

# MODULE 1

## REVISION

This module is to be used as revision and / or extra teaching on work covered in the GET band, i.e. Grades 8 and 9. The curriculum in Grade 10 is already extensive so a balance needs to be drawn between what is essential 'revision' in order to build on in Grade 10 and ensuring the learners have the necessary skills and knowledge in order to continue. However, we do not recommend that you complete each and every task with them but rather select what is appropriate in terms of your learners. In most cases 2 of each different activity is included. Again learners should only do the second task if they experienced difficulties with the first task. Additional tasks are also included in the Teacher's Guide that you can photocopy and use for extension or further revision.

You could also use these tasks throughout the first half of the year as and when it is appropriate to what is being done in class as per the curriculum. For example, starting with spreadsheets is useful at the beginning, but 'revise' the general ledger later when you are going to do ledger in the class, for example, after drawing up the cash journals. Documents can be revised at appropriate times as well, e.g. when the cash or credit transactions are being taught.

### TASK 1.1 Theory

DEFINITION	EXPLANATION
1.	J
2.	P
3.	M
4.	A
5.	L
6.	C
7.	E
8.	O
9.	B
10.	G
11.	F
12.	D
13.	I
14.	K
15.	H
16.	N

#### Note to the Teacher:

Personal spreadsheets were extensively covered in Grade 8, so you should not have to spend too much time on these. Following this, we will look at spreadsheets of a retailer, which are more relevant to our studies provided the learners have acquired the necessary skills on how to draw up a spreadsheet.

**TASK 1.2**
**Cindy Cele: Financial transactions**

1.2.1

Day	ASSETS						LIABILITIES		NET WORTH
	Bank	Savings account	Clothes	Furniture	Car	Property	Loan from father	Mortgage loan	
1	1 000	45 000	8 500	7 000	42 000		20 000		83 500
1	36 000	-36 000							
1	-11 650								-11 650
1						144 000		144 000	
1	-16 000					16 000			
2	-500								-500
3	-480								-480
4	-1 600				1 600				
5	-1 120						-1 000		-120
6	-940								-940
9	-500								-500
14	-410								-410
16	-500								-500
18	-1 000								-1 000
19	-1 200					1 200			
21	-1 100			1 100*					
23	-500								-500
25	10 780								10 780
27							1 900		-1 900
28	-2 100						-2 100		
30	-500								-500
31	31								31
31	-67								-67
31		170							170
	<b>7 644</b>	<b>9 170</b>	<b>8 500</b>	<b>8 100</b>	<b>43 600</b>	<b>161 200</b>	<b>19 000</b>	<b>143 800</b>	<b>75 414</b>
	<b>A = R238 214</b>						<b>L + NW = R238 214</b>		

(\* or +1 800 and – 700)

**1.2.2 CINDY CELE**
**STATEMENT OF NET WORTH ON 31 MAY 20.2**

ASSETS	
Cash at bank	7 644
Savings account	9 170
Clothes	8 500
Furniture	8 100
Car	43 600
Property	161 200
<b>TOTAL ASSETS</b>	<b>R238 214</b>
<b>NET WORTH</b>	
	75 414
<b>LIABILITIES</b>	
	162 800
Loan from father	19 000
Mortgage loan	143 800
<b>TOTAL NET WORTH AND LIABILITIES</b>	<b>R238 214</b>

### 1.2.3 Comment:

Alternative answers possible.

She should be encouraged.

Although her net worth has dropped, she has paid high transfer costs that will not be repeated.

She will gain in future as the value of her property increases.

Her cash resources have declined, but her salary should be sufficient to cover her monthly expenses in future. She also has an asset that is not reflected on this Statement of NW, i.e. her Pension Fund balance.

## TASK 1.3 Robbie Roberts: Financial transactions

### Note to the Teacher:

This task should only be completed by those learners who experienced difficulties with Task 1.2. This task can also be used to explain the accrual concept as the interest is only to be worked out for 6 months.

### 1.3.1 SPREADSHEET OF ROBBIE ROBERTS FOR JUNE 20.2

Day	ASSETS						LIABILITIES		NET WORTH
	Bank	Fixed deposit	Clothes	Sports equipment	Household equipment	Property	Credit card	Mortgage loan	
1	12 000	80 000	6 000	8 000	12 000		3 000		115 000
1	83 600	-80 000							3 600
1	-24 480								-24 480
1						240 000		240 000	
1	-60 000					60 000			
3	-1 000								-1 000
4	-320								-320
5	-5 000	5 000							
7	-550						-550		
10	-1 000								-1 000
12	-1 200					1 000			-200
17			400	3 200	1 700		5 300		
20	750			-1 100					-350
22			-200				-200		
23	23 500				1 500				25 000
25	9 000								9 000
26								2 800	-2 800
27	-3 300							-3 300	
28	-240								-240
29	-7 550						-7 550		
30	44								44
30	-90								-90
30		24							24
	<b>24 164</b>	<b>5 024</b>	<b>6 200</b>	<b>10 100</b>	<b>15 200</b>	<b>301 000</b>	<b>0</b>	<b>239 500</b>	<b>122 188</b>
	<b>A = R361 688</b>						<b>L + NW = R361 688</b>		

