sales per cash register roll no.5 amounted to R3 500 for the week. Goods are sold at a profit mark-up of 66 $\frac{2}{3}$ %.
- 10 Returned unsatisfactory goods to the supplier, ABC Suppliers. The supplier made a direct deposit of R3 000 in this regard. Receipt no. 17 issued.
- 15 Paid R1 900 per EFT to Sunrise Papers for an advertisement.
Bought stationery for office use per EFT from Jip Suppliers, R15 000.
- 21 Cash Sales for the week amounted to R34 200.
- 22 Paid the following expenses after cash was drawn:
- | | | |
|-----------|---|---------|
| Wages | - | R1 900 |
| Telephone | - | R2 000. |
- 23 Received the monthly rent from the tenant, L. Loots, and issued receipt no.18. Loots signed the rent contract five months ago. The amount received now is for the sixth month's rent.
- 25 Withdraw cash from the bank for the following:
- | | | |
|------------------------------|---|---------|
| To increase the cash float | - | R1 500 |
| For the owner's personal use | - | R3 000 |
| To buy equipment | - | R2 500. |
- 28 Cash Sales for the week amounted to R?. The cost of sales amounted to R4 800.
Commission was received from Helix Stores, R14 050.
- 29 Trading Stock bought per EFT from P. Peters, R14 200.
The Bank Statement received from Quick Bank showed the following:
- | | | |
|--|---|--------|
| Bank Charges | - | R1 400 |
| Interest received on the current account | - | R 500. |
- 30 Equipment bought per EFT from K. January, R3 000.
Cash Sales for the week were banked. The cost of sales were R13 000 and the goods were sold at a profit of R 12 000.
Paid the manager's, G. van der Linde, salary per EFT, R13 000.
Draw cash to pay the wages, R3 800.

EXERCISE 18**Required:**

Record the following transactions in the cash journals of Sandy's Gift Shop.

Information:

- Stock is sold at a mark-up of 25% on cost.
- The business uses a secret code for the cost price. They use the word "MONKEYSPIT", where M = 1.
- All money are banked in total at the end of each day.

The following balances/totals appeared in the General Ledger on 1 December 2013:

Drawings	150 000	Capital	910 000
Vehicles	152 000	Sales	750 000
Equipment	164 000	Commission Income	55 480
Trading Stock	275 160		
Bank	113 870		
Cash Float	2 500		
Cost of Sales	600 000		
Wages	162 200		
Stationery	10 750		
Rent Expense	55 000		
Water and Electricity	30 000		
	<u>1 715 480</u>		<u>1 715 480</u>

Transactions:

2020

- Dec
- 01 Draw cash to increase the cash float to R4 000.
- 02 Sold stock as per cash register roll no. 61. The cost price of the stock amounted to R10 752.
- 06 Equipment was bought from Daddy Catering and paid for per EFT (No. 343), R14 000.
Paid Alfa Agencies per EFT for the rent. Rent was fixed at R5 500 per month, but increased by 10% on the 1st of December 2103.
Trading Stock bought per EFT from Charlie's Suppliers, R26 200. An EFT payment was made to Speedy's Transport, for delivering the stock, R1 000.
- 07 Draw cash for the following:
Wages - R3 000
Postage - R 800.
An EFT payment was also made to Richards Bay Printers for an advertisement, R1 500, and for stationery bought, R500.
- 09 Bought stationery per EFT from Induna's, R3 000.
Cash Sales amounted to R36 000. The stock was sold for less than the listed price. The cost price code is OIETP/TT.
Commission received from Gift Works, R10 950. Receipt No. 32 was issued.
- 10 Paid KZN Suppliers per EFT for a new fridge, R13 800 less 15% trade discount..
Cash Sales of stock, the cost price code is PETT/TT.
- 14 Paid wages after cash was withdrawn from the bank, R3 000.
- 16 Cash Sales amounted to R13 225. This stock was sold at a profit of R2 645.
- 20 An EFT payment was made to FNA for stationery, R200, and for Consumable Stores bought, R1 400.
Cash withdrawn from the bank for:
- 23 The owner's personal use - R12 600
Stationery - R 1 130
Trading Stock - R10 850
Wages - R 4 000.
- 25 Cash Sales amounted to R16 125.
Commission received from Gamma amounted to R2 500.
- 27 The owner, Manny Singh, increased his capital contribution to R1 000 000 by making a direct deposit to the bank account.
- 31 The bank statement received from Happy Times Bank showed the following:
Bank Charges - R1 600
Interest on a favourable balance - R 200.

EXERCISE 19

Study the information given in the CRJ and CPJ and then answer the questions:

CASH RECEIPTS JOURNAL OF KZN STORES FOR APRIL 2013

(CRJ8)

Doc	Day	Details	F	Analysis	Bank	Sales	Cost of Sales	Sundry Accounts		
								Amount	F	Details
?	12	B. Koortzen			120 000			120 000		Capital
rec 23	15	K. Jones		5 000				5 000		Rent
?		Sales		8 000	13 000	8 000	6 000			
CRR	25	?		15 000	15 000	15 000	10 000			
					148 000	23 000		125 000		
							16 000			

CASH PAYMENTS JOURNAL OF KZN STORES FOR APRIL 2013

(CPJ8)

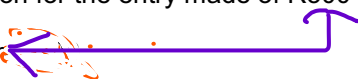
Doc	Day	Name of Payee	F	Bank	Trading Stock	Equip-ment	Wages	Sundry Accounts		
								Amount	F	Details
EFT42	08	AB Manufacturers		6 500	6 500					
EFT43	10	Ashant's Stores		9 000	2 800	5 000		1 200		Consumable Stores
BS	11	Cash		4 500			4 000	500		Cash Float
EFT44	24	SANTAM		2 000				2 000		Insurance
BS	26	Cash		4 000			4 000			
EFT45	27	B. Koortzen		7 000				7 000		Drawings
EFT46	30	Emmie's		4 600	3 000	1 600				
				37 600	12 300	6 600	8 000	10 700		

QUESTIONS TO ANSWER:

1	<p>Who is the owner of the business? Motivate your answer, by giving two reasons.</p> <p>Owner: B. Koortzen</p> <p>Reason 1: Capital was contributed by B. Koortzen</p> <p>Reason 2: Drawings by B. Koortzen</p>
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2	<p>What should the document be for the entry made on the 12th , in the CRJ?</p> <p>BS BS .</p>
---	---

3	<p>Supply the document for the second entry made on the 15th , in the CRJ?</p> <p>Cash Register Roll</p>
---	--

4	<p>What should the details be for the entry made on the 25th, in the CRJ ?</p> <p>Sales</p>
5	<p>Calculate how much profit (in Rand) was made on the sales transaction that took place on the 15th, in the CRJ.</p> <p>R8 000 - R6 000 = R2 000</p>
6	<p>Calculate the percentage profit mark-up for the transaction that took place on the 25th, in the CRJ.</p> $\frac{R\ 5\ 000}{R10\ 000} \times \frac{100}{1} = \mathbf{50\%}$
7	<p>The details of Sundry Accounts for the first entry made on the 15th in the CRJ is incorrect. The word "Rent" appears. What should the correct details be?</p> <p>Rent Income</p>
8	<p>Give a possible explanation for the entry made of R500 on the 11th, in the CPJ.</p> <p>Cash Float increased with </p>

EXERCISE 20

Study the information given in the CRJ and CPJ and then answer the questions:

CASH RECEIPTS JOURNAL OF BOCO STORES FOR MARCH 2013

(CRJ3)

Doc	Day	Details	F	Analysis	Bank	Sales	Cost of Sales	Sundry Accounts			
								Amount	F	Details	
BS											
REC89	1	B. Baloyi			50 000			50 000			Capital
?	18	Sales		4 800		4 800	CP?				
REC90		K. Loots		3 450	8 250			3 450			Rent Income
CRR51	22	Sales		10 500	10 500	10 500	7 000				
CRR52	28	Sales		?	?	SP?	CP 4 680				
REC91	30	Beta Limited			50			50			Commission Income
BS					?	?		53 500			
							?				

CASH PAYMENTS JOURNAL OF BOCO STORES FOR MARCH 2013

(CPJ3)

Doc	Day	Name of Payee	F	Bank	Trading Stock	Wages	Sundry Accounts			
							Amount	F	Details	
EFT50	3	ABBA Factory		3 500	3 500					
EFT51		Shilowa's Transport		200	200					
BS	5	?		2 900		500				Stationery
EFT52	20	Sung Wholesalers		4 950?	2 950			2 000		Drawings
BS		?		500		500				
? 53	21	SA Nissan		40 500				40 500		Vehicles
EFT54	24	Pretoria Municipality		1 600				1 600		Water and Electricity
EFT55	30	Alfa Insurers		200				200		Insurance
				?	6 450	1 000		?		

TAKE NOTE: The business makes use of a profit mark-up of 50% ON CP

QUESTIONS TO ANSWER: (Show calculations)

CRJ

1	On the 1 st the owner increased her capital contribution to R300 000. What did capital amount to, before this transaction took place? R300 000 - R50 000 = R250 000
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2	Supply the document omitted on the 18 th . Cash Register Roll
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3	Calculate the Cost of Sales for the transaction that took place on the 18 th . $\frac{R4\ 800}{1} \times \frac{100}{150} = R3\ 200 \quad CP \times \frac{50}{100} = R1\ 600$
---	--

4	Calculate the Sales amount for the transaction that took place on the 28 th . R4 680 X 150% = R7 020 $\frac{150}{100} \times R4680 = SP = Sales = R7020$
---	---

5	Was the R50 paid in at Boco Stores, or was this amount directly deposited into their current bank account? Explain. Answer: Directly deposited Explanation: No entry was made in the Analysis of Receipts column, only in the Bank column. Documents is BS NOT RECEIPT!!
---	---

6	Why is there only one amount entered into the bank column on the 18th? All cash received, are deposited daily.
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CPJ

7	Give an explanation for the entry made for EFT50 on the 3rd. Transport costs to be paid for the delivery of stock purchased. INCLUDE in CP
---	---

8	Supply the document and document number omitted on the 21 st . EFT 53
---	---

9	Supply the details (name of payee) that was omitted for the second transaction that took place on the 20th. Cash Employees ;
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10	Calculate the amount for the stationery, which was bought on the 5 th . R2 900 - R500 = R2 400
----	--

11	Calculate the total amount of EFT52 on the 20 th . R2 950 + R2 000 = R4 950 PAID
----	--

EXERCISE 21Required:

1. Post the following CRJ and CPJ to the General Ledger of Phumzile's Restaurant. All headings have already been completed for you. You only need to number the accounts correctly.
2. Remember to enter all folio numbers in the journals and GL, when posting.
3. Balance/Total the accounts where necessary.

Note: There is no opening balances/totals - it is the business' first month of existence.

CASH RECEIPTS JOURNAL OF PHUMZILE'S RESTAURANT FOR APRIL 2013

CRJ1

Doc	Day	Details	Fol	Analysis of Receipts	Bank	Sales	Cost of Sales	Sundry Accounts		
								Amount	Fol	Details
Rec1	1	Phumzile Mbatha			500 000			500000	B1	Capital
CRR1	12	Sales		72 000	72 000	72 000	36 000			
CRR2	17	Sales		108 000		108 000	60 000			
Rec2		Juicy Juices		10 800	118 800			10 800	N3	Commission Income
CRR3	30	Sales		140 000	140 000	140 000	56 000			
					830 800	320 000		510 800		
					B5	N1	152000			
							N2 B4			

CASH PAYMENTS JOURNAL OF PHUMZILE'S RESTAURANT FOR APRIL 2013

CPJ1

Doc	Day	Name of Payee	Fol	Bank	Trading Stock	Wages	Equip-ment	Station-ery	Sundry Accounts		
									Amount	Fol	Details
EFT1	2	Beta Suppliers		340 000	150 000		190 000				
EFT2	3	Prestige Estates		8 500					8 500	N6	Rent expense
BS	8	Cash		6 300				1 300	5 000	B6	Cash float
EFT3	10	Tasty Suppliers		23 000	23 000						
EFT4	12	Ndaba		4 000					4 000	N7	Advertising
BS	14	Cash		15 000		15 000					
EFT5	23	FF Electrical		33 000			12 000		21 000	N8	Consumable Stores
BS	28	Cash		32 500		30 000		2 500			
EFT6	30	Cash		40 000					40 000	B2	Drawings
				502 300	173 000	45 000	202 000	3 800	78 500		
				B5	B4	N4	B3	N5			

Dr

GENERAL LEDGER OF PHUMZILE'S RESTAURANT

Cr

CAPITAL										B1
						2013 April	1	Bank	CRJ1	500 000
DRAWINGS										B2
2013 April	30	Bank	CPJ1	40 000						
EQUIPMENT										B3
2013 April	30	Bank	CPJ1	202 000						

EXERCISE 22

Required:

1. Post the following CRJ and CPJ to the General Ledger of Naidoo's Materials. All headings have already been completed for you. You only need to number the accounts correctly.
2. Remember to enter all folio numbers in the journals and GL, when posting.
3. Balance/Total the accounts where necessary.

Information:

The following balances/totals appeared in the books of the business on 1 August 2020:

Bank, R23 000; Cash Float, R5 000; Capital, R746 000; Drawings, R84 000; Land and Buildings, R480 000; Equipment, R120 000; Trading Stock, R240 000; Sales, R788 000; Cost of Sales, R492 500; Rent Income, R42 000; Stationery, R19 500; Wages, R80 000; Packing Material, R15 000; Telephone, R17 000.

CASH RECEIPTS JOURNAL OF NAIDOO'S MATERIALS FOR AUGUST 2020

CRJ8

Doc	Day	Details	Fol	Analysis or Receipts	Bank	Sales	Cost of Sales	Sundry Accounts		
								Amount	Fol	Details
Rec11	1	K. Naidoo			20 000			20 000	B1	Capital
Crr21	11	Sales		40 000		40 000	10 000			
Rec12		K. Muller		6 600	46 600			6 600	N3	Rent Income
Crr22	25	Sales		53 000	53 000	53 000	30 000			
Crr23	30	Sales		216 000	216 000	216 000	120 000			
					335 600	309 000		26 600		
					B7	N1	160 000			
							N2 B6			

CASH PAYMENTS JOURNAL OF NAIDOO'S MATERIALS FOR AUGUSTUS 2020

CPJ8

Doc	Day	Name of Payee	Fol	Bank	Trading Stock	Wages	Equip-ment	Statio-nery	Sundry Accounts		
									Amount	Fol	Details
EFT12	3	Proofbak		13 200				11 200	2 000	N6	Packing Mat.
EFT13	7	U Truter		8 000			8 000				
EFT14		MM Manufacturers		35 000	35 000						
EFT15	11	F. Fuller		14 000			14 000				
EFT16	18	Mali Stores		65 000	50 000		15 000				
BS	20	Cash		21 750		14 000		2 300	1 750	N6	Packing Mat.
									3 700	N8	Repairs
EFT17	21	Telkom		4 500					4 500	N7	Telephone
EFT18	22	Fullmark		18 000	15 600		2 400				
BS	26	Cash		14 000		14 000					
EFT19	28	Vryheid Motors		124 000					124 000	B5	Vehicles
EFT20	31	Cash / K. Naidoo / Madoda Furnishers		18 000					18 000	B2	Drawings
EFT21		K. Loots		14 500					14 500	N9	Salaries
				349 950	100 600	28 000	39 400	13 500	168 450		
				B7	B6	N5	B4	N4			

COST OF SALES					N2				
2020 Aug	1	Total	b/d	492 500					
	31	Trading Stock	CRJ8	160 000					
				652 500					

RENT INCOME					N3				
					2020 Aug	1	Total	b/d	42 000
						11	Bank	CRJ8	6 600
									48 600

STATIONERY					N4				
2020 Aug	1	Total	b/d	19 500					
	31	Bank	CPJ8	13 500					
				33 000					

WAGES					N5				
2020 Aug	1	Total	b/d	80 000					
	31	Bank	CPJ8	28 000					
				108 000					

PACKING MATERIALS					N6				
2020 Aug	1	Total	b/d	15 000					
	3	Bank	CPJ8	2 000					
	20	Bank	CPJ8	1 750					
				18 750					

TELEPHONE					N7				
2020 Aug	1	Total	b/d	17 000					
	21	Bank	CPJ8	4 500					
				21 500					

REPAIRS					N8				
2020 Aug	20	Bank	CPJ8	3 700					

SALARIES					N9				
2020 Aug	31	Bank	CPJ8	14 500					

EXERCISE 23Required:

1. Post the information supplied in the CRJ and CPJ to the General Ledger of PPP Suppliers. Supply your own folio numbers.
2. Remember to write in folio numbers as cross references when posting to the General Ledger.
3. Balance the accounts where necessary.

Information:

The following balances/totals appeared in the books on 1 April 2020:

Capital, R637 600; Drawings, R35 000; Land and Buildings, R320 000; Equipment, R59 500; Vehicles, R141 200; Trading Stock, R110 250; Bank, R95 350; Cash Float, R7 500; Sales, R395 000; Cost of Sales, R157 000; Rent Income, R42 000; Commission Income, R51 000; Insurance, R10 300; Wages, R35 000; Salaries, R92 000; Stationery, R20 000; Advertising, R32 000; Bank Charges, R11 500.

CASH RECEIPTS JOURNAL OF PPP SUPPLIERS FOR APRIL 2020

CPJ4

Doc	Day	Details	Fol	Analysis of Receipts	Bank	Sales	Cost of Sales	Sundry Accounts		
								Amount	Fol	Details
CRR5	8	Sales		17 500	17 500	17 500	10 500			
REC17	10	ABC Suppliers		3 000	3 000			3 000	B6	Trading Stock
CRR6	21	Sales		34 200	34 200	34 200	20 520			
REC18	23	L. Loots		8 400	8 400			8 400	N3	Rent Income
CRR7	28	Sales		8 000		8 000	4 800			
REC19		Helix Stores		14 050	22 050			14 050	N4	Commission Income
BS	29	Quick Bank			500			500	N5	Interest on Current Account
CRR8	30	Sales		25 000	25 000	25 000	13 000			
					110 650	84 700		25 950		
					B7	N1	48 820			
							N2 B6			

CASH PAYMENTS JOURNAL OF PPP SUPPLIERS FOR APRIL 2020

CPJ4

Doc	Day	Name of Payee	Fol	Bank	Trading Stock	Wages	Equip-ment	Statio-nery	Sundry Accounts		
									Amount	Fol	Details
EFT87	2	P. Peters		15 000	15 000						
BS	4	Cash		13 900		3 500		4 500	5 900	N9	Insurance
EFT88	15	Sunrise Papers		1 900					1 900	N10	Advertising
EFT89		Jip Suppliers		15 000				15 000			
BS	22	Cash		3 900		1 900			2 000	N8	Telephone
BS	25	Cash		7 000			2 500		1 500	B8	Cash Float
									3 000	B2	Drawings
EFT90	29	P. Peters		14 200	14 200						
BS		Quick Bank		1 400					1 400	N12	Bank Charges
EFT91	30	K. January		3 000			3 000				
EFT92		G. Van der Linde		13 000					13 000	N11	Salaries
BS		Cash		3 800		3 800					
				92 100	29 200	9 200	5 500	19 500	28 700		
				B7	B6	N7	B4	N6			

LAND AND BUILDINGS										B3
2020 July	1	Balance	b/d	279 000						
EQUIPMENT										B4
2020 July	1	Balance	b/d	60 000						
	31	Bank	CPJ7	12 500						
				72 500						
TRADING STOCK										B5
2020 July	1	Balance	b/d	85 000	2020 July	31	Cost of Sales	KOJ7	152 150	
	31	Bank	CPJ7	145 000			Balance	c/d	77 850	
				230 000					230 000	
Aug	1	Balance	b/d	77 850						
BANK										B6
2020 July	1	Balance	b/d	45 000	2020 July	31	Total Payments/ Sundry Accounts	CPJ7	199 365	
	31	Tot. Rec. / Sun. Acc.	CRJ7	245 800			Balance	c/d	91 435	
				290 800					290 800	
Aug	1	Balance	b/d	91 435						
CASH FLOAT										B7
2020 July	1	Balance	b/d	3 000						
SALES										N1
					2020 July	1	Total	b/d	780 000	
						31	Bank	CRJ7	197 800	
									977 800	
COST OF SALES										N2
2020 July	1	Total	b/d	600 000						
	31	Trading Stock	CRJ7	152 150						
				752 150						
RENT INCOME										N3
					2020 July	1	Total	b/d	24 000	
						3	Bank	CRJ7	5 300	
									29 300	
WATER AND ELECTRICITY										N4
2020 July	1	Total	b/d	36 000						
	4	Bank	CPJ7	5 800						
				41 800						

EXERCISE 26Required:

1. Record the following transactions in the cash journals of Just Computers (owner, Joyce Raath) for March 2020:
2. Post the journals to the account in the General Ledger.
3. Balance/Total the accounts where necessary.