**1.3.2 ROBBIE ROBERTS  
STATEMENT OF NET WORTH ON 30 JUNE 20.2**

<b>ASSETS</b>	
Cash at bank	24 164
Fixed deposit	5 024
Clothes	6 200
Sports equipment	10 100
Household equipment	15 200
Property	301 000
<b>TOTAL ASSETS</b>	<b>R361 688</b>
<b>NET WORTH</b>	122 188
<b>LIABILITIES</b>	239 500
Credit card	0
Mortgage loan	239 500
<b>TOTAL NET WORTH AND LIABILITIES</b>	<b>R361 688</b>

**1.3.3 Comment:**

Alternative answers possible.

He should be satisfied.

His cash and net worth have both increased.

However, winning R15 000 on the Comrades Marathon, has helped his financial situation and this is a once-off receipt.

He is earning a salary of R9 000 which more than covers his loan repayments.

While he has had several cash payments this month he has acquired an asset that should increase in value over the years.

**Note to the Teacher:**

In terms of the curriculum, it is more relevant to focus on spreadsheets of a business than those of a personal nature, although learners can generally understand the concepts easier in a personal situation. We also make use of the expanded accounting equation in the following spreadsheets. You are urged to revise this section and if need be ask for assistance from the maths or maths literacy Teacher. A summary is given in the textbook but if you feel this is not comprehensive enough then please refer to the Grade 9 textbook.

**TASK 1.4**
**SS Carpet Cleaners: Financial transactions**

1.4.1

**SS CARPET CLEANERS**

Date	ASSETS				EXPENSES	DRAWINGS	LIABILITIES		CAPITAL	INCOME
	Bank	Savings	Equipment	Vehicle			Accounts payable	Loan		
1	6 000	50 000	17 000		66 000	48 000	2 000		75 000	110 000
2	40 000	-40 000								
4	30 000							30 000		
5	-45 000			45 000						
7	-800				800					
8	3 000									3 000
9	-600				600					
11	-2 000					2 000				
13			-1 300		1 300					
14			3 200				3 200			
15	-800				800					
16	-4 200						-4 200			
17	5 400									5 400
19					1 700		1 700			
21	-800				800					
24	4 600									4 600
25	-1 050				1 050					
26	25 000								25 000	
27	-800				800					
28					450			450		
29	-1 250						-1 250			
30	-1 500				1 500					
31	20									20
31	-230				230					
		100								100
	-1 000					1 000				
	<b>53 990</b>	<b>10 100</b>	<b>18 900</b>	<b>45 000</b>	<b>76 030</b>	<b>51 000</b>	<b>2 700</b>	<b>29 200</b>	<b>100 000</b>	<b>123 120</b>
	<b>A + E + D = R255 020</b>						<b>L + C + I = R255 020</b>			

1.4.2 NET PROFIT FOR THE MONTH = I - E = R47 090 (123 320 - 76 030)

1.4.3 OE AT END OF THE MONTH = C + I - E - D = R96 090 (100 000 + 123 120 - 76 030 - 51 000)

**1.4.4 Comment:**

Learners to express their own opinion.

Bank has increased considerably.

Made a profit of R47 090.

Owner has withdrawn more than the profit.

## TASK 1.5 Accounting equation

No.	ASSETS =	LIABILITIES +	OWNER'S EQUITY
1.	2 800	1 200	*1 600
2.	<b>*8 000</b>	3 100	4 900
3.	8 760	<b>*4 240</b>	4 520
4.	9 870	<b>*3 370</b>	6 500
5.	<b>*6 210</b>	1 850	4 360
6.	12 040	<b>*4 010</b>	8 030
7.	11 130	4 210	<b>*6 920</b>
8.	<b>*15 484</b>	2 872	12 612
9.	12 450	7 420	<b>*5 030</b>
10.	<b>*8 780</b>	2 370	6 410

## TASK 1.6 Dave Digby: Expanded Accounting equation

### Note to the Teacher:

This task should only be completed by those learners who experienced difficulties in Task 1.4.

### 1.6.1 DD DELIVERIES

Date	ASSETS				EXPENSES	DRAWINGS	LIABILITIES		CAPITAL	INCOME
	Bank	Vehicles	Equipment	Premises			Accounts Payable	Mortgage Loan		
1	11 200	54 000	9 000		80 000	33 000	2 000		100 000	85 200
2				120 000				120 000		
4		30 000							30 000	
5	-300				300					
7	1 100									1 100
14	-440				440					
15	1 300									1 300
17			-1 000			1 000				
23	-610				610					
24	-3 200	900			2 300					
25					1 600			1 600		
	-1 800							-1 800		
26	-120				120					
	-600				600					
27	-2 500					2 500				
28	3 500									3 500
29	-280				280					
30	-3 000				3 000					
	-1 200				1 200					
	-1 300						-1 300			
31	-500									-500
	<b>1 250</b>	<b>84 900</b>	<b>8 000</b>	<b>120 000</b>	<b>90 450</b>	<b>36 500</b>	<b>700</b>	<b>119 800</b>	<b>130 000</b>	<b>90 600</b>
<b>A + E + D = R341 100</b>							<b>L + C + I = R341 100</b>			

**1.6.2 NET PROFIT FOR THE MONTH = I – E = R150 NET PROFIT (90 600 – 90 450)**

**1.6.3 OE AT END OF THE MONTH = C + I – E – D = R93 650 (130 000 + 90 600 – 90 450 – 36 500)**

**1.6.4 Comment:**

Business has made a small profit.

Bank balance has decreased.

Owner's drawings are more than the profit.

## **EXTRA ACTIVITY      Dave's Disco: Financial transactions**

### **Note to the Teacher:**

This is an extra task that you can give the learners for extra re-enforcement or it can be used as an assessment.

Dave Davids started his disco business at the end of April 20.4. He started operating on 1 May 20.4 and found that there was much demand for his services on weekends, but had to turn customers down because he could not do more than one gig per night. The rest of the week is generally quiet.

He has an employee who assists him by doing administration tasks so that Dave can focus his attention on the main objectives of his business. You are provided with a spreadsheet which sets out the transactions for his first month of business. A details column is provided that explains what the expense and income items cover. The amounts received from his customers are reflected as 'Fees'.

### **Required:**

1. Calculate the profit earned by Dave's Disco during May 20.4.
2. Prepare the Balance Sheet of Dave's Disco as at 31 May 20.4.
3. In your opinion, has Dave made a good profit this month? Provide a convincing reason to justify your answer.
4. In your own words, describe the following transactions:
  - (a) R110 on 02 May
  - (b) R410 on 02 May
  - (c) R800 on 08 May
  - (d) R2 700 on 13 May
  - (e) R600 on 15 May
  - (f) R13 000 on 16 May
  - (g) R600 on 22 May and R540 on 23 May (jointly)
  - (h) R840 on 25 May
  - (i) R260 on 27 May
5. Dave's employee receives a fixed wage each week, but he was granted an increase during May.
  - (a) On which date did he receive his increase?
  - (b) What was the % increase he received?
  - (c) Should the employee be satisfied? Explain.
6. What is the % interest rate charged by Nedbank on the loan?
7. Bank charges of R360 were levied by the bank. What does this cover?
8. There are certain other significant expenses which the business is likely to incur in future months. Provide two examples of such expenses.

**Additional information:  
FINANCIAL SPREADSHEET OF DAVE'S DISCO - MAY 20.4**

Day	ASSETS				EXPENSES	DRAWINGS	LIABILITIES			CAPITAL	INCOME	Details	
	Bank	Equipment	Vehicle	Saving			Credit card		Loan				
1	12 000	63 000	80 000	30 000			5 000		60 000	120 000			
2	-3 000	3 000											
2					110		110					Interest	
2	-410				410							Insurance	
3	-320				320							Petrol	
4	2 700										2 700	Fees	
5	1 500										1 500	Fees	
6	-2 000			2 000									
7	-880				880								Wages
8				-800		800							
9	-250				250								Advertising
10													
11	-350				350								Petrol
12	3 300										3 300		Fees
13			2 700				2 700						
14	-880				880								Wages
14	-500										-500		Fees refund
15						600	600						
16	5 000	8 000								13 000			
18	2 100										2 100		Fees
19		2 400					2 400						
20					550		550						Repairs to vehicle
21	-1 056				1 056								Wages
22		-600			600								Theft
23	540				-540								Insurance claim
24	-320				320								Petrol
25	4 200										4 200		Fees
25	-840										-840		Fees refund
26	-200				200								Advertising
27	50			210							260		Interest
28	-1 056				1 056								Wages
30													
31					700				700				Interest for 1 month
31	-4 700								-4 700				
31	-360				360								Bank charges
31	-910				910								Telephone
	<b>13 358</b>	<b>75 800</b>	<b>82 700</b>	<b>31 410</b>	<b>8 412</b>	<b>1 400</b>	<b>11 360</b>	<b>0</b>	<b>56 000</b>	<b>133 000</b>	<b>12 720</b>		



## SOLUTION TO EXTRA TASK

1.	<b>Calculate the profit earned by Dave's Disco during May 20.4.</b>
	Profit earned by Dave's Disco during May 20.4: R12 720 - R8 412 = R4 308