Information:

1. The business uses a profit mark-up of 50% on the cost price.
2. The following balances/totals appeared in the General Ledger on 1 March 2020:
Capital, R250 000; Drawings, R20 000; Land and Buildings, R221 000; Equipment, R45 000; Trading Stock, R125 500; Bank, R16 000; Cash Float, R1 000; Sales, R519 000; Cost of Sales, R346 000; Rent Income, R6 000; Commission Income, R36 000; Wages, R15 000; Stationery, R2 300; Packing Material, R4 255; Water and Electricity, R8 000; Bank Charges, R845; Sundry Expenses, R6 100.

Transactions:

2020

- March 01 The owner increases her capital contribution to R300 000 with a direct deposit in the bank. (Receipt No. 70).
- 03 Make an EFT payment No. 150 in favour of ABA Factory for stock, R3 500.
- 07 Withdraw cash from the bank for: Wages, R500
Stationery, R400
Owner's personal use, R1 000.
- 08 Cash sales amounted to R4 800 (CRR No. 50).
Rent was R3 000 per month, but was increased by 15% on 1 March 2020. Receive and deposit cash from A. Botha, the tenant, for March 2020's rent.
- 12 Paid Nambiti Motors per EFT for a secondhand delivery truck. The truck's normal selling price is R45 000, but we received a 10% trade discount.
- 14 Draw cash for wages, R500.
- 15 Stock with a cost price of R3 220 was sold for cash. The stock was sold at a profit of R1 610.
- 17 Make an EFT payment to Prima Suppliers for R5 680. This is for paper, R300 and R1 600 for packing material. The rest is for a new printer bought.
- 21 Stock was sold for cash. These goods were sold at a profit of R1 600 (You must calculate the selling price and cost price).
Commission received from Gamma, R2150.
- 27 Pay J. Craig, the sales lady, her salary per EFT, R4 000.
Stationery bought per EFT from Klip River Bookstore, R300.
- 28 The bank statement was received from Royal Bank and showed the following:
Bank Charges, R400
Interest received on the current account, R90.
- 30 Draw cash and paid for: Wages, R1 000
Stock, R5 000
Insurance, R250.

CASH RECEIPTS JOURNAL OF JUST COMPUTERS FOR MARCH 2020

CRJ3

Doc	Day	Details	Fol	Analysis of Receipts	Bank	Sales	Cost of Sales	Sundry Accounts		
								Amount	Fol	Details
REC70	1	Joce Raath			50 000			50 000	B1	Capital
CRR50	8	Sales		4 800		4 800	3 200			
REC71		A. Botha		3 450	8 250			3 450	N3	Rent Income
CRR51	15	Sales		4 830	4 830	4 830	3 220			
CRR52	21	Sales		4 800		4 800	3 200			
REC72		Gamma		2 150	6 950			2 150	N4	Commission Income
BS	28	Royal Bank			90			90	N5	Interest on Current Account
					70 120	14 430		55 690		
					B7	N1	9 620			
							N2 B6			

CASH PAYMENTS JOURNAL OF JUST COMPUTERS FOR MARCH 2020

CPJ3

Doc	Day	Name of Payee	Fol	Bank	Trading Stock	Wages	Stationery	Sundry Accounts		
								Amount	Fol	Details
EFT150	3	ABA Factory		3 500	3 500					
BS	7	Cash		1 900		500	400	1 000	B2	Drawings
EFT151	12	Mambiti Motors		40 500				40 500	B5	Vehicles
BS	14	Cash		500		500				
EFT152	17	Prima Suppliers		5 680			300	1 600	N8	Packing Materials
								3 780	B4	Equipment
EFT153	27	Cash		4 000				4 000	N12	Salaries
EFT154		Rocky's Bookstore		300			300			
BS	28	Royal Bank		400				400	N10	Bank Charges
BS	30	Cash		6 250	5 000	1 000		250	N13	Insurance
				63 030	8 500	2 000	1 000	51 530		
				B7	B6	N6	N7			

EXERCISE 27Required:

1. Record the following transactions in the cash journals of Agri Implements (owner, W. Malan) for October 2020:
2. Post the journals to the account in the General Ledger.
3. Balance/Total the accounts where necessary.

Information:

1. Stock is sold at a mark-up of 80% on cost and the business uses a secret price-code word "CRAZYWOMEN", where C = 1.
2. The following balances/totals appeared in the General Ledger on 1 October 2020:
Capital, R698 900; Drawings, R90 000; Land and Buildings, R350 000; Equipment, R50 500; Vehicles, R80 000; Trading Stock, R260 000; Bank, R86 000; Cash Float, R10 000; Sales, R828 000; Cost of Sales, R460 000; Rent Income, R46 000; Commission Income, R6 000; Wages, R90 000; Stationery, R12 300; Consumable Stores, R24 255; Water and Electricity, R38 000; Bank Charges, R1 845; Repairs, R3 800; Sundry Expenses, R22 200.

Transactions:

2020

- October
- 01 Cash sales per cash register roll No. 76 amounted to R27 000.
Commission was received from Best Farms, R3 950. Receipt No. 54 was issued.
 - 03 Stock with a cost price of YWYN/NN was sold per cash register roll.
Part of the building has been let to a tenant, B. Papenfus, since 1 February 2020. She deposited October's rent directly into the business' bank account.
 - 08 Made EFT payment No.131 to Berty Builders for R123 000. This is for repairs done to the building, R33 000 and the rest for the new storeroom that was added.
Withdraw cash from the bank for : Wages, R5 600, personal use of the owner, R3 450 and for stationery, R250.
 - 12 The owner decided to increase his capital to R750 000. W. Malan made a direct deposit into the company's bank account.
 - 16 The water and electricity account for October was paid per EFT to Latan Municipality, R4 200.
Repairs was done by Hern Motors to the business' vehicle. An EFT payment was made in this regard, R2 310.
 - 17 Paid wages after cash was withdrawn from the bank, R4 400.
 - 18 Cash sales amounted to R16 200. This stock was sold at a profit of R7 200.
 - 21 Trading stock was bought per EFT from Mpumalanga Store. The stock's initial marked price was R14 600, but Mpumalanga Store granted a 7½% trade discount to Agri Implements.
The following were purchased by EFT from ZamaZama: Consumable Stores, R500 and cleaning materials R680.
 - 26 Paid Easy Talk per EFT for: The telephone account of the business, R1 800
The owner's home telephone, R1 600.
Note: Telephone is regarded as a sundry expense.
 - 27 The Bank Statement was received from Woza bank and showed the following:
 - Interest received on the business' bank account, R525
 - Bank charges, R680.
 - 29 Paid Irrigate Ltd per EFT for:
 - Trading Stock, R18 900
 - Consumable Stores, R4 000.
 - 30 Cash sales for the day were banked. The stock was sold at a profit of R15 900.
 - 31 Returned unsatisfactory goods to the value of R2 000 to the supplier, Bad Suppliers. The amount was received in cash from them and deposited.

CASH RECEIPTS JOURNAL OF AGRI IMPLEMENTS FOR OCTOBER 2020

CRJ10

Doc	Day	Details	Fol	Analysis of Receipts	Bank	Sales	Cost of Sales	Sundry Accounts		
								Amount	Fol	Details
CRR76	1	Cash		27 000		27 000	15 000			
REC54		Best Farms		3 950	30 950			3 950	N4	Commission Income
CRR77	3	Cash		10 170		10 170	5 650			
REC55		B. Papenfus		5 750	15 920			5 750	N3	Rent Income
REC56	12	W. Malan		51 100	51 100			51 100	B1	Capital
CRR78	18	Cash		16 200	16 200	16 200	9 000			
BS	27	Woza Bank			525			525	N5	Interest on Current Account
CRR79	30	Cash		35 775	35 775	35 775	19 875			
REC57	31	Bad Suppliers		2 000	2 000			2 000	B6	Trading Stock
					152 470	89 145		63 325		
					B7	N1	49 525			
							N2 B6			

CASH PAYMENTS JOURNAL OF AGRI IMPLEMENTS FOR OCTOBER 2020

CPJ10

Doc	Day	Name of Payee	Fol	Bank	Trading Stock	Wages	Repairs	Consumable Stores	Sundry Accounts		
									Amount	Fol	Details
EFT131	8	Berty Bouers		123 000			33 000		90 000	B3	Land and Buildings
BS		Cash		9 300		5 600			3 450	B2	Drawings
									250	N7	Stationery
EFT132	16	Latan Munisipaliteit		4 200					4 200	N9	Water and Electricity
EFT133		Hern Motors		2 310			2 310				
BS	17	Cash		4 400		4 400					
EFT134	21	Mpumalanga Store		13 505	13 505						
EFT135		ZamaZama		1 180				500	680	N13	Cleaning Materials
EFT136	26	Easy Talk		3 400					1 800	N12	Sundry Expenses
									1 600	B2	Drawings
BS	27	Woza Bank		680					680	N10	Bank Charges
EFT137	29	Irrigate Ltd		22 900	18 900			4 000			
				184 875	32 405	10 000	35 310	4 500	102 660		
				B7	B6	N6	N11	N8			

EXERCISE 28

Study the following accounts and then answer the questions:

GENERAL LEDGER OF GAUTENG SUPPLIERS

Date	Day	Details	Fol	Amount	Date	Day	Details	Fol	Amount
TRADING STOCK					B6				
2020 Mar	1	Balance	b/d	50 000	2020 Mar	31	Cost of Sales	?	30 000
	31	?	CPJ3	20 000			Balance	c/d	40000
				70000					70000
Apr	1	Balance	b/d	40000					
COST OF SALES					?				
2020 Mar	1	Total	b/d	300 000					
	31	?	CRJ3	30 000					
				330 000					

Questions to answer:

- Balance the Trading Stock Account in the space above.
- What kind (type) of account is Trading Stock? Be specific.
- Supply the details (contra account) for the entry of R20 000 on the debit side of the Trading Stock Account.
- Give an explanation (describe what happened) for the entry of R20 000 on the debit side of the Trading Stock Account.
- Supply the folio number for the R30 000 omitted on the credit side of the Trading Stock Account.
- Give an explanation for the entry of R30 000 on the credit side of the Trading Stock Account.
- In which section of the General Ledger will we find the Cost of Sales Account? Motivate your answer.
- Supply the details (contra account) for the entry of R30 000 on the debit side of the Cost of Sales Account.
- The business sells its stock at a mark-up of 60%. Calculate the total for the Sales column in the CRJ for March 2020.
- The total for the Cost of Sales Account is R330 000. What does this total mean.

2	What kind (type) of account is Trading Stock? Be specific.
Current Asset	

3	Supply the details (contra account) for the entry of R20 000 on the debit side of the Trading Stock Account.
Bank	

4	Give an explanation (describe what happened) for the entry of R20 000 on the debit side of the Trading Stock Account.
Trading Stock was bought per EFT/Cash	

5	Supply the folio number omitted for the R30 000 on the credit side of the Trading Stock Account.
CRJ3	

6	Give an explanation for the entry of R30 000 on the credit side of the Trading Stock Account.
The cost price (purchasing price) of the trading stock that has been sold.	

7	In which section of the General Ledger will we find the Cost of Sales Account? Motivate your answer.
Section: Nominal Section	
Motivation: Cost of Sales is an expense	

8	Supply the details (contra account) for the entry of R30 000 on the debit side of the Cost of Sales Account.
Trading Stock	

9	The business sells its stock at a mark-up of 60%. Calculate the total for the Sales column in the CRJ for March 2020.
$R30\ 000 \times 160\% = R48\ 000$	
$R30\ 000 + (60\% \times R30\ 000) = R48\ 000$	

10	The total for the Cost of Sales Account is R330 000. What does this total mean?
Stock to the value of R330 000 has been sold up to date	

EXERCISE 29

Study the information given in the following account and then answer the questions:

TRADING STOCK					B6				
2020 April	1	Balance	b/d	12 000	2020 April	30	Cost of Sales	CRJ4	28 000
	30	Bank	?	30 000			Balance	c/d	14 000
				42 000					42 000
May	1	Balance	b/d	14 000					

QUESTIONS TO ANSWER:

1. Balance the above account.

2	What should the folio number for the R30 000, on the debit side of the account, be?
	CPJ4

3	Describe the transaction/s that led to the entry of R30 000 on the debit side of the account.
	Trading Stock was bought per EFT/Cash.

4	What does the entry of R28 000 on the credit side of the account represent?
	The cost price (purchasing price) of the trading stock that has been sold.

5	Accept that April was a normal month of doing business. How many month's/day's stock is on hand as at 30 April ? 15 day's stock are on hand Sold stock to the value of R28 000 in one month (cost of sales) Stock on hand = R14 000, thus 15 day's.
	Stock to the value of R28 000 was sold in a "normal" month
	Stock on hand = R14 000 (the balance)
	15 days of stock are on hand. (R28 000 / R14 000)

6	Stock is sold at a profit-margin of 45% on cost. What will the total be for the sales column in April's CRJ ?
	$R28\ 000 \times 145\% = R40\ 600$
	$R28\ 000 + (R28\ 000 \times 45\%) = R40\ 600$

7	What does the closing balance of this account represent ?
	It represents the value of the unsold stock / the stock on hand.

8	What type of account is Trading Stock ? Motivate your answer.
	Current Asset
	Trading Stock is an asset that consists of cash or which will be changed into cash within a year.

EXERCISE 30

Study the information given in the following accounts and then answer the questions:

TRADING STOCK					B6				
2020 April	1	Balance	b/d	85 000	2020 April	30	Cost of Sales	CRJ4	95 000(A)
	30	Bank	(B)	52 000			Balance	c/d	42000
				137000					137000
May	1	Balance	b/d	42000					

BANK					B7				
2020 April	1	Balance	b/d	36 400	2020 April	30	Total Payments/ Sundry Accounts	CPJ4	(C)
	30	(D)	CRJ4	128 600			Balance	c/d	43 850
				165 000					165 000
May	1	Balance	b/d	43 850					

QUESTIONS TO ANSWER:

1	The business sells its stock at a mark-up of 75%. The Cash sales for April 2020 amounted to R166250. Calculate the Cost of Sales (A) for April 2020.
R166 250 X 100/175 = R95 000	

2	Enter the amount, that you have calculated in no.1, at (A) and balance the Trading Stock account, in the space provided.
---	--

3	What should the folio number (B) for the R52 000 on the debit side of the Trading Stock Account, be?
CPJ4	

4	Give an explanation for the entry of R52 000 on the debit side of the Trading Stock Account.
Trading Stock bought per EFT	

5	Identify the account that will be debited with the amount you calculated in no.1 ? What does this entry represent?
Account to be debited: Cost of Sales Account	
What does this entry represent? The cost price (purchasing price) of the trading stock that has been sold.	

6	Why is Trading Stock classified as a “Current Liability”? Explain..
Trading Stock is an asset that consists of cash or which will be changed into cash within a year.	

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7	Calculate the total payments (C) for April 2020.
R165 000 - R43 850 = R121 150	

8	Supply three possible contra accounts (accounts that must be debited) for the entry (C) made on the credit side of the Bank account.
Any possible payment - assets purchased, or expenses paid.	

9	Supply the details for the entry of R128 600 on the debit side of the Bank account.
Total Receipts Or Sundry Accounts	

10	Give an explanation for the entry of R128 600 on the debit side of the Bank account.
Total cash received and deposited during the month.	

11	What does the balance of R43 850 represent?
It represents the money left in the Bank Account.	

12	Do you think the business is in a better cash position on 30 April 2020 than on 1 April 2020? Motivate your answer.
Yes, the business is in a better cash position on 30 April 2020 than on 1 April 2020.	
The Bank balance is more on 30 April than on 1 April.	

EXERCISE 31Required:

1. A summary of the cash transactions of Abrahams Stores for October 2020 is given. Record the transactions in the Cash Journals of the business. The owner is Abie Abrahams.
2. Post the journals to the following accounts in the General Ledger:
 - Capital
 - Trading Stock
 - Bank
 - Sales
 - Cost of Sales.
3. Balance/Total the accounts where necessary.

Information:

- All stock is sold at a profit mark-up of 50%.
- The following balances/totals appeared, among others, on 1 October 2012 in the books:
 - Trading Stock, R10 200
 - Capital, R175 000
 - Bank, R18 500
 - Sales, R30 750
 - Cost of Sales, R20 500.
- Summary of the cash transactions for October 2020:

Receipts issued:

Date	Document No.	To	Reason
1	460	A. Abrahams	Capital increased with 5%. Deposited at the business.
11	461	D. Davis	2 months' rent, the rent for the year is R66 000.
18	462	K. Zwane	Commission received, R6 700.

Sales according to Cash Register Rolls:

Date	Document No.	Selling Price	Cost Price	Gross Profit
1	CRR203	R1 500		
5	CRR204		R1 800	
11	CRR205			R1 100
21	CRR206	R4 200		
28	CRR207			R1 800

The following EFT payments were made:

Date	Document No.	To:	Reason
5	55	VIP Stores	Goods, R8 000, less 5% trade discount. Stationery, R410.
10	56	Telkom	Owner's personal phone, R? Business' phone, R1 375 Total of EFT payment: R2 400.
12	57	K. Fortune	Equipment, R1 500 and stationery, R600.
12	58	Voges Ltd	Stationery, R400 Equipment, R? Total of EFT payment: R1 680.
21	59	Municipality	Rates and Taxes, R350 Water and Electricity, R2 250
24	60	Aqua CC	Trading Stock, R960 Stationery, R125 Equipment, R4 140.
31	61	Lapha Services	Stationery, R500.

65.

Cash withdrawn during the month and other items on Bank Statement:

Date	Document	Action/Payee	Reason
06	Bank Statement	Cash Withdrawn	Wages (2 workers at R180 per day for 5 days each) Increase cash float from R500 to R800.
19	Bank Statement	Cash Withdrawn	Wages (2 workers at R180 per day for 5 days each plus a Bonus of R800 to one of the 2 workers)
28	Bank Statement	Thatha Bank	Bank Charges, R410

CASH RECEIPTS JOURNAL OF ABRAHAMS STORES FOR OCTOBER 2020

CRJ10

Doc	Day	Details	Fol	Analysis of Receipts	Bank	Sales	Cost of Sales	Sundry Accounts		
								Amount	Fol	Details
REC460	1	A. Abrahams		8 750				8 750	B1	Capital
CRR203		Sales		1 500	10 250	1 500	1 000			
CRR204	5	Sales		2 700	2 700	2 700	1 800			
REC461	11	D. Davis		11 000				11 000		Rent Income
CRR205		Sales		3 300	14 300	3 300	2 200			
REC462	18	K. Zwane		6 700	6 700			6 700		Commission Income
CRR206	21	Sales		4 200	4 200	4 200	2 800			
CRR207	28	Sales		5 400	5 400	5 400	3 600			
					43 550	17 100		26 450		
					B7	N1	11 400			
							N2 B6			

CASH PAYMENTS JOURNAL OF ABRAHAMS STORES FOR OCTOBER 2020

CPJ10

Doc	Day	Name of Payee	Fol	Bank	Trading Stock	Wages	Stationery	Equip-ment	Sundry Accounts		
									Amount	Fol	Details
EFT55	5	VIP Stores		8 010	7 600		410				
BS	6	Cash		2 100		1 800			300		Cash Float
EFT56	10	Telkom		2 400					1 375		Telephone
									1 025		Drawings
EFT57	12	K. Fortune		2 100			600	1 500			
EFT58		Voges Ltd		1 680			400	1 280			
BS	19	Cash		2 600		2 600					
EFT59	21	Municipality		2 600					350		Rates and Taxes
									2 250		Water and Electricity
EFT60	24	Aqua CC		5 225	960		125	4 140			
BS	28	Thatha Bank		410					410		Bank Charges
EFT61	31	Lapha Services		500			500				
				27 625	8 560	4 400	2 035	6 920	5 710		
				B7	B6						

EXERCISE 32

Required:

Calculate the unknown values in each of the following cases:

No.	A =	OE +	L
1	56 000	56 000	0
2	320 000	235 000	85 000
3	134 000	102 000	32 000
4	930 000	745 000	185 000
5	485 600	460 000	25 600
6	220 000	185 000	35 000
7	113 000	85 000	28 000
8	85 000	55 000	30 000
9	650 000	160 000	490 000
10	135 000	135 000	0

No.	A =	OE +	L
11	175 000	100 000	75 000
12	65 000	50 000	15 000
13	1 000 000	850 000	150 000
14	135 000	36 000	99 000
15	190 000	155 000	35 000
16	600 000	0	600 000
17	360 000	230 000	130 000
18	548 000	450 000	98 000
19	120 000	40 000	80 000
20	266 000	233 000	33 000

EXERCISE 33

Analyse the transactions given in the table below:

Transaction		Source Document	Journal	General Ledger		Equation		
				Account Dr	Account Cr	A =	O +	L
1	Start a business by depositing R50 000 in the bank.	Duplicate Receipt BS	CRJ	Bank	Capital	+50 000	+50 000	0
2	Bought trading stock per EFT, R2 800.	EFT Authorisation	CPJ	Trading Stock	Bank	+2 800 -2 800	0	0
3	Cash sales R3 000. (Cost price, R 1 000)	Cash Register Roll	CRJ	Bank	Sales	+3 000	+3 000	0
				Cost of Sales	Trading Stock	-1 000	-1 000	0
4	Equipment bought by EFT, R7 000.	EFT Authorisation	CPJ	Equipment	Bank	+7 000 -7 000	0	0
5	The owner took R1 700 per EFT for private use.	EFT Authorisation	CPJ	Drawings	Bank	-1 700	-1 700	0
6	Rent received and deposited, R750.	Duplicate Receipt	CRJ	Bank	Rent Income	750	750	0
7	Water and electricity paid by EFT, R750.	EFT Authorisation	CPJ	Water and Electricity	Bank	-4 000	-4 000	0
8	Interest received on the current account, according to the bank statement, R50.	Bank Statement	CRJ	Bank	Interest on Current Account	50	50	0
9	Vehicle bought per EFT, R85 000.	EFT Authorisation	CPJ	Vehicles	Bank	+85 000 -85 000	0	0
10	Draw cash to increase the cash float, R1 000.	EFT Authorisation	CPJ	Cash Float	Bank	+1 000 -1 000	0	0

EXERCISE 34

Analyse the transactions given in the table below:

Transaction	Source Document	Journal	General Ledger		Equation		
			Account Dr	Account Cr	A =	O +	L
1 Start a business by depositing R70 000 in the bank account.	Duplicate Receipt	CRJ	Bank	Capital	+70 000	+70 000	0
2 Pay the rent for the building by EFT, R12 000.	EFT Authorisation	CPJ	Rent Expense	Bank	-12 000	-12 000	0
3 Received R1 500 for services rendered . (Current income)	CRR/ Dupl. Receipt	CRJ	Bank	Current Income	+1 500	+1 500	0
4 Cash Sales R5 000. (Cost price, R2 500)	CRR	CRJ	Bank	Sales	+5 000	+5 000	0
			Cost of Sales	Trading Stock	-2 500	-2 500	0
5 Equipment bought by EFT, R17 000.	EFT Authorisation	CPJ	Equipment	Bank	+17 000 -17 000	0	0
6 Stationery bought per EFT, R1 500.	EFT Authorisation	CPJ	Stationery	Bank	-1 500	-1 500	0
7 Paid the owner's home phone account by EFT, R900.	EFT Authorisation	CPJ	Drawings	Bank	-900	-900	0
8 Insurance paid by EFT, R5 000.	EFT Authorisation	CPJ	Vehicles	Bank	-5 000	-5 000	0
9 Draw cash for the cash float, R2 000 and for wages, R3 000.	Bank Statement	CPJ	Cash Float	Bank	+2 000 -2 000	0	0
			Wages	Bank	-3 000	-3 000	0
10 Paid by EFT for repairs done to the vehicle. R600.	EFT Authorisation	CPJ	Repairs	Bank	-600	-600	0

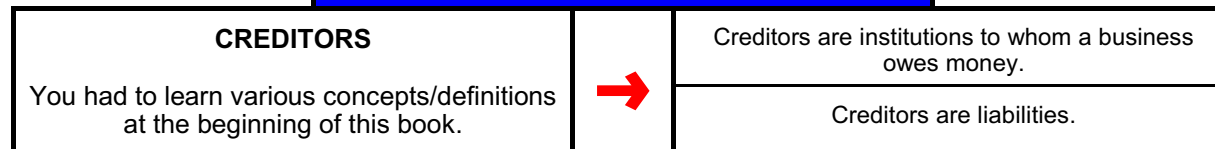
EXERCISE 35Required:

1. An inexperienced bookkeeper supplied you with the following accounts. Their balances/totals are also given. The bookkeeper is not sure whether the accounts listed are Assets, Liabilities, Income, Expenses or Owner's Equity. Write the name of the account, together with its balance/total, in the correct column. Calculate the total for each column.

Accounts:

Salaries, R24 000; Bank, R45 000; Drawings, R89 500; Sales, R750 000; Water and Electricity R18 000; Rent Income, R60 000; Equipment, R120 000; Cost of Sales, R500 000; Repairs, R35 000; Stationery, R12 300; Bank Charges, R2 800; Trading Stock, R56 700; Commission Income, R4 000; Advertising, R14 350; Cash Float, R1 750; Capital, R646 000; Land and Buildings, R561 200; Creditors, R20 600.

IN THIS EXERCISE YOU WILL APPLY KNOWLEDGE PREVIOUSLY LEARNT:



Assets		Liabilities		Income		Expenses		Owner's Equity	
Name of Account	Amount	Name of Account	Amount	Name of Account	Amount	Name of Account	Amount	Name of Account	Amount
Bank	45 000	Creditors	20 600	Sales	750 000	Salaries	24 000	Drawings	-89 500
Equipment	120 000			Rent Income	60 000	Water & Electricity	18 000	Capital	646 000
Trading Stock	56 700			Commission Income	4 000	Cost of Sales	500 000		
Cash Float	1 750					Repairs	35 000		
Land and Buildings	561 200					Stationery	12 300		
						Bank Charges	2 800		
						Advertising	14 350		
Total	784 650	Total	20 600	Total	814 000	Total	606 450	Total	556 500

72.

2. Use the totals that you have calculated to show that $A = O + L$. Use the table below.

2. Use the totals that you have calculated to show that $A = O + L$. Use the table below.

<table border="1" style="width: 100%;"><tr><td style="background-color: #f4a460; text-align: center;">A</td></tr><tr><td style="text-align: center;">784 650</td></tr></table>	A	784 650	=	<table border="1" style="width: 100%;"><tr><td style="background-color: #f4a460; text-align: center;">OE</td></tr><tr><td style="text-align: center;">556 500 + 814 000 - 606 450</td></tr><tr><td style="text-align: center;">764 050</td></tr></table>	OE	556 500 + 814 000 - 606 450	764 050	+	<table border="1" style="width: 100%;"><tr><td style="background-color: #f4a460; text-align: center;">L</td></tr><tr><td style="text-align: center;">20 600</td></tr></table>	L	20 600
A											
784 650											
OE											
556 500 + 814 000 - 606 450											
764 050											
L											
20 600											

3. What is the total value of the owner's investment in the business? Do you think the owner will be satisfied? (Give comments)

Value of the investment:
Comments: The owner can be satisfied. The value of the investment has increased with more than R100 000.
The total liabilities are only R 20 600.

EXERCISE 36

Required:

Analyse the given transactions in the table below:

Transaction		Source Document	Journal	General Ledger		Equation		
				Account Dr	Account Cr	A =	OE +	L
1	The owner increased her capital contribution, by depositing R10 000 in the bank account.	Duplicate Receipt	CRJ	Bank	Capital	+100 000	+100 000	0
2	Paid the business' telephone, R1200, and the owner's personal telephone account, R800, by EFT.	EFT Authorisation	CPJ	Telephone	Bank	-1 200	-1 200	0
				Drawings	Bank	-800	-800	0
3	Received the monthly rent, R3 500.	Duplicate Receipt	CRJ	Bank	Rent Income	+3 500	+3 500	0
4	Stock (cost price R1 000) was sold for cash at a profit of R800.	Cash Register Roll	CRJ	Bank	Sales	+1 800	+1 800	0
				Cost of Sales	Trading Stock	-1 000	-1 000	0
5	Vehicle bought by EFT, R170 000.	EFT Authorisation	CPJ	Vehicles	Bank	+170 000 -170 000	0	0
6	Salaries paid by EFT, R15 500.	EFT Authorisation	CPJ	Salaries	Bank	-15 500	-15 500	0
7	Bank charges according to the bank statement, R630.	Bank Statement	CPJ	Bank Charges	Bank	-630	-630	0
8	Water and electricity paid by EFT, R6 000.	EFT Authorisation	CPJ	Water and Electricity	Bank	-6 000	-6 000	0
9	Cash sales R9 000 (cost price R6 000)	Cash Register Roll	CRJ	Bank	Sales	+9 000	+9 000	0
				Cost of Sales	Trading Stock	-6 000	-6 000	0
10	Paid R500 by EFT to a creditor on our account.	EFT Authorisation	CPJ	Creditors	Bank	-500	0	-500

EXERCISE 37

Required:

1. Use the information supplied in the General Ledger to draw up a Trial Balance.
2. Answer the questions that follow.

Information:

GENERAL LEDGER OF SNOWY'S ICE CREAM									
Dr					Cr				
Date	Day	Details	Fol	Amount	Date	Day	Details	Fol	Amount
CAPITAL					B1				
					2012	1	Balance	b/d	400 300
						31	Bank	CRJ3	106 000
									506 300
DRAWINGS					B2				
2012	1	Balance	b/d	30 000					
	20	Bank	CPJ3	15 000					
				45 000					
EQUIPMENT					B3				
2012	1	Balance	b/d	85 000					
	31	Bank	CPJ3	100 000					
				185 000					
TRADING STOCK					B4				
2012	1	Balance	b/d	24 000	2012	31	Cost of Sales	CRJ3	50 000
	31	Bank	CPJ1	56 000			Balance	c/d	30 000
				80 000					80 000
April	1	Balance	b/d	30 000					
BANK					B5				
2012	1	Balance	b/d	125 300	2012	31	Total Payments / Sundry Accounts	CPJ3	258 300
	31	Total Receipts / Sundry Accounts	CRJ3	390 000			Balance	c/d	257 000
				515 300					515 300
April	1	Balance	b/d	257 000					
CASH FLOAT					B6				
2012	1	Balance	b/d	2 000					
	17	Bank	CPJ1	1 000					
				3 000					

SALES					N1				
					2012	1	Total	b/d	100 000
					March	31	Bank	CRJ3	67 500
									167 500
COST OF SALES					N2				
2012	1	Total	b/d	74 000					
March	31	Trading Stock	CRJ3	50 000					
				124 000					
COMMISSION INCOME					N3				
					2012	1	Total	b/d	15 600
					March	15	Bank	CRJ3	13 400
									29 000
INTEREST ON CURRENT ACCOUNT					N4				
					2012	1	Total	b/d	150
					March	31	Bank	CRJ3	50
									200
WAGES					N5				
2012	1	Total	b/d	10 000					
March	31	Bank	CPJ3	5 000					
				15 000					
CONSUMABLE STORES					N6				
2012	6	Bank	CPJ3	6 400					
March									
STATIONERY					N7				
2012	6	Bank	CPJ3	4 000					
March									
RENT EXPENSE					N8				
2012	1	Total	b/d	12 000					
March	13	Bank	CPJ3	6 000					
				18 000					
WATER AND ELECTRICITY					N9				
2012	1	Total	b/d	11 320					
March	31	Bank	CPJ3	4 280					
				15 600					

TRIAL BALANCE OF SNOWY'S ICE CREAM ON 31 MARCH 2020

Details	Folio	Debit	Credit
Capital	B1		506 300
Drawings	B2	45 000	
Equipment	B3	185 000	
Trading Stock	B4	30 000	
Bank	B5	257 000	
Cash Float	B6	3 000	
Sales	N1		167 500
Cost of Sales	N2	124 000	
Commission Income	N3		29 000
Interest on Current Account	N4		200
Wages	N5	15 000	
Consumable Stores	N6	6 400	
Stationery	N7	4 000	
Rent Expense	N8	18 000	
Water and Electricity	N9	15 600	
		703 000	703 000

Questions to answer:

2	<p>Explain briefly (in your own words): The two most important reasons for drawing up a Trial Balance</p> <p>Reason 1: To test whether the work is mathematically correct (amounts were correctly added and subtracted in the journals and ledger)</p> <p>Reason 2: To test whether the Principle of Double Entry was correctly applied, with posting from the journals to the General Ledger.</p>
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2	<p>Arrange the following steps in the Accounting Cycle in the correct sequence. Only write the number to indicate the correct sequence.)</p> <table border="1" style="width: 100%;"> <thead> <tr> <th>Description of step</th> <th>Correct order</th> </tr> </thead> <tbody> <tr> <td>General Ledger</td> <td style="text-align: center;">4</td> </tr> <tr> <td>Transactions</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Trial Balance</td> <td style="text-align: center;">5</td> </tr> <tr> <td>Documents</td> <td style="text-align: center;">2</td> </tr> <tr> <td>Journals</td> <td style="text-align: center;">3</td> </tr> </tbody> </table>	Description of step	Correct order	General Ledger	4	Transactions	1	Trial Balance	5	Documents	2	Journals	3
Description of step	Correct order												
General Ledger	4												
Transactions	1												
Trial Balance	5												
Documents	2												
Journals	3												

2	<p>Why must the total of the debit column and the total of the credit column of the Trial Balance be the same? Motivate your answer, by referring to an Accounting Principle.</p> <p>When making entries into the General Ledger, the debit entries must equal the credit entries and the credit entries must equal the debit entries.</p>
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EXERCISE 38Required:

The following balances/totals appeared in the General Ledger of Billy's Biltong. These accounts are not in the correct sequence. Billie Hoffman, the owner, requested you to draw up a Trial Balance for the business. Arrange these accounts in the correct sequence. You must decide which amounts are to be entered into the Dr-column and which amounts are to be entered into the Cr-column. Remember to enter the folio numbers in the appropriate column.

Information:

2020
June 30

Bank, R59 695; Capital, R300 385; Cost of Sales, R126 800; Interest on Current Bank, R200; Cash Float, R2 000; Stationery, R2 880; Wages, R68 320; Postage, R80; Rent Expense, R61 050; Drawings, R17 600; Trading Stock, R55 420; Sales, R158 500; Vehicles, R52 000; Advertising, R1 500; Bank Charges, R160; Commission Income, R57 200; Carriage on Sales, R150; Equipment, R68 630.

TRIAL BALANCE OF BILLY'S BILTONG ON 30 JUNE 2020

Details	Folio	Debit	Credit
Capital	B1		300 385
Drawings	B2	17 600	
Vehicles	B3	52 000	
Equipment	B4	68 630	
Trading Stock	B5	55 420	
Bank	B6	59 695	
Cash Float	B7	2 000	
Sales	N1		158 500
Cost of Sales	N2	126 800	
Interest on Current Bank	N3		200
Commission Income	N4		57 200
Stationery	N5	2 880	
Wages	N6	68 320	
Postage	N7	80	
Rent Expense	N8	61 050	
Advertising	N9	1 500	
Bank Charges	N10	160	
Carriage on sales	N11	150	
		516 285	516 285

EXERCISE 39Required:

An inexperienced bookkeeper compiled the following Trial Balance for Seaside Leather Products. She has difficulty in understanding the workings of a Trial Balance and she approached you to help her redo the given Trial Balance on the framework supplied.

Information:

Incorrect Trial Balance

TRIAL BALANCE OF SEASIDE LEATHER PRODUCTS ON 31 AUGUST 2020

Details	Folio	Debit	Credit
Capital			104 000
Drawings			16 000
Land and Buildings		70 400	
Trading Stock			60 000
Equipment			19 000
Bank		17 300	
Cash Float			500
Sales		167 800	
Cost of Sales			70 000
Rent Income			4 000
Stationery			3 600
Wages		8 800	
Packing Materials		3 500	
Telephone			2 200
Salaries			4 500
		267 800	283 800

Corrected Trial Balance

TRIAL BALANCE OF SEASIDE LEATHER PRODUCTS ON 31 AUGUST 2020

Details	Folio	Debit	Credit
Capital	B1		104000
Drawings	B2	16 000	
Land and Buildings	B3	70 400	
Equipment	B4	19 000	
Trading Stock	B5	60 000	
Bank	B6	17 300	
Cash Float	B7	500	
Sales	N1		167 800
Cost of Sales	N2	70 000	
Rent Income	N3		4 000
Stationery	N4	3 600	
Wages	N5	8 800	
Packing Materials	N6	3 500	
Telephone	N7	2 200	
Salaries	N8	4 500	
		275 800	275 800

EXERCISE 40

Required

1. Show the effect that the transactions on the 1st, 7th, 10th, and 14th have on the Accounting Equation.
2. Enter the following transactions to the CRJ and CPJ of Harper Hardware for September 2020.
3. Post the CRJ and CPJ to the relevant accounts in the General Ledger.
4. Draw up a Trial Balance on 30 September 2020.

Information:

The following balances/totals appeared in the books of the business on 1 September 2020:
 Capital, 600 000; Drawings, R90 000; Equipment, R75 000; Vehicles, R120 000; Trading Stock, R54 000;
 Bank, R160 000; Cash Float, R5 000; Sales, R240 000; Cost of Sales, R150 000; Commission Income,
 R13 500; Water and Electricity, R27 000; Rent Expense, R45 000; Wages, R90 000; Insurance, R19 000;
 Stationery, R7 500; Advertising, R8 750; Telephone, R2 250.

Transactions:

2020

- Sep
- 01 Cash sales for the day amounted to R27 200. (Cash register roll no. 63). Goods sold at a profit mark-up of 60% on cost price.
 - 03 Made an EFT payment (No.87) to Genius Suppliers for R32 000. This was for Trading Stock, R21 000, for Stationery, R3 000, and the rest was for Equipment.
 - 07 The owner, F. Harper, decided that the business should buy the building. The business has rented the building up to now. The owner of the building is Sacio Agencies. An EFT payment for R140 000 was made to Sacio Agencies. This was to pay for the building and to pay the last month's rent, R5 000.
 - 10 Wages paid after cash was drawn, R5 000.
 - 11 The owner increased her capital contribution by paying R80 000 directly into the bank account of the business.
Commission was received from Ollie Wholesalers, R1 900.
 - 14 An EFT payment was made to the owner for personal use, R6 500.
 - 15 Stock with a cost price of R8 000 was sold for cash.
 - 19 Paid Berta Stores per EFT for Trading Stock, R17 500, less 10% trade discount.
 - 21 An EFT payment, R3 150, was made to Asmal Municipality for water and electricity.
 - 27 Draw cash for:
 - Equipment, R4 000
 - Advertising, R1 900
 - Consumable Stores, R2 100.
 - 28 Cash was drawn for wages, R5 000.
 - 29 Sold stock for cash at a profit of R9 000.
An EFT payment was made to Pebble Resort for the owner's holiday trip, R8 500.
 - 30 Cash sales amounted to R22 400.
Paid R700 to Telkom per EFT for this month's telephone account.
The insurance for September, R1 875, was paid by EFT to Shield Insurers.

Effect on the Accounting Equation:

Date	Journal	General Ledger		Equation			
		Accounting Dr	Accounting Cr	A	=	OE +	L
1	CRJ	Bank	Sales	+27 200		+27 200	0
		Cost of Sales	Trading Stock	-17 000		-17 000	0
7	CPJ	Land and Buildings	Bank	+135 000		0	0
				-135 000			
		Rent Expense	Bank	-5 000		-5 000	0
10	CPJ	Wages	Bank	-5 000		-5 000	0
14	CPJ	Drawings	Bank	-6 500		-6 500	0

CONSUMABLE STORES					N11			
2020 Sep	27	Bank	CPJ10	2 100				

TRIAL BALANCE OF HARPER HARDWARE ON 30 SEPTEMBER 2020

Details	Folio	Debit	Credit
Capital	B1		680 000
Drawings	B2	105 000	
Land and Buildings	B3	135 000	
Equipment	B4	87 000	
Vehicles	B5	120 000	
Trading Stock	B6	36 750	
Bank	B7	101 775	
Cash Float	B8	5 000	
Sales	N1		326 400
Cost of Sales	N2	204 000	
Commission Income	N3		15 400
Water and Electricity	N4	30 150	
Rent Expense	N5	50 000	
Wages	N6	100 000	
Insurance	N7	20 875	
Stationery	N8	10 500	
Advertising	N9	10 650	
Telephone	N10	3 000	
Consumable Stores	N11	2 100	
		1 021 800	1 021 800

EXERCISE 41**Debtors**Requested

Complete the following invoice issued by Berg Stores.

Information:

Berg Stores is selling a large variety of clothing. The business is situated at 870 Apple Street, Bergfontein 9999. Other contact information:

Telephone: 099 980 8872
 Fax: 099 980 9088
 E-Mail: berg@fastmail.co.za

Berg Stores use the secret price-code word "VANDERBIJL", where V = 1. Debtors are given 60 days to settle their accounts.

Transaction:


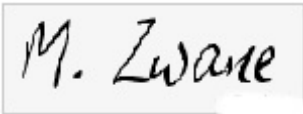
March 2020

06 The following stock was sold on **credit** to M. Zwane :

- 2 Pair Leather shoes at R680,00 each. (Cost Price R320,00 each).
- 4 Men's Jerseys at R470,95 each. (Cost Price R295,00 each).
- 1 Lady's Coat at R1 323,00. (Cost Price R735,00).

Zwane's address is: Post Box 9009, Bergfontein, 9999.

Answer:

INVOICE				No. 4003	
		BERG STORES 870 Apple Street, BERGFONTEIN, 9999 Tel: 099 980 8872, Fax: 099 980 9088 Email: berg@fastmail.co.za			
<u>To:</u>		<u>Date:</u>		6 March 2020	
M. Zwane Postbox 9009 BERGFONTEIN 9999					
TERMS: 60 Days					
Qua.	Description	Code	Unit Price	Amount	
2	Pair Leather Shoes	RDL/LL	R 680,00	R 1 360,00	
4	Men's Jerseys	VVIL/LL	R 470,95	R 1 883,80	
1	Lady's Coat	BNE/LL	R1 323,00	R 1 323,00	
TOTAL				R 4 566,80	
Client's Signature:					
E & OE					

EXERCISE 42 (Hint: Learners must design their own logo.)Required

Complete the following invoice issued by Elnoux Hardware.