### 2. DAVE'S DISCO BALANCE SHEET AS AT 31 MAY 20.4

<b>ASSETS</b>	
Bank	13 358
Equipment	75 800
Vehicle	82 700
Savings	31 410
<b>TOTAL ASSETS</b>	<b>R203 268</b>
<b>NET WORTH</b>	
	135 908
<b>LIABILITIES</b>	
	67 360
Credit card	11 360
Loan	56 000
<b>TOTAL NET WORTH AND LIABILITIES</b>	<b>R203 268</b>

#### NOTE: Owner's equity

Balance at beginning of month	120 000
Add: Additional capital contributed	13 000
Add: Net profit	4 308
Less: Drawings	(1 400)
<b>Balance at end of month</b>	<b>R135 908</b>

3.	<b>In your opinion, has Dave made a good profit this month? Provide a convincing reason to justify your answer.</b>
	Opinion on profit: either Good/Poor. Explanation: Comparison to capital invested - or any reasonable opinion.
4.	<b>(a) R110 on 02 May</b>
	Interest charged by credit card company/bank.
	<b>(b) R410 on 02 May</b>
	Insurance premium paid.
	<b>(c) R800 on 08 May</b>
	Cash drawn from the savings account by Dave for personal use.
	<b>(d) R2 700 on 13 May</b>
	CD player installed in car, charged to credit card.
	<b>(e) R600 on 15 May</b>
	Dave's personal expenses charged to credit card or any other viable alternative.
	<b>(f) R13 000 on 16 May</b>
	Dave introduced more capital: cash and equipment.
	<b>(g) R600 on 22 May and R540 on 23 May (jointly)</b>
	Equipment of R600 was stolen; Insurance company settled claim of R540.
	<b>(h) R840 on 25 May</b>
	Dave refunded R840 to a dissatisfied customer.

	<b>(i) R260 on 27 May</b>
	Interest earned on bank and savings accounts.
<b>5.</b>	<b>Dave's employee receives a fixed wage each week, but he was granted an increase during May.</b>
	<b>(a) On which date did he receive his increase?</b>
	21 May
	<b>(b) What was the % increase he received?</b>
	$\frac{(1\ 056 - 880)}{880} \times 100 = 20\%$
	<b>(c) Should the employee be satisfied? Explain.</b>
	Yes - compare to inflation.
<b>6.</b>	<b>What is the % interest rate charged by Nedbank on the loan?</b>
	$\frac{700}{60\ 000} \times 12 \times 100 = 14\% \text{ p.a.}$
<b>7.</b>	<b>Bank charges of R360 were levied by the bank. What does this cover?</b>
	Cash deposit fees, service fees, cheque books, etc.
<b>8.</b>	<b>There are certain other significant expenses which the business is likely to incur in future months. Provide two examples of such expenses.</b>
	Rent, repairs to equipment, income tax, any reasonable expense.

## TASK 1.7 Carl's Bike Repairs

### Note to the Teacher:

This is a very valuable task in order to re-enforce the business entity concept as the learners will have to decide whether a transaction will affect the business spreadsheet or the personal spreadsheet.

No.	Personal spreadsheet	Effect on accounting equation	Business spreadsheet	Effect on accounting equation
1.			✓	Decrease A, decrease OE
2.	✓	Decrease A, decrease NW		
3.			✓	Decrease A, decrease OE
4.	✓	Decrease A, decrease NW		
5.			✓	Decrease A, decrease OE
6.			✓	Increase and decrease in A
7.	✓	Increase A, increase NW		
8.	✓	Decrease A, decrease NW	✓	Increase in A, increase in OE
9.	✓	Decrease A, decrease NW	✓	Increase in A, increase in OE
10.			✓	Decrease A, decrease OE
11.	✓	Decrease A, decrease NW		
12.			✓	Increase in A, increase in OE
13.	✓	Increase in A, increase in L		
14.			✓	Increase in A, increase in L
15.	✓	Increase in A, increase in NW	✓	Decrease A, decrease OE
16.	✓	Increase and decrease in NW	✓	Decrease A, decrease OE

### Note to the Teacher:

Trading stock and the corresponding entries for sales and cost of sales were introduced in Grade 9. However, this is a concept that the learners struggle with as they often want to credit the trading stock account with the selling price of the goods sold. Learners also often experience difficulties with the calculations of the cost of sales. While we live in a technological age and, therefore, the use of computerised accounting packages are more and more important, it is still very important that learners can make the necessary calculations. We suggest that you spend time revising these concepts extensively.

## TASK 1.8 Calculations

No.	No of T-shirts	Cost price per T-shirt	Total cost price	Selling price per T-shirt	Total selling price	1.8.4 Gross profit
1.8.1	60	30	1 800			
	(45)	(30)	(1 350)	50	2 250	
	<b>15</b>	<b>30</b>	<b>450</b>			<b>R2 250 – 1 350 = R900</b>
1.8.2	40	34	1 360			
	(30)	(34)	(1 020)	48	1 440	
	(5)	(34)	(170)	46	230	
	(1) donated			0	0	
	<b>4</b>	<b>34</b>	<b>136</b>			<b>1 670 – 1 190 = R480</b>
1.8.3	50	54	2 700			
	(36)	(54)	(1 944)	82	2 952	
	(10)	(54)	(540)	70	700	
	(2) deficit			0	0	
	<b>2</b>	<b>54</b>	<b>108</b>			<b>3 652 – 2 484 = R1 168</b>

### Note:

- Gross profit is the difference between the selling and cost price of the goods sold.
- Goods donated or lost do not form part of the gross profit. It will affect the net profit.
- Cost price includes all costs i.e. purchase price and transport of the goods bought.
- Stock left over is not sold so, therefore, does not influence the profit.

## TASK 1.9 Calculations

1.9.1	<b>50 T-shirts at a cost of R40 each. Carriage on the goods amounted to R600.</b> $50 \times R40 = R2\,000 + R600 = R2\,600$
1.9.2	<b>250 T-shirts imported from Britain at a cost of R60 each. Import duties amounted to 10% of the value. Carriage on goods amounted to R1 300.</b> $250 \times R60 = R15\,000 + R1\,500 + R1\,300 = R17\,800$
1.9.3	<b>300 T-shirts bought at a cost of \$12 each. Carriage was \$1.50 per T-shirt. Import duties amounted to 8%. The exchange rate at the time of purchase was \$1 = R6.86.</b> $300 \times (12 \times 6.86) = R24\,696$ $300 \times (1.50 \times 6.86) = R3\,087$ $24\,696 + 3\,087 + 1\,975.68 \text{ (8\% of R24 696)} = R29\,758.68$
1.9.4	<b>140 T-shirts at a cost of R38 each less 5% trade discount. Carriage amounted to R150.</b> $140 \times 36.10 \text{ (38 – 5\%)} = R5\,054 + R150 = R5\,204$

## TASK 1.10 Calculations

No.	Normal price of the wholesaler	Trade discount %	Amount charged by the wholesaler	Carriage (transport) on goods	Net cost price of goods
1.	1 200	10%	*1 080	*130	*1 210
2.	2 000	5%	*2 100	150	*2 250
3.	640	10%	*704	*116	820
4.	*800	5%	760	50	*810
5.	700	*15%	595	*75	670
6.	*2 000	5%	1 900	*160	2 060
7.	*3 000	15%	2 550	*250	2 800
8.	4 000	5%	*3 800	300	*4 100
9.	*6 000	10%	5 400	*180	5 580
10.	900	20%	*1 080	30	*1 110

## TASK 1.11 Calculations

No.	Selling Price	Cost Price	Gross Profit
1.11.1	250.00	200.00	50.00
	1 700.00	1 360.00	340.00
	35.40	28.32	7.08
1.11.2	220.00	200.00	20.00
	1 760.00	1 600.00	160.00
	37.40	34.00	3.40
1.11.3	330.00	278.00	52.00
	1 220.00	845.50	374.50
	50.80	39.30	11.50
1.11.4	445.00	319.70	125.30
	3 650.00	2 893.00	757.00
	90.30	66.55	23.75
1.11.5	40.00 (80)	28.00 (56)	12.00 (24)
	50.00 (150)	37.00 (111)	13.00 (39)
	12.00 (24)	7.50 (15)	4.50 (9)
			<b>TOTAL R72.00</b>
1.11.6	16.00 (32)	10.40 (20.80)	5.60 (11.20)
	7.50 (30)	4.00 (16)	3.50 (14)
	110.00	82.00	28.00
			<b>TOTAL R53.20</b>

## TASK 1.12 Calculations

No.	Cost Price R	Mark-up %	Selling Price R	Gross Profit R
E.g.	200	50	300	100
1.	12 600	33½	*16 800	*4 200
2.	*39 600	18	46 728	*7 128
3.	40 500	43	*57 915	*17 415
4.	74 500	*28	95 360	*20 860
5.	58 900	*34	78 926	*20 026
6.	*78 900	*54	121 506	42 606
7.	*99 820	*40	139 748	39 928
8.	99 510	*60	*159 216	59 706
9.	122 500	*59	*194 775	72 275
10.	*100 100	82	182 182	*82 082

## TASK 1.13



## Calculations



No.	Cost of merchandise R	Import duty on merchandise R	% mark-up on total cost %	Selling price of merchandise R	Gross profit R
E.g.	1 000	50	10%	1 155	105
1	2 000	100	40%	* 2 940	840*
2	* 2 500	125	* 33 $\frac{1}{3}$ %	3 500	875
3	3 000	150	* 30%	4 095	945*
5	3 800	200	* 30%	* 5 200	1 200
6	* 4 500	500	20%	6 000	1 000*
7	5 000	* 300	15%	6 095	795*
8	* 5 500	275	40%	* 8 085	2 310
9	6 000	* 300	20%	7 560	1 260*
10	6 500	* 250	30%	8 775	2 025*

### Note to the Teacher:

Documents are very important in the accounting cycle as they are the proof that a transaction has taken place and serve to give the necessary information in order that the transaction can be recorded. It is essential that the learners can complete as well as make use of the relevant documents in order to record the transactions. They were introduced in Grade 9 so it should only be necessary to revise them at this stage. We do suggest that you rather revise the relevant documents at the appropriate times, e.g. the cash documents when you are teaching the cash journals, the credit documents when doing the credit journals, etc.