Information:

Elnoux Hardware is selling a large variety of tools and building material. Their postal address is: Post Box 2307, Hillview, 0021. Other contact information is:

Telephone: 086 655 5005
 Fax: 086 655 5006
 E-Mail: elnoux@zinger.co.za

Elnoux Hardware use the secret price-code word "STORMWINDE", where S = 1. Debtors are given 30 days to settle their accounts.

Transaction:



December 2020

18 The following stock was sold on credit to B. Bridges:

- 20 Bags of cement at a profit mark-up of 25%. (Cost Price Code SEE/EE per bag).
- 10 Wooden window frames at R3 195,00 in total. (Cost Price R2 556,00, for all 10).
- 3 Stainless steel basins at R639,95 each. (Cost Price R511,96 each).

Bridges' address is: 67 Brug Street, Hillview, 0021.

Answer:



INVOICE		No. 783		
		ELNOUX HARDWARE Post Box 2307, HILLVIEW, 0021 Tel: 0866555005 * Fax: 0866555006 Email: elnoux@zinger.co.za		
<u>To:</u>		<u>Date:</u>		
B. Bridges 67 Brug Street HILLVIEW 0021		18 December 2020		
TERMS: 30 Days				
Qua.	Description	Code	Unit Price	Amount
20	Bags of Cement	TEEE/EE	R 125,00	R 2 500,00
10	Wooden window frames	TMMW/EE	R 319,50	R 3 195,00
3	Stainless steel basins	SMOM/NN	R 639,95	R 1 919,85
TOTAL				R 7 614,85
Client's Signature:				
				
O & OE				

EXERCISE 43Required

Study the invoice and the additional information below and then answer the questions. You need to keep the regulations of the **National Credit Act** in mind, when answering some of these questions.

Information:

Singh's Greengrocer is a wholesaler that supplies fresh fruit and vegetables to hotels, guest houses and retailers. They use the **secret price-code word "OPSTANDIGE"**, where **O = 1**. Manny Singh, the owner, encountered problems with some of his clients, they were not totally satisfied with the service they received. Manny does not agree. Die following invoice was issued to one of these clients:

INVOICE		No. 550		
		SINGH'S GREENGROCER 21 Jabu Straat GREENFIELDS 3003 Tel: 031 111 1111 Fax: 031 111 1112		
<u>To:</u>		<u>Date:</u>		
Goody Bed & Breakfast 542 Allen Straat GREENFIELDS 3003		24 July 2020		
TERMS: 60 Days				
Qua.	Description	Code	Unit Price	Amount
3	Boxes of Tomatoes	GE/EE	R 55,95	R167,85
4	Bags of Cauliflower	NA/EE	R113,75	R455,00
6	Crates of Apples	IDI/DE		
TOTAL				
Client's Signature:				
O & OE				

QUESTIONS TO ANSWER:

1	Calculate the cost price of 1 box of tomatoes. GE/EE = R90 $R90 \div 3 = R30$ per box
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2	<p>Calculate the profit that will be generated when one box of tomatoes is sold.</p> $R55,95 - R30,00 = R25,95$
3	<p>Calculate the cost price of 1 crate of apples.</p> $IDI/DE = R878,70$ $R878,70 \div 6 = R146,45 \text{ per crate}$
4	<p>Manny did not enter the selling price of the apples on the invoice. Manny explained that he will enter the selling price of the apples at a later stage but demanded the owner of Goody Bed & Breakfast to sign the invoice. Goody's owner signed the invoice, but he was not happy. Did Manny handle this matter correctly? Motivate your answer.</p> <p>Manny did not handle this matter correctly He can now enter any price for the apples on the invoice. Goody's owner should not have signed the invoice.</p>
5	<p>This was Goody Bed and Breakfast's first time, buying goods on credit from Manny. Manny did not make inquiries about Goody Bed & Breakfast's creditworthiness. Did Manny handle this matter correctly? Substantiate your answer by giving two reasons.</p> <p>There is no certainty that Goody has the resources to meet his obligations. Goody may already be over committed to debt.</p>
6	<p>Manny sent an account to Goody Bed & Breakfast, indicating the total outstanding amount of R3 258,95. Calculate the price charged by Manny for the 6 crates of apples.</p> $R3258,95 - (R167,85 + R455,00) = R2\ 636,10$ $R2\ 636,10 \div 6 = R439,35 \text{ per crate}$ <p>Is this a reasonable price? Motivate.</p> <p>No, this is not a reasonable price. The apples only cost R146,45 per crate. The percentage mark-up is more than 100%.</p>
7	<p>Manny indicated on the account, sent to Goody Bed & Breakfast, that their account should be paid in full by 31 August 2020. Was this request fair? Explain.</p> <p>No, this request was not fair (terms 30 days) The invoice clearly states that the terms is 60 days.</p>
8	<p>What does the abbreviation "O & OE" stand for?</p> <p>Errors and Omissions Excluded</p>

9	<p>Manny provided Goody Bed & Breakfast's Email address, without permission, to a supplier of kitchen cupboards. Goody Bed & Breakfast now receives advertisements frequently from the supplier, offering credit up to R10 000.</p> <p>Do you think Manny acted wisely?</p> <p>No, Manny did not act wisely. According to the National Credit Act the client has the right to decide whether or not they want to be informed about products/services via E-mail.</p> <p>Do you think that the supplier has the right to e-mail advertisements, offering pre-approved credit? Motivate.</p> <p>No, the supplier does not have the right. According to the National Credit Act, pre-approved credit may not be offered. Credit worthiness must be investigated first.</p>
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EXERCISE 44Required

1. Study the given scenarios carefully and decide whether they comply to the National Credit Act (NCA) or not. Indicate your answer, by making a cross in the appropriate column.

No	Scenario	comply to NCA	do not comply to NCA
1	John Malan bought a vehicle on credit. He was informed that the total cost amounted to R235 000. He now noticed that bank charges, R50 bank charges, as well as R7 VAT that are added each month onto his account. He was not informed of these additional charges.		✓
2	Billy Ramsammy wants to buy furniture on credit from a retailer. The retailer made inquiries in respect of Billy's finances. They calculated that he could afford a monthly instalment of R2 700. The furniture that Billy wants to buy, requires a monthly instalment of R3 950. The retailer did not approve this transaction. Billy is not happy with the retailer's decision.	✓	
3	Zanele Fashions is a clothing shop, situated in Johannesburg. She adds various costs onto the accounts of her credit clients. This was not discussed with them, beforehand. If clients complain that it is not according to the NCA, her defence is simply; "Clothing shops can do as they want".		✓
4	Peter July applied to open an account at Kraaifontein Building Supplies. The owner of Kraaifontein Building Supplies dislikes Peter's uncle, therefore his application was not accepted.		✓
5	John Williams now lives in South Africa for the past two years, after immigrating from England. He is a credit client of Bakkies Motor Spares. John receives all his documentation in Afrikaans. John does not understand Afrikaans. Bakkies refuses to send his documentation in English.		✓
6	Emily Kunene was threatened by Brad Stores, that a summons will be served on her, because of a late monthly payment. She explained that she does not receive an account every month by post, therefore she does not know her monthly instalment. Brad Stores informed her that they are not obligated to send an account every month.		✓
7	Dudu Suppliers informed one of their clients that her credit limit has automatically been raised. She may now buy more on credit. Failing to do so, her account will be closed. The client submitted a complaint, resulting in Dudu Suppliers reversing her credit limit to the original amount.	✓	

2. Have a look at your answers in No.1. Give an explanation for each of your answers - quote from the National Credit Act.

No.	Explain your answer
1	The consumer has the right to be informed in regards to all costs, fees, interest rates and the total cost of the transaction.
2	The NCA attempts to prevent consumers to become over-indebted.
3	The consumer has the right to be informed in regards to all costs, fees, interest rates and the total cost of the transaction.
4	The consumer has the right to be protected against discrimination in the granting of credit.
5	The consumer has the right to receive documents in one of the official languages of his/her choice.
6	The consumer has the right to receive documents regularly.
7	The consumer has the right to say no to increases on their credit limit.

EXERCISE 45

Required

DJ

Transactions of Asset's Jewellery for October 2020 are given. Select and record ONLY the transactions that will be entered into the DJ.

Transactions:
2020

- October 08 Draw cash for : Wages, R2 500 and for the owner's personal use, R500. CPJ
- DJ 12 Goods sold on credit to T. Thlape, R3 600. Invoice no.42 was issued and the cost price of the goods amounted to R2 400.
- CRJ 17 Cash sales amounted to R7 000. The stock was sold at a profit mark-up of 40%. (CRR 78)
- DJ 18 Goods sold on credit to T. Dlamini, R2 080. The profit mark-up is 40% on cost.
- CPJ 24 Trading stock bought per EFT, R8 000.
- DJ 25 Stock sold on credit to Z. Zaayman. These goods had a cost price of R800 and were sold at a profit of R400.
- 28 Credit sales to A. Gupta amounted to R4 500. A profit of R1 500 was added on to the cost price in order to calculate the selling price.

Solution:

SP CP

DEBTORS JOURNAL OF ASSETS'S JEWELLERY FOR OCTOBER 2020 DJ10

Document	Day	Debtors	Folio	Sales	Cost of Sales
I42	12	T. Thlape		3 600	2 400
I43	18	T. Dlamini		2 080	14 86 1 300
I44	25	Z. Zaayman		1 200	800
I45	28	A. Gupta		4 500	3 000
				11 380	7686 7 500

EXERCISE 46

PG 117

Required

Record the following transactions in the DJ of **Lemmer Stores**. The business' percentage **profit mark-up is 25%**.

Transactions:

2020

- May 10 Stock sold on **credit** to K. Klopper, R1 400. Issued invoice no. **H87**.
- 16 Goods with a **cost price** of R660, were sold on **credit** to Berty Stores.
- 21 Genius Khumalo bought goods on **credit**. The cost price of the goods is R4 000.
- 22 **Credit** sales to K. Klopper, R2 750.
- 26 Stock sold on **credit** to Berty Stores. The cost price of the goods amounted to R900.

DEBTORS JOURNAL OF LEMMER STORES FOR MAY 2020

SP CP

DJ5

Document	Day	Debtors	Folio	Sales	Cost of Sales
H87	10	K. Klopper		✓ 1 400	× $\frac{100}{125}$ ✓ 1 120
H88	16	Berty Stores		✓✓ 825	$\frac{125}{100}$ × 660 ✓
H89	21	Genius Khumalo		✓✓ 5 000	✓ 4 000
H90	22	K. Klopper		✓ 2 750	× $\frac{100}{125}$ ✓ 2 200
H91	26	Berty Stores		✓✓ 1 125	✓ 900
				11 100	8 880

+ A-

DEBTORS LEDGER OF TOP AWARDS

Date	Day	Details	Folio	Debit	Credit	Balance
K. JONKER			DL1			
2020 Jan	1	Balance	b/d			10 000 Dr
	5	Invoice TA040	DJ11	1 600		11 600 Dr
	12	Invoice TA042	DJ11	800		12 400 Dr
	31	RECEIPT 023	CRT		400	12000
L. LESSING			DL2			
2020 Jan	1	Balance	b/d			6 000 Dr
	21	Invoice TA043	DJ11	400		6 400 Dr
F. MFABA			DL3			
2020 Jan	1	Balance	b/d			4 000 Dr
	11	Invoice TA041	DJ11	2 000		6 000 Dr
	28	Invoice TA044	DJ11	2 400		8 400 Dr

EXERCISE 48Required

Post the Debtors Journal given below to the General Ledger and the Debtors Ledger of Top Awards. Only balance the Debtors Control Account in the General Ledger. Remember to enter the folio numbers, in the DJ, when posting.

Information:

The following balances/totals appeared, among others, in the books of the business on 1 December 2020:

General Ledger:

Trading Stock, R144 000; Debtors Control, R56 000; Sales, R760 000; Cost of Sales, R400 000.

Debtors Ledger:

B. Reddy, R16 000; T. Havemann, R40 000.

Credit sales for December was recorded in the DJ as follows:

DEBTORS JOURNAL OF PP STORES FOR DECEMBER 2020					DJ10	
Document	Day	Debtors	Folio	Sales	Cost of Sales	
I562	1	B. Reddy	DL1	6 650	3 500	
I563	8	T. Havemann	DL2	7 980	4 200	
I564	18	T. Havemann	DL2	5 035	2 650	
I565	26	B. Reddy	DL1	1 653	870	
I566	30	T. Havemann	DL2	3 705	1 950	
				25 023	13 170	
				B7 N1	N2 B6	

Dr GENERAL LEDGER OF PP STORES Cr									
TRADING STOCK					B6				
2020 Dec	1	Balance	b/d	144 000	2020 Dec	31	Cost of Sales	DJ10	13 170
DEBTORS CONTROL					B7				
2020 Dec	1	Balance	b/d	56 000					
	31	Sales	DJ10	25 023					
				81 023					
SALES					N1				
					2020 Dec	1	Total	b/d	760 000
						31	Debtors Control	DJ10	25 023
COST OF SALES					N2				
2020 Dec	1	Total	b/d	400 000					
	31	Trading Stock	DJ10	13 170					

DEBTORS LEDGER OF PP STORES

Date	Day	Details	Folio	Debit	Credit	Balance
B. REDDY			DL1			
2020 Dec	1	Balance	b/d			16 000 Dr
		Invoice 562	DJ10	6 650		22 650 Dr
	26	Invoice 565	DJ10	1 653		24 303 Dr
T. HAVEMANN			DL2			
2020 Dec	1	Balance	b/d			40 000 Dr
	8	Invoice 563	DJ10	7 980		47 980 Dr
	18	Invoice 564	DJ10	5 035		53 015 Dr
	30	Invoice 566	DJ10	3 705		56 720 Dr

EXERCISE 49

Required

97.

Pg 131

CRJ
DJ

Use the following information and transactions to do the following:

- Show the effect of the transactions, indicated in the table below, on the Accounting Equation.
- The CRJ and DJ of Knysna Coffee Shop for December 2020.
- Post to all the relevant accounts in the GL and DL.
- Complete the Debtors List.
- What is the purpose of a Debtors List?

Information:

The following balances/totals, amongst others, appeared in the General Ledger of Knysna Coffee Shop on 1 December 2020: CR Capital, R125 000; DR Trading Stock, R8 744; DR Debtors Control, R8 700; DR Bank, R2 008; CR Sales, R30 586; DR Cost of Sales, R20 389.

The following balances appeared in the Debtors Ledger of Knysna Coffee Shop on 1 December 2020: T. Jacobs, R3 000; P. Khumalo, R5 700.

Transactions:

Pg 131 CRJ OR DJ

2020
December

- Cash sales according to cash register roll no.56, R1 400. (Cost Price, R600). CRJ
- Credit sales to T. Jacobs, according to invoice no. Z34, R1 500 (Profit Mark-up of 50%). DJ
- Issued an invoice to P. Khumalo for goods sold on credit. These goods have a cost price of R1 800 and were sold at a profit mark-up of 40%. DJ
- The owner, L. Peters, deposited a further R150 000 in the current bank account, to increase his capital contribution. (Receipt no.78). CRJ
- Received R2 500 from T. Jacobs as payment on his account. CRJ
Part of the building has been let since 1 December 2020. Rent received from the tenant, C. Long, R3 000. CRJ
- Goods sold on credit: T. Jacobs - R600 (Cost Price R300) and P. Khumalo - R400 (Cost Price R250). DJ
- Received R1 000 from T. Jacobs as payment on his account. Issued him with a receipt. CRJ
- Cash sales to P. Khumalo amounted to R1 500 (Cost Price R750). He paid R2 000 in cash to the business and asked that the remaining part of the amount be taken as a down payment on his debt. CRJ

EFFECT ON THE ACCOUNTING EQUATION

Date	Source Document	General Ledger		Accounting Equation		
		Account Dr	Account Cr	A =	OE +	L
1	CRR	Bank	Sales	+1 400	+1 400	0
		Cost of Sales	Trading Stock	-600	-600	0
6	Duplicate Invoice	Debtors Control	Sales	+1 500	+1 500	0
		Cost of Sales	Trading Stock	-1 000	-1 000	0
7	Duplicate Invoice	Debtors Control	Sales	+2 520	+2 520	0
		Cost of Sales	Trading Stock	-1 800	-1 800	0
13	Duplicate Receipt	Bank	Capital	+150 000	+150 000	0
15	Duplicate Receipt	Bank	Debtors Control	±2 500	0	0
	Duplicate Receipt	Bank	Rent Income	+3 000	+3 000	0
25	Duplicate Receipt	Bank	Debtors Control	±1 000	0	0
29	Duplicate Receipt	Bank	Sales	+1 500	+1 500	0
		Cost of Sales	Trading Stock	-750	-750	0
	Duplicate Receipt	Bank	Debtors Control	±500	0	0

DEBTORS JOURNAL OF KNYSNA COFFEE SHOP FOR DECEMBER 2020 DJ10

Document	Day	Debtors	Folio	Sales	Costs of Sales
		PG 132		SP	CP Sales
I Z34	6	T. Jacobs	DL1	✓ 1 500	✓ $\times \frac{100}{150} = 1\ 000$
I Z35	7	P. Khumalo	DL2	✓✓ 2 520	✓ $\frac{140}{100} \times 1\ 800$
I Z36	18	T. Jacobs	DL1	✓ 600	✓ 300
I Z37	18	P. Khumalo	DL2	✓ 400	✓ 250
				✓ 5 020	✓ 3 350
				B3 N1	N2 B2

CASH RECEIPTS JOURNAL OF KNYSNA COFFEE SHOP FOR DECEMBER 2020

CRJ10

Document	Day	Details	Folio	Analysis of Receipts	Bank	Sales	Debtors Control	Cost of Sales	Sundry Accounts		
									Amount	Folio	Details
CRR56	1	Sales		1 400	1 400	1 400		600			
REC77	13	L. Peters			150 000				150 000	B1	Capital
REC78	15	T. Jacobs	DG1	2 500			2 500				
REC79	18	C. Long		3 000	5 500				3 000	N3	Rent Income
REC80	25	T. Jacobs	DG1	1 000	1 000		1 000				
REC81	29	P. Khumalo	DG2	2 000	2 000	1 500	500	750			
					159 900	2 900	4 000	1 350	153 000		
					B4	N1	B3	N2 B2			

Dr GENERAL LEDGER OF KNYSNA COFFEE SHOP Cr

CAPITAL O+ B1

					2020 Dec 1	Balance	b/d	125 000
					13	Bank	CRJ10	150 000
								275 000

TRADING STOCK A- B2

2020 Dec 1	Balance	b/d	8 744	2020 Dec 31	Cost of Sales	DJ10	3 350
					Cost of Sales	CRJ10	1 350
					Balance	c/d	4 044
			8 744				8 744
2014 Jan 1	Balance	b/d	4 044				

DEBTORS CONTROL A- B3

2020 Dec 1	Balance	b/d	8 700	2020 Dec 31	Bank	CRJ10	4 000
	Sales	DJ10	5 020		Balance	c/d	9 720
			13 720				13 720
2014 Jan 1	Balance	b/d	9 720				

BANK B4

2020 Dec 1	Balance	b/d	2 008				
	Total Receipts/ Sundry Accounts	CRJ10	159 900				
			161 908				

SALES N1

				2020 Dec 1	Total	b/d	30 586
				31	Debtors Control	DJ10	5 020
					Bank	CRJ10	2 900
							38 506

COST OF SALES N2

2020 Dec 1	Total	b/d	20 389				
	Trading Stock	DJ10	3 350				
	Trading Stock	CRJ10	1 350				
			25 089				

RENT INCOME N3

				2020 Dec 15	Bank	CRJ10	3 000
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+ A-

DEBTORS LEDGER OF KNYSNA COFFEE SHOP

Date	Day	Details	Folio	Debit	Credit	Balance
T. JACOBS			DL1			
2020 Dec	1	Balance	b/d			3 000 Dr
	6	Invoice Z34	DJ10	1 500		4 500 Dr
	15	Receipt 78	CRJ10		2 500	2 000 Dr
	18	Invoice Z36	DJ10	600		2 600 Dr
	25	Receipt 80	CRJ10		1 000	1 600 Dr
T. KHUMALO			DL2			
2020 Dec	1	Balance	b/d			5 700 Dr
	7	Invoice Z35	DJ10	2 520		8 220 Dr
	18	Invoice Z37	DJ10	400		8 620 Dr
	29	Receipt 81	CRJ10		5 00	8 120 Dr

DEBITORS LIST OF KNYSNA COFFEE SHOP ON 31 DECEMBER 2020

Debtor	Folio	Balance
T. Jacobs	DL1	1 600 Dr
T. Khumalo	DL2	8 120 Dr
		9 720 Dr

What is the purpose of a debtors list?

The Debtors List is drafted to control the correctness of the Debtor Control Account's balance in the General Ledger.

EXERCISE 50

PG 135

Required:

Use the transactions below to complete the following:

- Show the effect of the transactions on the 1st, 8th, 10th and 13th on the accounting equation.
- The CRJ and DJ of Fullmark.
- Post to the relevant accounts in the GL and DL. Balance the accounts where necessary.
- Complete the Debtors List.