## TASK 1.14



## Barry Bhana: Documentation

### Note to the Teacher:

You need to provide the learners with the necessary documents in order to complete this task. If your learners are making use of the New Era Grade 10 workbooks, however, these have been included for you.

### SKELETON DOCUMENTS THAT NEED TO BE PHOTOSTATED FOR THE LEARNERS

Date:	<b>WESTVILLE BANK</b>	782 143
To:	PAVILION BRANCH	_____20__
For:	Pay _____	or bearer
Balance b/f	the sum of _____	
Deposit:	_____	
This cheque:		Barry Bhana
Balance:		
0001	0001 782143 4042612363	

**WESTVILLE BANK** 782 143  
 PAVILION BRANCH \_\_\_\_\_ 20\_\_

Date: \_\_\_\_\_  
 To: \_\_\_\_\_  
 For: Pay \_\_\_\_\_ or bearer

Balance b/f the sum of \_\_\_\_\_

Deposit: \_\_\_\_\_

This cheque: \_\_\_\_\_  
 Balance: Barry Bhana

0002 0002 782143 4042612363

**WESTVILLE BANK** 782 143  
 PAVILION BRANCH \_\_\_\_\_ 20\_\_

Date: \_\_\_\_\_  
 To: \_\_\_\_\_  
 For: Pay \_\_\_\_\_ or bearer

Balance b/f the sum of \_\_\_\_\_

Deposit: \_\_\_\_\_

This cheque: \_\_\_\_\_  
 Balance: Barry Bhana

0003 0003 782143 4042612363

**WESTVILLE BANK** **DEPOSIT SLIP**

Name of accountholder \_\_\_\_\_ Date: \_\_\_\_\_

Account number \_\_\_\_\_ Paid in by: \_\_\_\_\_

Signature of depositor \_\_\_\_\_

		R	c
<b>Cash</b>			
<b>Cheques</b>			
<i>Drawer</i>	<i>Bank</i>		
<b>TOTAL DEPOSITED</b>			

<b>WESTVILLE BANK</b>		<b>DEPOSIT SLIP</b>	
Name of accountholder _____		Date: _____	
Account number _____		Paid in by: _____	
Signature of depositor _____			
		R	c
<b>Cash</b>			
<b>Cheques</b>			
<i>Drawer</i>	<i>Bank</i>		
<b>TOTAL DEPOSITED</b>			

**COMPLETED DOCUMENTS:**

Date: <i>18/2/20.2</i> To: <i>KZN Furn.</i> For: <i>Lounge suite</i> Balance b/f <i>RO</i> Deposit: <i>R10 920.00</i> This cheque: <i>R4 380</i> Balance: <i>R6 540</i>	<b>WESTVILLE BANK</b> PAVILION BRANCH Pay <u>  <i>KZN Furnishers</i>  </u> or bearer the sum of <u>  <i>Four thousand, three hundred &amp; eighty rand only</i>  </u> <div style="border: 1px solid black; display: inline-block; padding: 2px; margin-top: 10px;"><b>R4 380.00</b></div>	782 143 <u>  <i>18/02</i>  </u> 20.2  <u>  <i>BBhana</i>  </u> Barry Bhana
0001	0001 782143 4042612363	

Date: *18/2/20.2*

**WESTVILLE BANK** 782 143

PAVILION BRANCH 24/02 20.02

To: *Cash*

For: *Groc/Petrol* Pay *Cash* or bearer

Balance b/f *R6 540* the sum of *Eight hundred rand only*

Deposit: - **R800.00**

This cheque: *R800* *BBhana*

Balance: *R5 740* Barry Bhana

0001 0001 782143 4042612363

Date: *28/2/20.2*

**WESTVILLE BANK** 782 143

PAVILION BRANCH 28/02 20.02

To: *Cowies Motors*

For: *Car repair* Pay *Cowies Motors* or bearer

Balance b/f *R5 740* the sum of *One thousand, two hundred rand &*

Deposit: *R6 400.00* *sixty rand & eighty six cents* **R1 260.86**

This cheque: *R1 260.86* *BBhana*

Balance: *R10 879.14* Barry Bhana

0001 0001 782143 4042612363

<b>WESTVILLE BANK</b>		<b>DEPOSIT SLIP</b>	
Name of account holder <u><i>Barry Bhana</i></u>		Date: <u><i>10/2/20.2</i></u>	
Account number <u><i>4042612363</i></u>		Paid in by <u><i>Barry Bhana</i></u>	
Signature of depositor <u><i>BBuzi</i></u>			
		R	c
<b>Cash</b>		420	00
<b>Cheques</b>			
<b>Drawer</b>	<b>Bank</b>		
S Bhana		10 000	00
K. Khan		500	00
<b>TOTAL DEPOSITED</b>		<b>R10 920</b>	<b>00</b>



WESTVILLE BANK		DEPOSIT SLIP	
Name of account holder <u>B. Bhana</u>		Date: <u>26/02/20.2</u>	
Account number <u>4042612363</u>		Paid in by: <u>B. Bhana</u>	
Signature of depositor <u>BBuzi</u>			
		R	c
<b>Cash</b>			
<b>Cheques</b>			
<b>Drawer</b>	<b>Bank</b>		
Velco Traders		6 400	70
<b>TOTAL DEPOSITED</b>		R6 400	70

## TASK 1.15 Barry Bhana (2): Bank Statement

### Note to the Teacher:

This task continues from Task 1.14, i.e. the documents completed.

1.15.1	<b>How much interest did Barry earn on this account? In your opinion, is this reasonable? Explain.</b>
	R36.66 – own opinion: No, too low - yes, they are earning a return.
1.15.2	<b>What were the total bank charges? Do you feel these are justified? Explain.</b>
	R67.30 (R12 + R28.20 + R27.10). Various opinions possible, e.g. Yes, the bank has to pay salaries and other overheads; or No, this is too high – the banks are using the amounts deposited to finance loans to other people (the bank will be earning a higher rate of interest from these borrowers).
1.15.3	<b>Compare the bank statement to Barry’s cheque counterfoils in Task 1.10. What are the main differences that you notice?</b>
	The cheques are not recorded on the bank statement on the dates that they were issued. One cheque (no. 3) does not appear on the bank statement.
1.15.4	<b>Explain why the cheques do not always appear on the bank statement on the dates on which they are issued by Barry.</b>
	It depends when the payee deposits the cheque into his bank account.
1.15.5	<b>How much can Barry spend in March before receiving his next month’s salary, without ‘overdrawing’ his account? Explain.</b>
	R11 210.06 - R1 260.86 (cheque no.3) = R9 949.20 Learners could also factor in expected amounts for bank charges and interest.

<b>1.15.6</b>	<b>Explain the advantages of using a cash card rather than a cheque when making withdrawals of cash. Are there any disadvantages of using a cash card? Explain.</b>
	Withdrawals can be made after bank hours from an Automatic Teller Machine (ATM). This means that you do not have to carry too much cash on your person. Disadvantages: ATM fraud or hijacking, cards can get lost or stolen and used to withdraw funds from your account, etc.

**Note to the Teacher:**

Make sure that the learners understand the difference between the accounting period and the calendar year. This particularly becomes a problem when the learners start working with adjustments in the Grade 10 curriculum and have to apply the accrual concept.

## TASK 1.16 Discussion

<b>1.16.1</b>	<b>Identify the dates on which a financial year will end if it starts on:</b>
	<b>01 September 20.2</b> 31 August 20.3
	<b>01 February 20.4</b> 31 January 20.5
	<b>01 August 20.3</b> 31 July 20.4
<b>1.16.2</b>	<b>Explain why it is advisable for a business to maintain the same financial year-end during its lifetime.</b>
	Consistency and comparisons from one year to another. Easier for planning purposes.
<b>1.16.3</b>	<b>In your opinion, why do most businesses not use 31 December as their financial year-end?</b>
	Learners to express their own opinions. Possible answers: it is a busy time of the year for most businesses and they, therefore, do not have the time necessary; it is holiday season; Christmas; many of the staff take leave at this time and would not be available, etc.

**Note to the Teacher:**

While these concepts are very relevant to cash flows which are only introduced in Grade 12, it is important that learners become aware of the different concepts so that financial statements can be interpreted and financial decisions made.

## TASK 1.17 Identification of groups of activities

No.	Activity	No.	Activity
1.17.1	Operating	1.17.9	Financing
1.17.2	Operating	1.17.10	Financing
1.17.3	Operating	1.17.11	Operating
1.17.4	Operating	1.17.12	Financing
1.17.5	Investing	1.17.13	Financing and investing
1.17.6	Investing	1.17.14	Financing
1.17.7	Investing	1.17.15	Operating
1.17.8	Financing	1.17.16	Operating

**Note to the Teacher:**

This is a section of work that the learners generally experience a lot of difficulties with. Although it would have been covered extensively in Grade 9, we do suggest that you spend time revising the general ledger if appropriate with your classes. It would be a good idea though to do this particular revision when you are going to start posting in the Grade 10 curriculum, i.e. probably after completing the cash journals.