Information:

The following balances/totals appeared, among others, in the books of Fullmark on 1 September 2020:

GL: ^{CR}Capital, R230 000; ^{DR}Trading Stock, R25 800; ^{DR}Debtors Control, R11 800; ^{DR}Bank, R12 300; ^{CR}Sales, R450 000; ^{DR}Cost of Sales, R300 000; ^{CR}Rent Income, R14 000

DL: ^{DR}L. Coote, R11 200; ^{CR}G. Van der Merwe, R600.

Transactions:

2020
September

- Sold goods on credit to G van der Merwe, R2 100. Invoice 321 was issued and the cost price of the goods amounted to R800.
- The owner, F. Fuller, increased his capital by handing over a further R30 000 to the cashier of the business. (Receipt no. 324).
- Received R8 200 from L. Coote as payment on his account.
- Received R2 000 from K. Msimang, a tenant, in respect of rent.
- Cash sales according to cash register roll no. 96, R9 900. (Cost price, R6 600)
- Received cash from G. van der Merwe in full settlement of his account as at 31 August 2020.
- Goods sold on credit to G. van der Merwe, R4 200. The profit mark-up is 300% on cost.
- Goods with a cost price of R400, were sold for R1 200 on credit to L. Coote.
- Received R2 600 from L. Coote as part payment of his account.
- Cash sales to L. Coote, according to the cash register roll, amounted to R950. (Cost price, R302).

EFFECT ON THE ACCOUNTING EQUATION

Date	Source Document	General Ledger		Accounting Equation		
		Account Dr	Account Cr	A =	OE +	L
1	Duplicate Invoice	Debtors Control	Sales	+2 100	+2 100	0
		Cost of Sales	Trading Stock	-800	-800	0
8	Duplicate Receipt	Bank	Capital	+30 000	+30 000	0
10	Duplicate Receipt	Bank	Debtors Control	+8 200	+8 200	0
	Duplicate Receipt	Bank	Rent Income	+2 000	+2 000	0
13	Cash Register Roll	Bank	Sales	+9 900	+9 900	0
		Cost of Sales	Trading Stock	-6 600	-6 600	0

DEBTORS JOURNAL OF FULLMARK FOR SEPTEMBER 2020

Document	Day	Debtors	Folio	Sales	Cost of Sales
I321	1	G. Van der Merwe	DG2	2 100	800
I322	18	G. Van de Merwe	DG2	4 200	1 050
323	24	L. Coote	DG1	1 200	400
				7 500	2 250
				B3 N1	N2 B2

DEBTORS LEDGER OF FULLMARK

Date	Day	Details	Folio	Debit	Credit	Balance
L. COOTE			DL1			
2020 Sept	1	Balance	b/d			11 200 Dr
	10	Receipt 325	CRJ10		8 200	3 000 Dr
	24	Invoice 323	DJ10	1 200		4 200 Dr
	27	Receipt 328	CRJ10		2 600	1 600 Dr
G. VAN DER MERWE			DL2			
2020 Sept	1	Balance	b/d			600 Dr
		Invoice 321	DJ10	2 100		2 700 Dr
	15	Receipt 327	CRJ10		600	2 100 Dr
	18	Invoice 322	DJ10	4 200		6 300 Dr

DEBTORS LIST OF FULLMARK ON 31 SEPTEMBER 2020

Debtor	Folio	Balance
L. Coote	DL1	1 600 Dr
G. Van der Merwe	DL2	6 300 Dr
		7 900 Dr

EXERCISE 51Required:

Use the transactions below to complete the following:

1. The CRJ and DJ of Coocoo Stores for July 2020.
2. Post to the relevant accounts in the GL and DL.
3. Complete the Debtors List on 31 July 2020.
4. Show the effect of the transactions on the 3rd and 15th on the accounting equation.

Information:

The following balances/totals appeared, among others, in the books of Coocoo Stores on 1 July 2020:

GL: Capital, R240 000; Trading Stock, R119 282; Debtors Control, R?; Sales, R228 000; Cost of Sales, R152 000.

DL: A. Mfaba, R10 125; D. Arendse, R8 400; A. Cronjé, R14 075 en C. Munro, R10 000. These were the only debtors on 1 July 2020.

All stock is sold at a mark-up of 50%.

Transactions:

2020

- July 01 Cash sales according to CRR 57, R13 395.
The owner, Coocoo Julies, deposited R10 000 to increase his capital. (Rec. 18)
- 03 Stock sold on credit to A. Mfaba, R 11 250. (Invoice 82)
Received cash from C. Munro to settle her account as on the 1st of July 2020.
- 08 Cash sales were R12 000.
- 12 A. Cronje bought goods on credit less 10% discount. The stock's initial marked price was R9 900.
- 15 Cash sales amounts to R750.
Received R10 000 from A. Mfaba on his account.
- 18 Credit sales to C. Munro amounts to R2 700.
- 21 Credit sales to : D. Arendse, R930 and A. Mfaba, R4 500.
- 26 Received R 2 400 from D. Arendse as part payment of his account.
- 28 Received R9 000 from A. Cronje on his account, as well as R2 500 in respect of an office space rented by him from Coocoo Stores.
- 30 A. Mfaba settled his account up to date.

DEBTORS JOURNAL OF COOCOO STORES FOR JULY 2020

DJ7

Document	Day	Debtors	Folio	Sales	Cost of Sales
I82	3	A. Mfaba	DL1	11 250	7 500
I83	12	A. Cronjé	DL3	8 910	6 600
I84	18	C. Munro	DL4	2 700	1 800
I85	21	D. Arendse	DL2	930	620
I86		A. Mfaba	DL1	4 500	3 000
				28 290	19 520
				B3 N1	N2 B2

Note on the 12th:

- The Cost of Sales are calculated using the initial marked price: $R9\ 900 \times 100/150 = R6\ 600$
- The new selling price: $R9\ 900 \times 90\% = R8\ 910$.

DEBTORS CONTROL					B3				
2020 July	1	Balance	b/d	* 42 600	2020 July	31	Bank	CRJ7	47 275
	31	Sales	DJ7	28 290			Balance	c/d	23 615
				70 890					70 890
Aug	1	Balance	b/d	23 615					
BANK					B4				
2020 July	31	Total Receipts/ Sundry Accounts	CRJ7	92 600					
SALES					N1				
					2020 July	1	Total	b/d	228 000
						31	Debtors Control	DJ7	28 290
							Bank	CRJ7	32 865
									289 155
COST OF SALES					N2				
2020 July	1	Total	b/d	152 000					
	31	Trading Stock	DJ7	19 520					
		Trading Stock	CRJ7	21 930					
				193 450					
RENT INCOME					N3				
					2020 July	28	Bank	CRJ7	2 500

* Add the debtors' opening balances.

EFFECT ON THE ACCOUNTING EQUATION

Date	Source Document	General Ledger		Accounting Equation		
		Account Dr	Account Cr	A =	OE +	L
3	Duplicate Invoice	Debtors Control	Sales	+11 250	+11 250	0
		Cost of Sales	Trading Stock	-7 500	-7 500	0
	Duplicate Receipt	Bank	Debtors Control	±10 000	0	0
15	Cash Register Roll	Bank	Sales	+7 500	+7 500	0
		Cost of Sales	Trading Stock	-5 000	-5 000	0
15	Duplicate Receipt	Bank	Debtors Control	±10 000	0	0

DEBTORS LEDGER OF COOCOO STORES

Date	Day	Details	Folio	Debit	Credit	Balance
A. MFABA			DL1			
2020 July	1	Balance	b/d			10 125 Dr
	3	Invoice 82	DJ7	11 250		21 375 Dr
	15	Receipt 83	CRJ7		10 000	11 375 Dr
	21	Invoice 85	DJ7	4 500		15 875 Dr
	30	Receipt 86	CRJ7		15 875	—
D. ARENDESE			DL2			
2020 July	1	Balance	b/d			8 400 Dr
	21	Invoice 86	DJ7	930		9 330 Dr
	26	Receipt 84	CRJ7		2 400	6 930 Dr
A. CRONJÉ			DL3			
2020 July	1	Balance	b/d			14 075 Dr
	12	Invoice 83	DJ7	8 910		22 985 Dr
	28	Receipt 85	CRJ7		9 000	13 985 Dr
C. MUNRO			DL4			
2020 July	1	Balance	b/d			10 000 Dr
	3	Receipt 82	CRJ7		10 000	—
	18	Invoice 84	DJ7	2 700		2 700 Dr

DEBTORS LIST OF COOCOO STORES ON 31 SEPTEMBER 2020

Debtor	Folio	Balance
D. Arendse	DL2	6 930 Dr
A. Cronjé	DL3	13 985 Dr
C. Munro	DL4	2 700 Dr
		23 615

EXERCISE 51

Answer the following questions:

1	<p>Why do you think the document issued to a debtor with returns or allowances is called a <u>credit note</u>?</p> <p>The amount owed by a debtor will decrease when goods are returned or when a discount is allowed Debtors are assets and assets decrease on the credit side Therefore the document is called a credit note</p>
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2	<p>Up to now, we have dealt with the Cash Receipts Journal, Cash Payments Journal and the Debtors Journal. Do you think that returns by debtors could be entered in any of these journals? Motivate your answer by explaining which type of transactions are normally entered in these journal.</p>			
	Journal	Can returns be entered here?		Which type of transactions are normally entered in these journals?
		YES	NO	
	CRJ		X	Cash received and deposited
	CPJ		X	Payments made from the current account
	DJ		X	Credit sales of stock

3	<p>Name the source document for an entry in a journal regarding returns by debtors? Motivate your answer.</p> <p>The document is a credit note The original credit note is handed to the debtor The source document is thus the duplicate credit note</p>
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EXERCISE 52Required:

1. Record the following transactions in the Debtors Journal, Debtors Allowances Journal and in the Cash Receipts Journal of Parker Stores. Close the journals off.
2. Post the journals to the relevant ledgers.
3. Show the effect that the transactions on the 3rd, 6th, 8th and 12th have on the accounting equation.
4. Answer the following questions:
 - Indicate two cases in which a business will issue a credit note to a debtor.
 - Calculate the mark-up percentage that was used on the 12th of February to calculate the selling price.
 - Briefly explain why the Debtors Allowances account is used when the DAJ is posted to the General Ledger and not the Sales account.
 - How does the total of the Debtors Allowances account give an indication of operating efficiency? Explain.
 - What is meant by the concept "Operating Efficiency"?

Information:

The following balances/totals appeared in the books of Parker Stores on 1 February 2020:

General Ledger

Trading Stock, R65 000; Debtors Control, R31 000; Bank, 20 000; Sales, R54 000; Cost of Sales, R30 000; Debtors Allowances, R1 200.

Debtors Ledger

B. Botha, R17 000; G. Gumede, R14 000.

Transactions:

2020
February

- 01 Sell goods on credit as per invoice no.18 to B. Botha, R1 000 (cost price, R800) and to G. Gumede, R4 860 (cost price, R2 700).
- 03 Received an EFT payment from B. Botha in full settlement of his account as at 31 January 2020. Receipt no. 38 was issued.
- 06 B. Botha returned damaged goods with a selling price of R250 (cost price, R200). Credit note no. 21 was issued.
- 08 Issue a credit note to G. Gumede in respect of goods that were not according to the example, R500. The goods were originally sold for R1 494 with a cost price of R830. G. Gumede agreed to keep the goods.
- 10 Received cash from G. Gumede to settle his account up to date.
- 12 Issue an invoice for R2 250 (cost price R1 800) to B. Botha for goods sold on credit.
- 15 Cash Sales per cash register roll no. 54 amounted to R5 940 (cost price R3 300).
- 24 B. Botha returned stock that was not up to standard. A credit note was issued for R750 (cost price R600).
- 27 Credit sales to G. Gumede amounted to R4 000 (cost price R3 000).
- 28 Issued a credit note to G. Gumede for R200. This was in respect of a calculation error on the invoice issued to him on the 27th of February. The cost of sales was however correct.
- 29 Cash Sales amounted to R2 160 (cost price R1 200).
- 30 Received R500 from G. Gumede as partial payment of his account.

Solution:**DEBTORS JOURNAL OF PARKER STORES FOR FEBRUARY 2020**

DJ2

Document	Day	Debtors	Folio	Sales	Cost of Sales
118	1	B. Botha	DL1	1 000	800
119		G. Gumede	DL2	4 860	2 700
120	12	B. Botha	DL1	2 250	1 800
121	27	G. Gumede	DL2	4 000	3 000
				12 110	8 300
				B2 N1	N2 B1

Dr **GENERAL LEDGER OF PARKER STORES** **Cr**

TRADING STOCK					B1				
2020 Feb	1	Balance	b/d	65 000	2020 Feb	29	Cost of Sales	DJ2	8 300
	29	Cost of Sales	DAJ2	800			Cost of Sales	CRJ2	4 500
							Balance	c/d	53 000
				65 800					65 800
Mar	1	Balance	b/d	53 000					

DEBTORS CONTROL					B2				
2020 Feb	1	Balance	b/d	31 000	2020 Feb	29	Debtors Allowances	DAJ2	1 700
	29	Sales	DJ2	12 110			Bank	CRJ2	35 860
							Balance	c/d	5 550
				43 110					43 110
Mar	1	Balance	b/d	5 550					

BANK					B3				
2020 Feb	1	Balance	b/d	20 000					
	29	Total Receipts/ Sundry Accounts	CRJ2	43 960					
				63 960					

SALES					N1				
					2020 Feb	1	Total	b/d	54 000
						29	Debtors Control	DJ2	12 110
							Bank	CRJ2	8 100
									74 210

COST OF SALES					N2				
2020 Feb	1	Total	b/d	30 000	2020 Feb	29	Trading Stock	DAJ2	800
	29	Trading Stock	DJ2	8 300					
		Trading Stock	CRJ2	4 500					

DEBTORS ALLOWANCES					N3				
2020 Feb	1	Total	b/d	1 200					
	29	Debtors Control	DAJ2	1 700					
				2 900					

DEBTORS LEDGER OF PARKER STORES

Date	Day	Details	Folio	Debit	Credit	Balance
B. BOTHA			DG1			
2020 Feb	1	Balance	b/d			17 000 Dr
		Invoice 18	DJ2	1 000		18 000 Dr
	3	Receipts 38	CRJ2		17 000	1 000 Dr
	6	Credit note 21	DAJ2		250	750 Dr
	12	Invoice 20	DJ2	2 250		3 000 Dr
	24	Credit note 23	DAJ2		750	2 250 Dr
G. GUMEDE			DG2			
2020 Feb	1	Balance	b/d			14 000 Dr
		Invoice 19	DJ2	4 860		18 860 Dr
	8	Credit note 22	DAJ2		500	18 360 Dr
	10	Receipt 39	CRJ2		18 360	—
	27	Invoice 21	DJ2	4 000		4 000 Dr
	28	Credit note 24	DAJ2		2 00	3 800 Dr
	29	Receipt 40	CRJ2		500	3 300 Dr

Date	Journal	Account to Debit	Account to Credit	A =	OE +	L
3	CRJ	Bank	Debtors Control	±17 000	0	0
6	DAJ	Debtors Allowances	Debtors Control	-250	-250	0
		Trading Stock	Cost of Sales	200	200	0
8	DAJ	Debtors Allowances	Debtors Control	-500	-500	0
12	DJ	Debtors Control	Sales	+2 250	+2 250	0
		Cost of Sales	Trading Stock	-1 800	-1 800	0

Supply two cases in which a business will issue a credit note to a debtor.

1. When a debtor returns goods
2. When a debtor claims a discount

Calculate the mark-up percentage that was used to calculate the sales figure on 12 February.
Calculate the profit :

$$2\,250 - 1\,800 = 450$$

Now calculate the mark-up as a percentage:

$$450/1\,800 \times 100/1 = 25\%$$

Briefly explain why the Debtors Allowances account is used when the DAJ is posted to the General Ledger and not the Sales account.

The total debtors allowances for a specific year can then be calculated without much difficulty. Debtors Allowances is important because it is an indication of operating efficiency. There is a separate account for Debtors Allowances because of the concept of materiality

How does the total of the Debtors Allowances account give an indication of operating efficiency ? Explain

Express Debtors Allowances as a percentage of sales

What is meant by the term "Operating Efficiency"?

How good/efficient the service rendered to clients, was.

EXERCISE 53Required:

1. Record the transactions of DATAS in the Debtors Journal and Debtors Allowances Journal for May 2020.
Close off the journals. The Cash Receipts Journal is already completed and given below.
2. Post all the journals to the relevant ledgers.
3. Show the effect that the transactions on the 3rd, 5th and 10th have on the accounting equation.
4. Answer the questions that follow.

Information:

- A. All stock is sold at a mark-up of 50%.
- B. The following balances/totals, among others, appeared in the books of DATAS on 1 May 2020:

General Ledger:

Trading Stock, R25 000; Debtors Control, R7 650; Bank, R18 600; Sales, R119 000; Cost of Sales, R59 500; Debtors Allowances, R1 000.

Debtors Ledger:

A. Adlem, R4 650; B. Botha, R1 800; S. Semanya, R1 200.

- C. The following documents were issued during May to debtors:

Duplicates of Invoices issued for selling of Trading Stock:

Number	Day	Debtor	Selling Price
50	3	A. Adlem	R500
51	7	B. Botha	R170
52	12	S. Semanya	R320

Duplicates of Credit Notes for returns and allowances:

Number	Day	Debtor	Selling Price
40	5	A. Adlem	R70 (return)
41	15	S. Semanya	R40 (only a discount).

- D. The following CRJ has already been completed for May 2020:

CASH RECEIPTS JOURNAL OF DATAS FOR MAY 2020

CRJ3

Doc	Day	Details	Fol	Analysis of Receipts	Bank	Sales	Debtors Control	Cost of Sales	Sundry Accounts		
									Amount	Fol	Details
REC8	1	A. Adlem	DL1	1 000			1 000				
REC9		B. Botha	DL2	3 800	4 800		1 800		2 000		Rent Income
CRR6	8	Sales		6 000	6 000	6 000		4 000			
REC10	10	S. Semanya	DL3	1 200	1 200		1 200				
CRR7	12	Sales		300	300	300		200			
REC11	20	B. Botha	DL2		50		50				
CRR8	28	Sales		1 800	1 800	1 800		1 200			
					14 150	8 100	4 050		2 000		
						N1	B2	5 400			
								N2 B1			

DEBTORS JOURNAL OF DATAS FOR MAY 2020

DJ3

Document	Day	Debtors	Folio	Sales	Cost of Sales
I50	3	A. Adlem	DL1	500	333
I51	7	B. Botha	DL2	170	113
52	12	S. Semanya	DL3	320	213
				990	659
				B2 N1	N2 B1

DEBTORS ALLOWANCES JOURNAL OF DATAS FOR MAY 2020

DAJ3

Document	Day	Debtors	Folio	Debtors Allowances	Cost of Sales
CN40	5	A. Adlem	DL1	70	46
CN41	15	S. Semanya	DL3	40	-
				110	46
				N3 B2	B1 N2

Dr **GENERAL LEDGER OF DATAS** Cr

TRADING STOCK					B1				
2020 May	1	Balance	b/d	25 000	2020 May	31	Cost of Sales	DJ3	659
	31	Cost of Sales	DAJ3	46			Cost of Sales	CRJ3	5 400
							Balance	c/d	18 987
				25 046					25 046
June	1	Balance	b/d	18 987					

DEBTORS CONTROL					B2				
2020 May	1	Balance	b/d	7 650	2020 May	31	Debtors Allowances	DAJ3	110
	31	Sales	DJ3	990			Bank	CRJ3	4 050
							Balance	c/d	4 480
				8 640					8 640
June	1	Balance	b/d	4 050					

SALES					N1				
					2020 May	1	Total	b/d	119 000
						31	Debtors Control	DJ3	990
							Bank	CRJ3	8 100
									128 090

COST OF SALES					N2				
2020 May	1	Total	b/d	59 500	2020 Mei	31	Trading Stock	DAJ3	46
	31	Trading Stock	DJ3	659					
		Trading Stock	CRJ3	5 400					

DEBTORS ALLOWANCES					N3			
2020 May	1	Total	b/d	1 000				
	31	Debtors Control	DAJ3	110				
				1 110				

DEBTORS LEDGER OF DATAS

Date	Day	Details	Folio	Debit	Credit	Balance
A. ADLEM			DL1			
2020 May	1	Balance	b/d			4 650 Dr
		Receipt 8	CRJ3		1 000	3 650 Dr
	3	Invoice 50	DJ3	500		4 150 Dr
	5	Credit note 40	DAJ3		70	4 080 Dr
B. BOTHA			DL2			
2020 May	1	Balance	b/d			1 800 Dr
		Receipt 9	CRJ3		1 800	—
	7	Invoice 51	DJ3	170		170 Dr
	20	Receipt11	CRJ3		50	120 Dr
S. SEMENYA			DL3			
2020 May	1	Balance	a/b			1 200 Dr
	10	Receipt 10	CRJ3		1 200	—
	12	Invoice 52	DJ3	320		320 Dr
	15	Credit note 41	DAJ3		40	280 Dr

ACCOUNTING EQUATION

Date	Journal	Account to Debit	Account to Credit	A =	OE +	L
3	DJ	Debtors Control	Sales	500	500	0
		Cost of Sales	Trading Stock	-333	-333	0
5	CRJ	Bank	Sales	+6 000	+6 000	0
		Cost of Sales	Trading Stock	-4 000	-4 000	0
10	CRJ	Bank	Debtors Control	±1 200	0	0

Questions to answer:

The owner of DATAS is concerned on how a debtor, A. Adlem, handles his account. A. Adlem has made no payments on his account, during April 2020.

Do you think that the owner has reason to be concerned? Give 2 reasons to motivate your answer.

Yes, the owner has reason to be concerned.
Adlem only paid R 1 000 on his account during May.
During April no payment was made by Adlem on his account.

According to the National Credit Act, what could DATAS have done to prevent the problems encountered with Adlem?

Credit Approval process:
Datass should have contacted other businesses in order to establish Adlem's credit record and a calculation should have been done in order to determine whether Adlem will be able to afford the repayments.

Receipt no.9 was issued to B. Botha on 1 May. Study the entry made in the CRJ and give an explanation of the transaction.

Botha settled his debt (account) in full.

According to the CRJ, B. Botha paid R50 on his account on 20 May? Was the money directly deposited or was it paid in at DATAS? Motivate your answer.

It was a direct deposit.
No entry was made in the CRJ's Analysis of Receipts column. Directly in the Bank column.

What is the most effective way to control the correctness of the balance of the Debtors Control Account in the GL?

The balance of the Debtors Control Accounts is controlled by drawing up a Debtors List.

EXERCISE 54

pg 161

pg 156

Required:

Use the information to complete the following instructions:

1. The **Creditors Journal** and **Cash Payments Journal** of Berty's Fish and Chip Shop for August 2020.
2. Do the posting of the journals to the accounts in the GL and CL.
3. Show the effect of the transactions on the 2nd and 18th on the accounting equation.
4. Complete the Creditors list on 31 August 2020.

Information:

The following balances/totals appeared, among others, in the books on 1 August 2020:

GL: Bank, R53 600; Equipment, R23 000; Trading Stock, R4 000; Creditors Control, R7 000; Stationery, R1 700.CL: Beta's Fish Factory, R3 000; West Coast News, R2 800; Alex Office Shop, R1 200.Transactions
2020

- | | | |
|--------|----|---|
| August | 02 | Received Invoice 908 from Beta's Fish Factory for the purchasing of trading stock, R4 900. |
| | 05 | Made an EFT payment no. 182 to West Coast News in settlement of our debt. |
| | 07 | Equipment bought per EFT from Gordon's Bay Suppliers, R13 000. |
| | 10 | The following is bought from Alex Office Shop per invoice ZQ12: |
| | | • Trading Stock, R5 400 |
| | | • Consumable Stock, R500 |
| | | • Stationery, R620. |
| | 13 | Paid Alex Office Shop per EFT in settling their outstanding amount as at 1 August 2020. |
| | 14 | Place an advertisement in the West Coast News on credit, R1 280. Invoice WN56. |
| | 18 | Paid R3 000 per EFT to Beta's Fish Factory on their account. |
| | 19 | Equipment, R1 460, and goods, R1 600, bought on credit from Alex Office Shop, invoice ZQ89. |
| | 21 | Paid Marina's per EFT for stock, R4 000, equipment, R2 800 and stationery, R350. |
| | 25 | Placed an advertisement on credit in the West Coast News, R1 500. Invoice WN103. |
| | 26 | Purchased equipment of R1 760 on credit from Alex Office Shop. They also repaired a computer on credit, R200. Received their invoice no. ZQ130. |
| | 30 | Paid R800 per EFT to Alex Office Shop on their account and bought trading stock, R1 000. |

CREDITORS LEDGER OF BERTIE'S FISH AND CHIPS

Date	Day	Details	Folio	Debit	Credit	Balance
BETA'S FISH FACTORY			CL1			
2020 Aug	1	Balance	b/d			3 000 Cr
	2	Invoice 908	CJ6		4 900	7 900 Cr
	18	EFT 185	CPJ6	3 000		4 900 Cr
WEST COAST NEWS			CL2			
2020 Aug	1	Balance	b/d			2 800 Cr
	5	EFT 182	CPJ6	2 800		—
	14	Invoice WN56	CJ6		1 280	1 280 Cr
	25	Invoice WN103	CJ6		1 500	2 780 Cr
ALEX OFFICE SHOP			CL3			
2020 Aug	1	Balance	b/d			1 200 Cr
	10	Invoice ZQ12	CJ6		6 520	7 720 Cr
	13	EFT 184	CPJ6	1 200		6 520 Cr
	19	Invoice ZQ89	CJ6		3 060	9 580 Cr
	26	Invoice ZQ130	CJ6		1 960	11 540 Cr
	30	EFT 187	CPJ6	800		10 740 CR

CREDITORS LIST OF BERTIE'S FISH AND CHIPS ON 31 AUGUST 2020

Creditor	Folio	Balance
Beta's Fish Factory	CL1	4 900 Cr
West Coast News	CL2	2 780 Cr
Alex Office Shop	CL3	10 740 Cr
		18 420 Cr

ACCOUNTING EQUATION

Date	General Ledger		Accounting Equation (show amounts)		
	Account Dr	Account Cr	A =	OE +	L
2nd	Account Dr	Account Cr	A =	O +	L
19th	+A Trading Stock	Creditors Control L+	+4 900	0	+4 900

18th
 CREDITORS L- Bank A- -3000 0 -3000

EXERCISE 55

Required:

Use the information supplied to complete the following :

1. The Creditors Journal and Cash Payments Journal of Super Suppliers for July 2020.
2. Post the journals to the accounts in the GL and CL. Balance the Creditor Control account.
3. Draw up the Creditor list on 31 July 2020.
4. Show the effect of the entries on the 5th, 9th, 21st and 31st on the accounting equation.

Information:

The following balances/totals appeared, among others, in the books of Super Suppliers on 1 July 2020:

GL: Drawings, R5 000; Equipment, R47 000; Trading Stock, R31 000; Bank, R41 700; Creditor Control, R?; Consumable Stores, R2 600; Stationery, R985; Wages, R8 200.

DL: Only the following Creditors :

HG Suppliers	R	10 700
SD Services		1 240
Office Outfitters		1 300
KK Connection		3 200

Transactions:

2020

- July 01 Make an EFT-payment no. 150 to HG Suppliers to settle their account. Bought cleaning materials for R800 and stock for R4 800 on account from SD Services and receive their invoice no. 340.
- 04 Paid SK Stationers per EFT for stationery that has been bought, R685. Draw cash to pay the wages, R500.
- 05 HG Suppliers delivered stock at R12 500. Their invoice D785 was received.
- 09 Paid SD Services per EFT to pay their outstanding amount on 1 July 2020.
- 10 Bought trading stock, R680 and equipment, R12 000, per EFT from SA Furnishers.
- 13 Draw cash to pay the week's wages, R500.
- 16 Stock, R3 000, cleaning materials, R150 and equipment, R2 800, was bought on credit from Clean Services. We received their invoice no.403.
- 19 Paper and ink for the printer was bought from Office Outfitters per invoice no.189 for R460.
- 20 Draw cash for the week's wages, R500, for the owner's personal use, R1 000 and to pay postage, R300.
- 21 Paid KK Connection per EFT to partially settle the account, R2 100.
- 25 A new computer and photostat machine were bought on credit from Office Outfitters, R14 680. Invoice no. 265 was received.
- 28 The weekly wages of R500 were increased by 10%. Withdraw cash to pay the new wages for the past week.
The salesman, G. Matthews', salary was paid per EFT, R3 400. The payment was dated for the 31st of July 2020.
- 29 EFT payments were made to the following creditors:
- SD Services to settle the outstanding balance.
 - HG Suppliers, R8 000.
 - Office Outfitters, R1 250.
- 31 Stock bought on credit from KK Connection amounts to, R3 090. Invoice no. 600 was received.

Educators:

1. Explain the concept "Overdraft" to learners.
2. EFT's are entered in the CPJ in number sequence, not according to date.
3. Learners need to explain why businesses mainly purchase stock on credit (Postponed payment - cash flow).

CREDITORS JOURNAL OF SUPER SUPPLIERS FOR JULY 2020

CJ5

Docu- ment	Day	Creditors	Fol	Creditors Control	Trading Stock	Equipment	Consuma- ble Stores	Sundry Accounts		
								Amount	Fol	Details
I340	1	SD Services	CL2	5 600	4 800		800			
ID785	5	HG Suppliers	CL1	12 500	12 800					
I403	16	SD Services	CL2	5 950	3 000	2 800	150			
I189	19	Office Outfitters	CL3	460				460	N2	Stationery
I265	25	Office Outfitters	CL3	14 680		14 680				
I600	31	KK Connection	CL4	3 090	3 090					
				42 280	23 690	17 480	950	460		
				B5	B3	B2	N1			

CASH PAYMENTS JOURNAL OF SUPER SUPPLIERS FOR JULY 2020

CPJ5

Docu- ment	Day	Name of Payee	Fol	Bank	Trading Stock	Wages	Creditors Control	Sundry Accounts		
								Amount	Fol	Details
EFT150	1	HG Suppliers	CL1	10 700			10 700			
EFT151	4	SK Stationers		685				685	N2	Stationery
BS		Cash		500		500				
EFT152	9	SD Services	CL2	1 240			1 240			
EFT153	10	SA Furnishers		12 680	680			12 000	B2	Equipment
BS	13	Cash		500		500				
BS	20	Cash		1 800		500		1 000	B1	Drawings
								300	N4	Postage
EFT154	21	KK Connection	CL4	2 100			2 100			
BS	28	Cash		550		550				
EFT155	28	G Matthews (Dated 31st)		3 400				3 400	N5	Salaries
EFT156	29	SD Services	CL2	11 550			11 550			
EFT157		HG Suppliers	CL1	8 000			8 000			
EFT158		Office Outfitters	CL3	1 250			1 250			
				54 955	680	2 050	34 840	17 385		
				B4	B3	N3	B5			

WAGES					N3			
2020 July	1	Total	b/d	8 200				
	31	Bank	CPJ5	2 050				
				10 250				
POSTAGE					N4			
2020 July	20	Bank	CPJ5	300				
SALARIES					N5			
2020 July	31	Bank	CPJ5	3 400				

CREDITORS LEDGER OF SUPER SUPPLIERS

Date	Day	Details	Folio	Debit	Credit	Balance
HG SUPPLIERS			CL1			
2020 July	1	Balance	b/d			10 700 Cr
		EFT 150	CPJ5	10 700		-
	5	Invoice D785	CJ5		12 500	12 500 Cr
	29	EFT 157	CPJ5	8 000		4 500 Cr
SD SERVICES			CL2			
2020 July	1	Balance	b/d			1 240 Cr
		Invoice 340	CJ5		5 600	6 840 Cr
	9	EFT 152	CPJ5	1 240		5 600 Cr
	16	Invoice 403	CJ5		5 950	11 550 Cr
	29	EFT 156	CPJ5	11 550		-
OFFICE OUTFITTERS			CL3			
2020 July	1	Balance	b/d			1 300 Cr
	19	Invoice 189	CJ5		460	1 760 Cr
	25	Invoice 265	CJ5		14 680	16 440 Cr
	29	EFT 158	CPJ5	1 250		15 190 Cr
KK CONNECTION			CL4			
2020 July	1	Balance	b/d			3 200 Cr
	21	EFT 154	CPJ5	2 100		1 100 Cr
	31	Invoice 600	CJ5		3 090	4 190 Cr

CREDITORS LIST OF SUPER SUPPLIERS ON 31 JULY 2020

Creditor	Folio	Balance
HG Suppliers	CL1	4 500 Cr
Office Outfitters	CL2	15 190 Cr
KK Connection	CL3	4 190 Cr
		23 880 Cr

ACCOUNTING EQUATION

Date	General Ledger		Accounting Equation (show amounts)		
	Account Dr	Account Cr	A =	OE +	L
5th	Trading Stock	Creditors Control	+12 500	0	+12 500
9th	Creditors Control	Bank	-1 240	0	-1 240
21st	Creditors Control	Bank	-2 100	0	-2 100
31st	Trading Stock	Creditors Control	+3 090	0	+3 090

EXERCISE 56

Required:

Answer die following questions :

1.	<p>With returns to creditors a debit note will be issued. Why do you think we call this document a debit note?</p> <p>With returns to creditors, the business owe the creditors less. That means the creditor is a liability that decreases. Liabilities decrease on the debit side of a Ledger - therefore a debit note.</p>
----	---

2.	<p>Up to now, we have dealt with the Cash Receipts Journal, Cash Payments Journal, Debtors Journal, Creditors Journal and Debtors Allowances Journal. Do you think that the transactions for returns of goods to creditors can be entered in any of those journals? Motivate your choice, by indicating which kind of transaction should be entered in each of the journals.</p>		
	Journal	Can returns to creditors be entered here?	Which kind of transaction should be entered in this journal?
		YES NO	
	CRJ	<input type="checkbox"/> <input checked="" type="checkbox"/>	Cash received and deposited
	CPJ	<input type="checkbox"/> <input checked="" type="checkbox"/>	Payments made from the current account
	DJ	<input type="checkbox"/> <input checked="" type="checkbox"/>	Credit sales of trading stock
	DAJ	<input type="checkbox"/> <input checked="" type="checkbox"/>	Returns of trading stock by debtors or allowances to debtors
	CJ	<input type="checkbox"/> <input checked="" type="checkbox"/>	Credit purchases of any goods and/or services

3.	<p>What will the <u>source</u> document be for an entry in a journal relating to returns to creditors? Motivate your answer.</p> <p>Duplicate Debit Note (issued by the business) Original Credit Note (received from the creditor)</p>
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EXERCISE 57**Required:**

Complete the following:

1. The Creditors Journal, Creditors Allowances Journal and Cash Payments Journal of "OH MY GOODNESS" for April 2020.
2. Post to all the accounts in the General Ledger. Balance the accounts where necessary.
3. Post to all the accounts in the Creditors Ledger.
4. Complete the Creditors List on 30 April 2020.
5. Show the effect that the transactions on the 5th, 11th and the 13th of April 2020 have on the accounting equation.

Information:

On 1 April the following balances/totals appeared, among others, in the books of "OH MY GOODNESS", a bakery :

General Ledger:

Equipment, R68 900; Trading Stock, R51 000; Bank, R8 000; Creditors Control, R34 900; Repairs, R5 420; Advertising, R1 600; Consumable Stores, R3 130.

Creditors Ledger:

Alfa Suppliers, R12 800; Fresh News, R4 100; Henna's, R4 900; BB Repairs, R8 000; Das Garage, R5 100.

Transactions:

2020

- | | |
|-------|---|
| April | 02 Buy equipment on credit from Alfa Suppliers and receive their invoice no. D34, R18 000. |
| | 03 Made an EFT payment no. 78 in favour of A. Harper for Trading Stock, R1 500, and Consumable Stores, R600. |
| | 04 Place an advertisement on credit in the local newspaper, "Fresh News", R1 300. (Invoice 567). |
| | 05 Trading Stock bought on credit from Henna's amounts to R2 100. (Invoice H12). |
| | 11 Issue debit note no.65 to Alfa Suppliers in respect of an over charge on their invoice of the 2 nd , R500. The claim was accepted. |
| | 13 Repairs have been done on credit, R1 200. BB Repairs's invoice no.90 was received. Because of a printing error on our advertisement, a R400 discount was claimed from "Fresh News". The claim was accepted by the paper. |
| | 15 Paid Alfa Suppliers per EFT to settle our account to date in full. |
| | 16 Receive invoice no. D300 from Alfa Suppliers for trading stock, R1 700, and consumable stores, R2 400, bought on credit. |
| | 17 Made an EFT payment in favour of "Our News" for an advertisement placed, R2 200. |
| | 19 Henna's omitted a 5% trade discount on the invoice of the 5 th . Receive their credit note no.8. |
| | 20 Repairs to the vehicle was done on credit at DAS Garage, R4 600. (Invoice DM30). |
| | 21 Receive invoice no.D320 from Alfa Suppliers for the following : Trading stock, R3 100, Equipment, R6 900 and Repairs R300. |
| | 25 Damaged equipment was returned to Alfa Suppliers and a debit note was issued, R2 000. |
| | 27 Pay "Fresh News" by EFT to settle our account to date in full. |
| | 28 Paid BB Repairs per EFT for repairs, R600, and to settle our account to date in full. |
| | 30 Receive credit note no.43 from DAS Garage in respect of an over charge on the 20 th , R340. |

CREDITORS LEDGER OF OH MY GOODNESS

Date	Day	Details	Folio	Debit	Credit	Balance
ALFA SUPPLIERS			CL1			
2020 April	1	Balance	b/d			12800
	2	Invoice D34	CJ4		18 000	30 800 Cr
	11	Debit note 64	CAJ4	500		30 300 Cr
	15	EFT 79	CPJ4	30 300		—
	16	Invoice D300	CJ4		4 100	4 100 Cr
	21	Invoice D320	CJ4		10 300	14 400 Cr
	25	Debit note 66	CAJ4	2 000		12 400 Cr
BB SERVICES			CL2			
2020 April	1	Balance	b/d			8 000 Cr
	13	Invoice 90	CJ4		1 200	9 200 Cr
	28	EFT 82	CPJ4	9 200		—
DAS GARAGE			CL3			
2020 April	1	Balance	b/d			5 100 Cr
	20	Invoice DM30	CJ4		4 600	9 700 Cr
	30	Credit note 43	CAJ4	340		9 360 Cr
HENNA'S			CL4			
2020 April	1	Balance	b/d			4 900 Cr
	5	Invoice H12	CJ4		2 100	7 000 Cr
	19	Credit note 8	CAJ4	105		6 895 Cr
FRESH NEWS			CL5			
2020 April	1	Balance	b/d			4 100 Cr
	4	Invoice 567	CJ4		1 300	5 400 Cr
	13	Debit note 65	CAJ4	400		5 000 Cr
	27	EFT 81	CPJ4	5 000		—

CREDITORS LIST OF OH MY GOODNESS ON 30 APRIL 2020

Creditor	Folio	Balance
Alfa Suppliers	CL1	12 400 Cr
Das Garage	CL3	9 360 Cr
Henna's	CL4	6 895 Cr
		28 655 Cr

ACCOUNTING EQUATION

Date	General Ledger		Accounting Equation (show amounts)		
	Account Dr	Account Cr	A =	OE +	L
5th	Trading Stock	Creditors Control	+2 100	0	+2 100
11th	Creditors Control	Equipment	-500	0	-500
13th	Creditors Control	Advertising	0	400	-400

EXERCISE 58Required:

1. The Creditors Journal, Creditors Allowances Journal and Cash Payments Journal of 4YOU Stores for July 2020.
2. Post to the following accounts in the General Ledger (Balance where necessary):
Equipment, Trading Stock, Creditors Control en Packaging Material.
3. Complete the account of J. Rogers in the Creditors Ledger.
4. Show the effect that the transactions on the 5th, 9th and the 19th of July 2020 have on the accounting equation.

Information:

On the 1 July 2020 the following balances/totals appeared, among others, in the books of 4YOU Stores:

General Ledger:

Equipment, R24 000; Trading Stock, R18 000; Creditors Control, R6 400; Packaging Material, R1 800.

Debtors Ledger:

J. Rogers, R2 500.

Transactions for July 2020:Invoices received for credit purchases

No.	Day	Creditor	Items bought/Services	Amount
70	2	J. Rogers	Goods Equipment	R 1 270 400
W23	5	WW Stores	Equipment	R 1 550
67	6	Gibson's	Packaging Material Equipment	R 630 2 400
102	10	Moorcraft	Stationery	R 500 less 10%
B80	15	Barney's	Repairs Packaging Material	R 500 1 400
98	20	J. Rogers	Goods	R 900
120	28	J. Rogers	Equipment	R 1 130

Credit notes received for returns and discount

No.	Day	Creditor	Reason	Amount
JR7	5	J. Rogers	20% trade discount on Invoice 70	R ?
11	9	Gibson's	Discount : Packaging Material damaged Equipment returned	R 140 500
25	20	Barney's	Repairs : Over charging Packaging material : Over charging	R 25 70
JR11	29	J. Rogers	Goods, not according to sample, returned	R 150
JR13	30	J. Rogers	Discount claimed on damaged equipment	R 226

EFT payments made

No.	Day	Creditor	Reason	Amount
60	10	J. Rogers	Full settlement of account	R ?
61	12	Parson's	Equipment Stationery	R 700 350
62	15	Gibson's	Trading Stock Full settlement of account	R 1 400 ?
63	30	J. Rogers	Part payment on account Goods	R 800 2 300

CASH PAYMENTS JOURNAL OF 4YOU STORES FOR JULY 2020

CPJ7

Docu - ment	Day	Name of payee	Fol	Bank	Trading Stock	Equipment	Creditors Control	Sundry Accounts		
								Amount	Fol	Details
EFT60	10	J. Rogers	CL1	3 836			3 836			
EFT61	12	Parson's		1 050		700		350		Stationery
EFT62	15	Gibson's		3 790	1 400		2 390			
EFT63	30	J. Rogers	CL1	3 100	2 300		800			
				11 776	3 700	700	7 026	350		
					B2	B1	B3			

CREDITORS LEDGER OF 4YOU STORES

Date	Day	Details	Folio	Debit	Credit	Balance
J. ROGERS			KG1			
2020 July	1	Balance	b/d			2 500 (Cr)
	2	Invoice 70	CJ7		1 670	4 180 (Cr)
	5	Credit note JR7	CAJ7	334		3 836 (Cr)
	10	EFT 60	CPJ7	3 836		—
	20	Invoice 98	CJ7		900	900 (Cr)
	28	Invoice 28	CJ7		1 130	2 030 (Cr)
	29	Credit note JR11	CAJ7	150		1 880 (Cr)
	30	Credit note JR13	CAJ7	226		1 654 (Cr)
		EFT 63	CPJ7	800		854 (Cr)

Dr **GENERAL LEDGER OF 4YOU STORES** Cr

EQUIPMENT

B1

2020 July	1	Balance	b/d	24 000	2020 July	31	Creditors Control	CAJ7	806
	31	Creditors Control	CJ7	5 480					
		Bank	CPJ7	700					

TRADING STOCK

B2

2020 July	1	Balance	b/d	18 000	2020 July	31	Creditors Control	CAJ7	404
	31	Creditors Control	CJ7	2 170					
		Bank	CPJ7	3 700					

CREDITORS CONTROL

B3

2020 July	31	Total returns & allowances/ Sundry Accounts	CAJ7	1 445	2020 July	1	Balance	b/d	6 400
		Bank	CPJ7	7 026		31	Total Purchases/ Sundry Accounts	CJ7	10 630

PACKING MATERIALS

N1

2020 July	1	Total	b/d	1 800	2020 July	31	Creditors Control	CAJ7	210
	31	Creditors Control	CJ7	2 030					

ACCOUNTING EQUATION

Date	General Ledger		Accounting Equation (show amounts)		
	Account Dr	Account Cr	A =	OE +	L
5th	Equipment	Creditors Control	+1 550	0	+1 550
	Creditors Control	Trading Stock	-254	0	-254
	Creditors Control	Equipment	-80	0	-80
9th	Creditors Control	Equipment	-500	0	-500
	Creditors Control	Packing Materials	0	140	-140
10th	Stationery	Creditors Control	0	-450	450
	Creditors Control	Bank	-3 836	0	-3 836

EXERCISE 59Required:

1. The following journals:
CRJ, CPJ, DJ, DAJ, CJ and CAJ.
2. Post the journals to the General Ledger and Subsidiary Ledgers.
3. Complete the Debtor- and Creditors Ledger on 30 April 2020.
4. Prepare the Trial Balance as at 30 April 2020.

Transactions: KKK Supermarket

2020

April

- 1 The owner, K. Katz, opened a current account in the business's name and deposited R540 000 as capital. (Receipt no.1).
- 3 Received invoice A380 from PT Manufacturers for goods bought on credit, R28 000.
- 4 Issued debit note No. 1 to PT Manufacturers for a discount on damaged goods, R1 100. The claim was granted.
Cash drawn for the Cash Float, R1 000 and Wages, R1 500.

EFT payments made for the following:

<u>EFT Number</u>	<u>Payee</u>	<u>For</u>
001	LM Machines	Cash Register, R2 640
002	AB Outfitters	Equipment, R24 445
003	RR Stationers	Stationery, R880
004	ABC Agencies	Rent, R9 850
005	FF Chemicals	Consumable Stores, R4 120
006	Simande Municipality	Water and Electricity, R5 800
007	PT Manufacturers	Trading Stock, R15 000 and Stationery, R900.

- 5 Received Invoices from suppliers:

<u>Invoice Number</u>	<u>Creditor</u>	<u>For</u>
X117	NC Wholesalers	Trading Stock, R8 200
1921	FM Suppliers	Trading Stock, R6 450 and Equipment, R20 000.
A496	PT Manufacturers	Stock, R14 450 and Stationery, R650.6Goods sold

on credit:

- Invoice 001 to L. Lane, R5 740. (Cost Price, R4 100).
- Invoice 002 to B. Benson, R3 864. (Mark-up 40%).

- 7 Issue Debit Notes to the following suppliers:

<u>Debit Note Number</u>	<u>Creditor</u>	<u>For</u>
002	NC Wholesalers	Trading Stock returned, R1 200
003	FM Suppliers	Discount on damaged Trading Stock, R450 and Equipment, R2 000, returned.
004	PT Manufacturers	Stock, R450, and Stationery, R50, returned.

- 8 Cash sales according to the cash register roll, R9 198 (Profit R2 628).
Received R2 000 from B. Benson as payment on his account.
Made a cash withdrawal for Wages, R3 800 and for Consumable Stores, R1 600.
- 9 Bought Stationery from RR Stationers and paid by EFT, R480.
- 10 Received Invoice X139 from NC Wholesalers for Equipment, R5 000, and Consumable Stores, R2 000.
L. Lane claimed R740 discount on damaged stock sold to him. His claim was accepted and Credit Note No. 1 was issued. The goods were originally sold to L. Lane at a mark-up of 40%.
- 11 Bought Consumable goods from FF Chemicals and paid by EFT, R3 300.
- 15 Goods with a cost price of R9 000, sold according to the cash register roll (Mark-up 33 $\frac{1}{3}$ %).
- 16 Buy a vehicle on credit from ABC Garage and received their invoice No. 321, R113 050.
- 17 Received Invoice A503 from PT Manufacturers for Equipment, R1 300 and Repairs, R1 500.
Paid XYZ Insurers per EFT for the insurance on the vehicle of the business, R2 600 and for the personal insurance of the owner, R2 000.
Paid R20 000 per EFT to ABC Garage as the first instalment on the vehicle bought.
- 18 Made an EFT payment to PT Manufacturers to pay R8 000 on their account.
- 19 Made a cash withdrawal for Postage, R300.
- 20 Sold goods on credit to B. Benson, according to invoice 003. The stock was sold at a profit of R1 280 and the mark-up was 40%.
Paid PT Manufacturers per EFT to settle their account as to date, R?.
- 21 PT Manufacturers omitted a 10% trade discount on the invoice of the 16th. A claim was submitted and accepted by PT Manufacturers.
- 22 Pay the wages, R3 800, after a cash withdrawal.
- 23 B. Benson returned damaged stock. A credit note for R588 was issued to him. The cost of sales amounted to R420.
Cash sales of goods with a cost price of R6 600 and a profit mark-up of 33 $\frac{1}{3}$ %, according to the cash register roll.
Pay R3 000 per EFT payment to NC Wholesale as an installment on the outstanding account.

- 24 Bought stationery from RR Stationers and paid by EFT, R1 120.
- 26 Paid the "Sunday Mirror" per EFT for an advertisement, R1 500.
A broken window was replaced by Trans Glass and paid by EFT, R800.
- 27 Draw money to pay wages, R3 800.
Cash Sales according to the cash register roll, R10 500. (Cost Price, R7 700).
- 29 Received invoice X390 from NC Wholesalers for Trading Stock, R11 700, Stationery, R600, Consumable Stores, R1 400 and Repairs to Equipment, R1 450.
Paid Zin Transport per EFT for the delivery of good that was bought from NC Wholesalers, R800.
- 30 Paid the manager, K. Tromp, per EFT to pay his April salary, R2 000.
Issued invoice No. 004, for stock sold (Cost Price R350) to L. Lane, R5 200.
Received trading stock with invoice T73 from FM Suppliers, R2 800.
Received cash from B. Benson to settle his account up to date, R?.
Trading Stock bought per EFT from Cameo's, R12 000.
Issued a credit note to L. Lane for stock returned, R520 (Cost Price R350).

CREDITORS JOURNAL OF KKK SUPERMARKET FOR APRIL 2020

CJ1

Docu- ment	Day	Creditors	Fol	Creditors Control	Trading Stock	Equipment	Stationery	Sundry Accounts		
								Amount	Fol	Details
IA380	3	PT Manufacturers	CL4	28 000	28 000					
IX117	5	NC Wholesalers	CL3	8 200	8 200					
I1921		FM Suppliers	CL2	26 450	6 450	20 000				
IA496		PT Manufacturers	CL4	15 100	14 450		650			
IX139	10	NC Wholesalers	CL3	7 000		5 000		2 000	N5	Consumable Stores
I321	16	ABC Garage	CL1	113 050				113 050	B4	Vehicles
IA503		PT Manufacturers	CL4	2 800		1 300		1 500	N13	Repairs
IX390	29	NC Wholesalers	CL3	15 150	11 700		600	1 400	N5	Consumable Stores
								1 450	N13	Repairs
IT73	30	FM Suppliers	CL2	2 800	2 800					
				218 550	71 600	26 300	1 250	119 400		
				B9	B5	B3	N4			

CREDITORS ALLOWANCES JOURNAL OF KKK SUPERMARKET FOR APRIL 2020

CAJ1

Docu- ment	Day	Creditors	Fol	Creditors Control	Trading Stock	Equipment	Stationery	Sundry Accounts		
								Amount	Fol	Details
DN01	4	PT Manufacturers	CL4	1 100	1 100					
DN02	7	NC Wholesalers	CL3	1 200	1 200					
DN03		FM Suppliers	CL2	2 450	450	2 000				
DN04		PT Manufacturers	CL4	500	450		50			
DN05	21	PT Manufacturers	CL4	280		130		150	N13	Repairs
				5 530	3 200	2 130	50	150		
				B9	B5	B3	N4			

CASH PAYMENTS JOURNAL OF KKK SUPERMARKET FOR APRIL 2020

CPJ1

Document	Day	Name of Payee	Fol	Bank	Trading Stock	Equipment	Creditors Control	Stationery	Wages	Consumable Stores	Sundry Accounts		
											Amount	Fol	Details
BS	4	Cash		2 500					1 500		1000	B8	Cash Float
EFT001		LM Machines		2 640		2 640							
EFT002		AB Outfitters		24 445		24 445							
EFT003		RR Stationers		880				880					
EFT004		ABC Agencies		9 850							9 850	N7	Rent Expense
EFT005		FF Chemicals		4 120						4 120			
EFT006		Simande Municipality		5 800							5 800	N8	Water and Electricity
EFT007		PT Manufacturers		15 900	15 000			900					
BS	8	Cash		5 400					3 800	1 600			
EFT008	9	RR Stationers		480				480					
EFT009	11	FF Chemicals		3 300						3 300			
EFT010	17	XYZ Insurers		4 600							2 600	N9	Insurance
											2 000	B2	Drawings
EFT011		ABC Garage	CL1	20 000			20 000						
EFT012	18	PT Manufacturers	CL4	8 000			8 000						
BS	19	Cash		300							300	N10	Postage
EFT013	20	PT Manufacturers	CL4	36 300			36 300						
BS	22	Cash		3 800					3 800				
EFT014	23	NC Wholesalers	CL3	3 000			3 000						
EFT015	24	RR Stationers		1 120				1 120					
EFT016	26	Sunday Mirror		1 500							1 500	N11	Advertising
EFT017		Repairs		800							800	N13	Repairs
BS	27	Cash		3 800					3 800				
EFT018	29	Zin Transport		800	800								
EFT019	30	K. Tromp		12 000							12 000	N12	Salaries
EFT020		Cameo's		12 000	12 000								
				183 335	27 800	27 085	67 300	3 380	12 900	9 020	35 850		
				B7	B5	B3	B9	N4	N6	N5			

CASH RECEIPTS JOURNAL OF KKK SUPERMARKET FOR APRIL 2020

CRJ1

Document	Day	Details	Folio	Analysis of Receipts	Bank	Sales	Debtors Control	Cost of Sales	Sundry Accounts		
									Amount	Folio	Details
REC1	1	K. Katz			540 000				540 000	B1	Capital
CRR1	8	Sales		9 198		9 198		6 570			
REC2		B. Benson	DL1	2 000	11 198		2 000				
CRR2	15	Sales		12 000	12 000	12 000		9 000			
CRR3	23	Sales		8 800	8 800	8 800		6 600			
CRR4	27	Sales		10 500	10 500	10 500		7 700			
REC3	30	B. Benson	DL1	5 756	5 756		5 756				
					588 254	40 498	7 756		540 000		
					B7	N1	B6	29 870			
								N2 B5			

DEBTORS JOURNAL OF KKK SUPERMARKET FOR APRIL 2020

DJ1

Document	Day	Debtors	Folio	Sales	Cost of Sales
I001	6	L. Lane	DL2	5 740	4 100
I002		B. Benson	DL1	3 864	2 760
I003	20	B. Benson	DL1	4 480	3 200
I004	30	L. Lane	DL2	5 200	3 500
				19 284	13 560
				B6 N1	N2 B5

DEBTORS ALLOWANCES JOURNAL OF KKK SUPERMARKET FOR APRIL 2020

DAJ1

Document	Day	Debtors	Folio	Debtors Allowances	Cost of Sales
CN01	10	L. Lane (No returns, only a discount allowed)	DL2	740	0
CN02	23	B. Benson	DL1	588	420
CN03	30	L. Lane	DL2	520	350
				1848	770
				N3 B6	B5 N2

Dr **GENERAL LEDGER OF KKK SUPERMARKET** Cr

CAPITAL					B1				
					2020 April	30	Bank	CRJ1	540 000
DRAWINGS					B2				
2020 April	17	Bank	CPJ1	2 000					
EQUIPMENT					B3				
2020 April	30	Creditors Control	CJ1	26 300	2020 April	30	Creditors Control	CAJ1	2 130
		Bank	CPJ1	27 085			Balance	c/d	51 255
				53 385					53 385
May	1	Balance	b/d	51 255					
VEHICLES					B4				
2020 April	16	Creditors Control	CJ1	113 050					
TRADING STOCK					B5				
2020 April	30	Creditors Control	CJ1	71 600	2020 April	30	Creditors Control	CAJ1	3 200
		Bank	CPJ1	27 800			Cost of Sales	CRJ1	29 870
		Cost of Sales	DAJ1	770			Cost of Sales	DJ1	13 560
							Balance	c/d	53 540
				100 170					100 170
May	1	Balance	b/d	53 540					
DEBTORS CONTROL					B6				
2020 April	30	Sales	DJ1	19 284	2020 April	30	Bank	CRJ1	7 756
							Debtors Allowances	DAJ1	1 848
							Balance	c/d	9 680
				19 284					19 284
May	1	Balance	b/d	9 680					
BANK					B7				
2020 April	30	Total Receipts/ Sundry Accounts	CRJ1	588 254	2020 April	30	Total Payments/ Sundry Accounts	CPJ1	183 335
							Balance	c/d	404 919
				588 254					588 254
May	1	Balance	b/d	404 919					
CASH FLOAT					B8				
2020 April	4	Bank	CPJ1	1 000					

POSTAGE										N10
2020 April	19	Bank	CPJ1	300						
ADVERTISING										N11
2020 April	26	Bank	CPJ1	1 500						
SALARIES										N12
2020 April	30	Bank	CPJ1	12 000						
REPAIRS										N13
2020 April	16	Creditors Control	CJ1	1 500	2020 April	21	Creditors Control	CAJ1	150	
	29	Creditors Control	CJ1	1 450						
	26	Bank	CPJ1	800						

DEBTORS LEDGER OF KKK SUPERMARKET

Date	Day	Details	Folio	Debit	Credit	Balance
B. BENSON			DL1			
2020 April	6	Invoice 001	DJ1	3 864		3 864 Dr
	8	Receipt 2	CRJ1		2 000	1 864 Dr
	20	Invoice 003	DJ1	4 480		6 344 Dr
	23	Credit note 02	DAJ1		588	5 756 Dr
	30	Receipt 3	CRJ1		5 756	-
L.LANE			DL2			
2020 April	6	Invoice 001	DJ1	5 740		5 740 Dr
	10	Credit note 01	DAJ1		740	5 000 Dr
	30	Invoice 004	DJ1	5 200		10 200 Dr
		Credit note 03	DAJ1		520	9 680 Dr

CREDITORS LEDGER OF KKK SUPERMARKET

Date	Day	Details	Folio	Debit	Credit	Balance
ABC GARAGE			CL1			
2020 April	16	Invoice 321	CJ1		113 050	113 050 Cr
	17	EFT011	CPJ1	20 000		93 050 Cr
FM SUPPLIERS			CL2			
2020 April	5	Invoice 1921	CJ1		26 450	26 450 Cr
	7	Debit note 03	CAJ1	2 450		24 000 Cr
	30	Invoice T73	CJ1		2 800	26 800 Cr
NC WHOLESALERS			CL3			
2020 April	5	Invoice X117	CJ1		8 200	8 200 Cr
	7	Debit note 02	CAJ1	1 200		7 000 Cr
	10	Invoice X139	CJ1		7 000	14 000 Cr
	23	EFT 014	CPJ1	3 000		11 000 Cr
	29	Invoice X390	CJ1		15 150	26 150 Cr
PT MANUFACTURERS			CL4			
2020 April	3	Invoice A380	CJ1		28 000	28 000 Cr
	4	Debit note 01	CAJ1	1 100		26 900 Cr
	5	Invoice A496	CJ1		15 100	42 000 Cr
	7	Debit note 04	CAJ1	500		41 500 Cr
	16	Invoice A503	CJ1		2 800	44 300 Cr
	18	EFT 012	CPJ1	8 000		36 300 Cr
	20	EFT 013	CPJ1	36 300		-
	21	Debit note 05	CAJ1	280		280 Dr

DEBTORS LIST OF KKK SUPERMARKET ON 30 APRIL 2020

Debtor	Folio	Balance
L. Lane	DL2	9 680 Dr
		9 680 Dr

CREDITORS LIST OF KKK SUPERMARKET ON 30 APRIL 2020

Creditor	Folio	Balance
ABC Garage	CL1	93 050 Cr
FM Suppliers	CL2	26 800 Cr
NC Wholesalers	CL3	26 150 Cr
PT Manufacturers	CL4	280 Dr
		145 720 Cr

TRIAL BALANCE OF KKK SUPERMARKET ON 30 APRIL 2020

Details	Folio	Debit	Credit
Capital	B1		540 000
Drawings	B2	2 000	
Equipment	B3	51 255	
Vehicles	B4	113 050	
Trading Stock	B5	53 540	
Debtors Control	B6	9 680	
Bank	B7	404 919	
Cash Float	B8	1 000	
Creditors Control	B9		145 720
Sales	N1		59 782
Cost of Sales (29 870 + 13 560 - 770)	N2	42 660	
Debtors Allowances	N3	1 848	
Stationery (1 250 + 3 380 - 50)	N4	4 580	
Consumable Stores	N5	12 420	
Wages	N6	12 900	
Rent Expense	N7	9 850	
Water and Electricity	N8	5 800	
Insurance	N9	2 600	
Postage	N10	300	
Advertising	N11	1 500	
Salaries	N12	12 000	
Repairs (1 500 + 1 450 + 800 - 150)	N13	3 600	
		745 502	745 502

EXERCISE 60Required:

- The following journals in the books of Zennith Stores:
CRJ, CPJ, DJ, DAJ, CJ and CAJ.
- Do the posting to all three ledgers. Balance the accounts where necessary.

The following balances/totals appeared on 1 May 2020 in the books:

GL: Bank, R18 000; Cash Float, R1 300; Capital, R311 000; Land and Buildings, R340 000; Equipment, R100 000; Trading Stock, R44 000; Debtors Control, R22 300; Creditors Control, R18 000; Sales, R440 000; Cost of Sales, R220 000; Rent Income, R15 000; Wages, R21 000; Stationery, R1 900; Consumable Stores, R3 000; Advertising, R4 800; Repairs, R7 700.

DL: K. Loots, R12 000; Q. Drew, R10 300.

CL: Bak Manufacturers, R8 000; Blits Manufacturers, R7 000; General Suppliers, R3 000.

The following source documents show the transactions for the month:

INVOICES ISSUED

Date	No.	Debtor	Sales	Cost Price
4	056	K. Loots	R5 000	Profit mark-up 25%
10	057	Q. Drew	Profit mark-up 60%	R6 000
19	058	Q. Drew	R2 800	R1 400
28	059	K. Loots	R1 170	R680

CREDIT NOTES ISSUED TO DEBTORS

Date	No.	Debtor	Selling Price	Cost Price	Reason
8	010	K. Loots	R1 000	R800	Stock returned
12	011	Q. Drew	Profit mark-up 60%	R1 500	Stock returned
22	012	Q. Drew	R600	R300	Stock damaged. Drew kept the stock. Claim approved.

INVOICES RECEIVED

Date	No.	Creditor	Details	Amount
5	HJ89	Bak Manufacturers	Trading Stock Equipment Consumable stores	R 4 800 700 150
11	453	General Suppliers	Advertising	550
19	L90	Blits Manufacturers	Stock Equipment Stationery	5 000 1 300 180
27	498	General Suppliers	Repairs Advertising Equipment	630 600 3 380

CREDIT NOTES RECEIVED FROM CREDITORS

Date	No.	Creditor	Details	Amount
7	K89	Bak Manufacturers	Trading Stock Equipment Consumable stores	R 880 70 15
24	78	Blits Manufacturers	10% discount on the purchases of the 19th	?
28	20	General Suppliers	Advertising Equipment	100 980

DUPLICATE RECEIPTS

Date	No.	Details	Amount
2	045	K. Jooste (Owner) -Increased his capital	R 9 000
3	046	K. Loots - Paid his account as at 1 May	?
9	047	Q. Drew - Part payment on her account	6 300
15	048	K. Loots - Settled account as at 8 May	?
26	049	Q. Drew - Part payment on her account	4 300
	050	J. Pearson - Rent Income	2 600

CASH REGISTER ROLLS

Date	No.	Sales	Cost of Sales
4	056	R10 000	R 8 000
15	057	4 000	2 700
28	058	11 900	5 250

EFT PAYMENT AUTHORISATIONS

Date	No.	Name of Payee	Details	Amount
2	452	Bak Manufacturers	Settled account	R 8 000
8	453	Eldorene's	Bought trading stock	4 800
9	454	Cliks	Consumable stores	1 000
11	455	Egoli Stores	Equipment	3 700
15	456	General Suppliers	In settlement to date	?
18	457	Eldorene's	Bought trading stock	1 920
22	458	Metro	Equipment	4 000
27	459	Jonics	Consumable stores	500
30	460	L. Putter	Salary	4 000
	461	K. Jooste	Personal use	6 000

CASH DRAWN FOR PAYMENTS

Date	Document	Amount	Details
25	Bank Statement	R4 500	Business's telephone account, R3 200 Owners's personal telephone account, R1 300

CREDITORS JOURNAL OF ZENITH STORES FOR MAY 2020

CJ5

Docu- ment	Day	Creditors	Fol	Creditors Control	Trading Stock	Equipment	Stationery	Sundry Accounts		
								Amount	Fol	Details
IHJ89	5	Bak Manufacturers	CL2	5 650	4 800	700		150	N8	Consumable Stores
I453	11	General Supplies	CL1	550				550	N9	Advertising
IL90	19	Blits Manufacturers	CL3	7 110	5 000	1 300	180	63	N10	Repairs
I498	27	General Suppliers	CL1	3 980		3 380		600	N9	Advertising
				17 290	9 800	5 380	180	1930		
				B9	B5	B4	N7			

CASH RECEIPTS JOURNAL OF ZENNITH STORES FOR MAY 2020

CRJ5

Docu- ment	Day	Details	Fol	Analysis of Receipts	Bank	Sales	Debtors Control	Cost of Sales	Sundry Accounts		
									Amount	Fol	Details
REC045	02	K. Jooste		* 9 000	9 000				9 000	B1	Capital
REC046	03	K. Loots	DL2	12 000	12 000		12 000				
CRR056	04	Sales		10 000	10 000	10 000		8 000			
REC047	09	Q. Drew	DL1	6 300	6 300		6 300				
REC048	15	K. Loots	DL2	4 000			4 000				
CRR057		Sales		4 000	8 000	4 000		2 700			
REC049	26	Q. Drew	DL1	4 300			4 300				
REC050		J. Pearson		2 600	6 900				2 600	N4	Rent Income
CRR058	28	Sales		11 900	11 900	11 900		5 250			
					64 100	25 900	26 600		11 600		
					B7	N1	B6	15 950			
								N2 B5			

- When a direct deposit has not been stipulated, it is taken for granted that payment was made direct to the business. The only exception is bank- / bank statement transactions (no specification needed).

DEBTORS JOURNAL OF ZENNITH STORES FOR MAY 2020

DJ5

Document	Day	Debtors	Fol	Sales	Cost of Sales
I056	4	K. Loots	DL2	5 000	4 000
I057	10	Q. Drew	DL1	9 600	6 000
I058	19	Q. Drew	DL1	2 800	1 400
I059	28	K. Loots	DL2	1 170	680
				18 570	12 080
				B6 N1	N2 B5

DEBTORS ALLOWANCES JOURNAL OF ZENNITH STORES FOR MAY 2020

DAJ5

Document	Day	Debtors	Fol	Debtors Allowances	Cost of Sales
CN010	8	K. Loots	DL2	1 000	800
CN011	12	Q. Drew	DL1	2 400	1 500
CN012	22	Q. Drew	DL1	600	0
				4 000	2 300
				N3 B6	B5 N2

GENERAL LEDGER OF ZENNITH STORES									
Dr					Cr				
CAPITAL					B1				
					2020	1	Balance	b/d	311000
						30	Bank	CRJ5	9000
									320000
DRAWINGS					B2				
2020	25	Bank	CPJ5	1300					
	30	Bank	CPJ5	6000					
				7300					
LAND AND BUILDINGS					B3				
2020	1	Balance	b/d	340000					
EQUIPMENT					B4				
2020	1	Balance	b/d	100000	2020	31	Creditors Control	CAJ5	1180
	31	Creditors Control	CJ5	5380			Balance	c/d	111900
		Bank	CPJ5	7700					
				113080					113080
2020	1	Balance	b/d	111900					
TRADING STOCK					B5				
2020	1	Balance	b/d	44000	2020	31	Cost of Sales	DJ5	12080
	31	Costs of Sales	DAJ5	2300			Creditors Control	CAJ5	1380
		Creditors Control	CJ5	9800			Cost of Sales	CRJ5	15950
		Bank	CPJ5	6720			Balance	b/d	33410
				62820					62820
2020	1	Balance	b/d	33410					
DEBTORS CONTROL					B6				
2020	1	Balance	b/d	22300	2020	31	Debtors Allowances	DAJ5	4000
	31	Sales	DJ5	18570			Bank	CRJ5	26600
							Balance	c/d	10270
				40870					40870
2020	1	Balance	b/d	10270					
BANK					B7				
2020	1	Balance	b/d	18000	2020	31	Total Payments/ Sundry Accounts	CPJ5	41970
	30	Total Receipts/ Sundry Accounts	CRJ5	64100			Balance	c/d	40130
				82100					82100
2020	1	Balance	b/d	40130					

CONSUMABLE STORES					N8				
2020 May	1	Total	b/d	3000	2020 May	31	Creditors Control	CAJ5	15
	5	Creditors Control	CJ5	150					
	31	Bank	CPJ5	1500					
ADVERTISING					N9				
2020 May	1	Total	b/d	4800	2020 May	28	Creditors Control	CAJ5	100
	11	Creditors Control	CJ5	550					
	27	Creditors Control	CJ5	600					
REPAIRS					N10				
2020 May	1	Total	b/d	7700	2020 May	24	Creditors Control	CAJ5	63
	19	Creditors Control	CJ5	630					
SALARIES					N11				
2020 May	30	Bank	CPJ5	4000					

DEBTORS LEDGER OF ZENNITH STORES

Date	Day	Details	Folio	Debit	Credit	Balance
Q. DREW		DL1				
2020 May	01	Balance	b/d			10 300 Dr
	09	Receipt 047	CRJ5		6 300	4 000 Dr
	10	Invoice 057	DJ5	9 600		13 600 Dr
	12	Credit note 011	DAJ5		2 400	11 200 Dr
	19	Invoice 058	DJ5	2 800		14 000 Dr
	22	Credit note 012	DAJ5		600	13 400 Dr
	26	Receipt 049	CRJ5		4 300	9 100 Dr
K. LOOTS		DL2				
2020 May	01	Balance	b/d			12 000 Dr
	03	Receipt 046	CRJ5		12 000	–
	04	Invoice 056	DJ5	5 000		5 000 Dr
	08	Credit note 010	DAJ5		1 000	4 000 Dr
	15	Receipt 048	CRJ5		4 000	–
	28	Invoice 059	DJ5	1 170		1 170 Dr

CREDITORS LEDGER OF ZENNITH STORES

Date	Day	Details	Folio	Debit	Credit	Balance
GENERAL SUPPLIERS			CL1			
2020 May	01	Balance	b/d			3 000 Cr
	11	Invoice 453	CJ5		550	3 550 Cr
	15	EFT 456	CPJ5	3 550		–
	27	Invoice 498	CJ5		3 980	3 980 Cr
	28	Credit note 20	CAJ5	1 080		2 900 Cr
BAK MANUFACTURERS			CL2			
2020 May	01	Balance	b/d			8 000 Cr
	02	EFT 452	CPJ5	8 000		–
	05	Invoice HJ89	CJ5		5 650	5 650 Cr
	07	Credit note K89	CAJ5	965		4 685 Cr
BLITS MANUFACTURERS			CL3			
2020 May	01	Balance	b/d			7 000 Cr
	19	Invoice L90	CJ5		7 110	14 110 Cr
	24	Credit note 20	CAJ5	711		13 399 Cr

EXERCISE 61Required:

- Use the information supplied to set up the following accounts in the General Ledger of FIFO PET SHOP. The following balances appeared in the books of FIFO PET SHOP on 1 December 2020:
Bank; R16 500, Cash Float; R500, Capital; R165 000, Drawings; R75 000, Land and Buildings; R140 000, Equipment; R10 000, Vehicles; R30 000, Trading Stock; R7 500, Debtors Control; R900, Creditors Control; R8 900, Sales; R280 000, Cost of Sales; R140 000, Debtors Allowances; R550, Rent Income; R2 400, Wages; R4 000, Stationery; R600, Advertising; R1 000, Salaries; R21 000, Repairs; R750, Consumer goods; R8 000.
- The journals have already been completed. Add the columns of the journals and post to the General Ledger. Balance the accounts where necessary.
- Complete the account of A. Laas in the Debtors Ledger. (His opening balance is R400).
- Complete the account of A. Upton in the Creditors Ledger. (Her opening balance is R8 100).
- Prepare the Trial Balance on 31 December 2020.

Information:**CASH RECEIPTS JOURNAL OF FIFO PET SHOP FOR DECEMBER 2020**

CRJ 6

Doc	Day	Details	Fol	Analysis	Bank	Sales	Debtors Control	Cost of Sales	Sundry Accounts		
									Amount	Fol	Details
REC1	03	A. Laas	DL1	350			350				
CRR30		Sales		12 400	12 750	12 400		4 100			
REC2	15	G. Pote		800	800				800	N4	Rent Income
REC3	28	E. Els		500			500				
CRR31		Sales		10 000	10 500	10 000		3 000			
					24 050	22 400	850		800		
					B8	N1	B7	7 100			
								N2 B6			

DEBTORS JOURNAL OF FIFO PET SHOP FOR DECEMBER 2020

DJ6

Doc	Day	Debtors	Fol	Sales	Cost of Sales
I56	10	A. Apple		300	120
I57	13	A. Laas	DL1	200	80
I58	26	E. Els		280	110
				780	310
				B7 N1	N2 B6

DEBTORS ALLOWANCES JOURNAL OF FIFO PET SHOP FOR DECEMBER 2020

DAJ6

Doc	Day	Debtors	Fol	Debtors Allowances	Cost of Sales
CN 12	15	A. Apple	DL1	110	70
CN13	20	A. Laas		50	--
				160	70
				N3 B7	B6 N2

CASH PAYMENTS JOURNAL OF FIFO PET SHOP FOR DECEMBER 2020

CPJ 6

Doc	Day	Name of Payee	Fol	Bank	Trading stock	Stationery	Creditors Control	Sundry Accounts		
								Amount	Fol	Details
EFT25	1	M. Swanepoel		2 500				2 500	B2	Drawings
EFT26	4	A. Upton		7 000			7 000			
EFT27	10	MNA		600		600				
EFT28		G. Gertse		450		150	300			
EFT29	16	MNA		750	750					
BS		Cash		1 000				1 000	N5	Wages
EFT30	22	Telkom		1 800				1 100	N12	Telephone
								700	B2	Drawings
EFT31	29	DDS		280	200			80	N9	Repairs
				14 380	950	750	7 300	5 380		
				B8	B6	N6	B10			

CREDITORS JOURNAL OF FIFO PET SHOP FOR DECEMBER 2020

CJ 6

Doc	Day	Creditors	Fol	Creditors Control	Trading Stock	Stationery	Equipment	Sundry Accounts		
								Amount	Fol	Details
I543	08	Menhir's		1 600	900	200	500			
IG45	11	U. Upton	CL1	300				300	N10	Consumable stores
I564		Wella		4 000	850		3 000	150	N7	Advertising
IG98	18	U. Upton	CL1	2 100		100	1 800	200	N9	Repairs
I606	22	Wella		1 300	1 300					
				9 300	3 050	300	5 300	650		
				B10	B6	N6	B4			

CREDITORS ALLOWANCES JOURNAL OF FIFO PET SHOP FOR DECEMBER 2020

CAJ 6

Doc	Day	Creditors	Fol	Creditors Control	Trading Stock	Stationery	Equipment	Sundry Accounts		
								Amount	Fol	Details
DN67	15	Menhir's		160	90	20	50			
DN68	18	U. Upton	CL1	80				80	N10	Consumable stores
DN69	25	U. Upton	CL1	210		10	180	20	N9	Repairs
				450	90	30	230	100		
				B10	B6	N6	B4			

GENERAL LEDGER OF FIFO PET SHOP									
CAPITAL					B1				
					2020 Dec	01	Balance	b/d	165 000
Drawings					B2				
2020 Dec	01	Balance	b/d	75 000					
		Bank	CPJ6	2 500					
	22	Bank	CPJ6	700					
				78 200					
LAND AND BUILDINGS					B3				
2020 Dec	01	Balance	b/d	140 000					
EQUIPMENT					B4				
2020 Dec	01	Balance	b/d	10 000	2020 Dec	31	Creditors Control	CAJ6	230
	31	Creditors Control	CJ6	5 300			Balance	c/d	15 070
				15 300					15 300
2020 Jan	01	Balance	b/d	15 070					
VEHICLES					B5				
2020 Dec	01	Balance	b/d	30 000					
TRADING STOCK					B6				
2020 Dec	01	Balance	b/d	7 500	2020 Dec	31	Cost of Sales	CRJ6	7 100
	31	Cost of Sales	DAJ6	70			Cost of Sales	DJ6	310
		Bank	CPJ6	950			Creditors Control	CAJ6	90
		Creditors Control	CJ6	3 050			Balance	c/d	4 070
				11 570					11 570
2020 Jan	01	Balance	b/d	4 070					
DEBTORS CONTROL					B7				
2020 Dec	01	Balance	b/d	900	2020 Dec	31	Bank	CRJ6	850
	31	Sales	DJ6	780			Debtors Allowances	DAJ6	160
							Balance	c/d	670
				1 680					1 680
2020 Jan	01	Balance	b/d	670					

DEBTORS LEDGER OF FIFO PET SHOP

Date	Day	Details	Folio	Debit	Credit	Balance
A. LAAS			DL1			
2020 Dec	01	Balance	b/d			400 Dr
	03	Receipt 11	CRJ6		350	50 Dr
	13	Invoice 57	DJ6	200		250 Dr
	20	Credit note 13	DAJ6		50	200 Dr

CREDITORS LEDGER OF FIFO PET SHOP

Date	Day	Details	Folio	Debit	Credit	Balance
U. UPTON			CL1			
2020 Dec	01	Balance	B/D			8 100 Cr
	04	EFT 26	CPJ6	7 000		1 100 Cr
	11	Invoice G45	CJ6		300	1 400 Cr
	18	Invoice G98	CJ6		2 100	3 500 Cr
	18	Debit note 68	CAJ6	80		3 420 Cr
	25	Debit note 69	CAJ6	210		3 210 Cr

TRIAL BALANCE OF FIFO PET SHOP ON 31 DECEMBER 2020

Details	Folio	Debit	Credit
Capital	B1		165 000
Drawings	B2	78 200	
Land and Buildings	B3	140 000	
Equipment	B4	15 070	
Vehicles	B5	30 000	
Trading Stock	B6	4 070	
Debtors Control	B7	670	
Bank	B8	26 170	
Cash Float	B9	500	
Creditors Control	B10		10 450
Sales	N1		303 180
Cost of Sales (140 000 + 7 100 + 310 - 70)	N2	147 340	
Debtors Allowances	N3	710	
Rent Income	N4		3 200
Wages	N5	5 000	
Stationery (600 + 750 + 300 - 30)	N6	1 620	
Advertising	N7	1 150	
Salaries	N8	21 000	
Repairs (750 + 200 + 80 - 20)	N9	1 010	
Consumable Stores (8 000 + 300 - 80)	N10	8 220	
Telephone	N11	1 100	
		481 830	481 830

EXERCISE 62

TRANSACTION	SOURCE DOCUMENT	JOURNAL	GENERAL LEDGER		EQUATION		
			Acc. Dr	Acc. Cr	A =	O +	L
1. Start a business by depositing R50 000 in the bank	Duplicate Receipt	CRJ	Bank	Capital	+50 000	+50 000	0
2. Bought trading stock per EFT, R800.	EFT Authorisation	CPJ	Trading Stock	Bank	+800 -800	0	0
3. Bought trading stock on credit, R12 000.	Original Invoice	CJ	Trading Stock	Creditors Control	+12 000	0	+12 000
4. Cash sales R3 000 (cost price, R 1 000)	Cash Register Roll	CRJ	Bank Cost of Sales	Sales Trading Stock	+3 000 -1 000	+3 000 -1 000	0 0
5. Equipment bought by EFT R7 000	EFT Authorisation	CPJ	Equipment	Bank	+7 000 -7 000	0	0
6. Repair work done on credit, R 500	Original Invoice	CJ	Repairs	Creditors Control	0	-500	+500
7. Sold goods on credit to S. Davel, R6 000 (cost price, R2 000)	Duplicate Invoice	DJ	Debtors Control Cost of Sales	Sales Trading Stock	+6 000 -2 000	+6 000 -2 000	0 0
8. Paid R400 by EFT to a creditor on our account	EFT Authorisation	CPJ	Creditors Control	Bank	-400	0	-400
9. Rent received and deposited, R750	Duplicate Receipt	CRJ	Bank	Rent Income	+750	+750	0
10. Received R2 000 from S. Davel on his account	Duplicate Receipt	CRJ	Bank	Debtors Control	+2 000 -2 000	0	0
11. Stock, R2 000, returned to a supplier	Dupl. DN Orig. CN	CAJ	Creditors Control	Trading Stock	-2 000	0	-2 000
12. Allowed R200 discount to a debtor on damaged goods sold	Duplicate Credit note	DAJ	Debtors Allowances	Debtors Control	-200	-200	0

EXERCISE 63

TRANSACTION	SOURCE DOCUMENT	JOURNAL	GENERAL LEDGER		EQUATION		
			Acc. Dr	Acc. Cr	A =	O +	
1. Start a business by depositing R70 000 in the bank account	Duplicate Receipt	CRJ	Bank	Capital	+70 000	+70 000	0
2. Paid the rent for the building by EFT, R1 200	EFT Authorisation	CPJ	Rent Expense	Bank	-1 200	-1 200	0
3. Received R1 500 for services rendered (current income)	Duplicate Receipt	CRJ	Bank	Current Income	+1 500	+1 500	0
4. Cash sales R5 000 (cost price, R2 500)	Cash Register Roll	CRJ	Bank Cost of Sales	Sales Trading Stock	+5 000 -2 500	+5 000 -2 500	0 0
5. Vehicle bought by EFT R17 000	EFT Authorisation	CPJ	Vehicles	Bank	+17 000 -17 000	0	0
6. Stationery bought on credit, R1 500	Original Invoice	CJ	Stationery	Creditors Control	0	-1 500	+1 500
7. Sold goods on credit to H. Malan, R4 000 (cost price, R2 000)	Duplicate Invoice	DJ	Debtors Control Cost of Sales	Sales Trading Stock	+4 000 -2 000	+4 000 -2 000	0 0
8. Paid R500 by EFT to a creditor on our account	EFT Authorisation	CPJ	Creditors Control	Bank	-500	0	-500
9. Paid the owner's home telephone by EFT, R300	EFT Authorisation	CPJ	Drawings	Bank	-300	-300	0
10. Equipment bought on credit, R6 000	Original Invoice	CJ	Equipment	Creditors Control	+6 000	0	+6 000
11. Received R300 discount on unsatisfactory repairs done by a creditor	Orig. CN Dupl. DN	CAJ	Creditors Control	Repairs	0	+300	-300
12. A debtor returned stock with a selling price of R500. The cost was R250	Duplicate Credit note	DAJ	Debtors Allowances Trading Stock	Debtors Control Cost of Sales	-500 +250	-500 +250	0 0

EXERCISE 64 : CONCEPTS

Match the different concepts in the left column with the correct description in the right hand column. Only write down the number with the correct letter next to it.

CONCEPT		DESCRIPTION	
1	Asset	A.	It represents the owner's investment in the business
2	Current liability	B.	It is when the income exceeds the expenditure
3	Income statement	C.	An activity in the business world where the money value must be recorded
4	Fixed asset	D.	The incurring of costs for the purpose of generating an income
5	Capital	E.	An asset that consists of cash or which will be changed into cash within a year
6	Transaction	F.	A liability that will become payable within a period of one year
7	Profit	G.	The profit or loss for a specific period is calculated here
8	Cash float	H.	Property with a relatively long life, not bought for resale purposes
9	Current asset	I.	The change that is kept in the cash register
10	Expense	J.	The property or the right on property that belongs to an enterprise

SOLUTION:

1.	J
2.	F
3.	G
4.	H
5.	A

6.	C
7.	B
8.	I
9.	E
10.	D