## TASK 1.18 Identification of groups of activities

### Required:

Complete the following table by placing a tick (✓) in the correct category into which each of the following activities can be identified. Follow the example given below.

NO.	TRANSACTION	ACTIVITY		
		OPERATING	FINANCING	INVESTING
E.g.	Bought trading stock on credit.	✓		
1.	Purchased vehicle by cheque.			✓
2.	Paid the electricity account.	✓		
3.	Owner took goods for own use.			✓
4.	Received interest on the savings account.			✓
5.	Interest charged on the bank overdraft.		✓	
6.	Paid the employees' wages.	✓		
7.	Bought consumable stores on account.	✓		
8.	Sold old equipment for cash.			✓
9.	Owner obtained a loan from his friend for the business.		✓	
10.	Sold trading stock on credit.	✓		
11.	Repaid part of the loan to his friend.		✓	
12.	Transferred cash from the current account to the savings account.			✓

## TASK 1.19 Tim's Taxi Service: General Ledger & Trial Balance

### GENERAL LEDGER OF TIM'S TAXI SERVICE BALANCE SHEET ACCOUNTS SECTION

Dr					CAPITAL					B1		Cr		
20.8					20.8									
July	31	Balance	c/d	63 000	July	1	Balance	b/d					51 000	
							Bank						10 000	
							Equipment						2 000	
				<b>63 000</b>									<b>63 000</b>	
					Aug	1	Balance	b/d					63 000	

VEHICLES					B2								
20.8					20.8								
July	1	Balance	b/d	120 000	July	31	Balance	c/d					122 600
	20	Accounts payable		2 600									
				<b>122 600</b>									<b>122 600</b>
Aug	1	Balance	b/d	122 600									

OFFICE EQUIPMENT					B3								
20.8					20.8								
July	1	Balance	b/d	10 000	July	23	Bank						1 100
		Capital		2 000		31	Balance	c/d					10 900
				<b>12 000</b>									<b>12 000</b>
Aug	1	Balance	b/d	10 900									

Dr					BANK					B4					Cr				
20.8					20.8					20.8					20.8				
July	1	Balance	b/d	4 000	July	2	Insurance			July	2	Insurance							800
		Capital		10 000			Drawings					Drawings							600
	3	Fee income		4 300		4	Accounts payable				4	Accounts payable							3 000
	13	Fee income		7 600			Rent					Rent							1 200
	23	Equipment		1 100		7	Wages				7	Wages							1 050
	27	Fee income		10 700		14	Wages				14	Wages							1 050
						19	Drawings				19	Drawings							5 000
						25	Telephone				25	Telephone							720
							Water					Water							200
							Electricity					Electricity							700
						26	Salary				26	Salary							2 400
						28	Wages				28	Wages							1 050
						30	Accounts payable				30	Accounts payable							2 400
						31	Loan: KZN				31	Loan: KZN							6 000
							Balance					Balance		c/d					11 530
																			<b>37 700</b>
																			<b>37 700</b>
Aug	01	Balance	b/d	11 530															

ACCOUNTS PAYABLE					B5														
20.8					20.8					20.8					20.8				
July	4	Bank		3 000	July	1	Balance	b/d	3 000	July	1	Balance	b/d	3 000					
	30	Bank		2 400		5	Petrol		800		5	Petrol		800					
	31	Balance	c/d	3 200		16	Petrol		900		16	Petrol		900					
						20	Vehicles		2 600		20	Vehicles		2 600					
						28	Petrol		1 300		28	Petrol		1 300					
																			<b>8 600</b>
																			<b>8 600</b>
						Aug	1	Balance	b/d	3 200									

LOAN: KZN LENDERS					B6														
20.8					20.8					20.8					20.8				
July	31	Bank		6 000	July	1	Balance	b/d	80 000	July	1	Balance	b/d	80 000					
		Balance	c/d	75 000		31	Interest on loan		1 000		31	Interest on loan		1 000					
																			<b>81 000</b>
																			<b>81 000</b>
						Aug	1	Balance	b/d	75 000									

DRAWINGS					B7														
20.8					20.8					20.8					20.8				
July	2	Bank		600	July	31	Balance	c/d	5 600	July	31	Balance	c/d	5 600					
	19	Bank		5 000															
																			<b>5 600</b>
																			<b>5 600</b>
Aug	1	Balance	b/d	5 600															

NOMINAL ACCOUNTS SECTION					INSURANCE					N1									
20.8					20.8					20.8					20.8				
July	2	Bank		800	July					July					July				

Dr		FEE INCOME			N2		Cr
				20.8 July	3	Bank	4 300
					13	Bank	7 600
					27	Bank	10 700
							<u>22 600</u>

		RENT			N3		
20.8 July	4	Bank		1 200			

		PETROL			N4		
20.8 July	5	Accounts payable		800			
	16	Accounts payable		900			
	28	Accounts payable		1 300			
				<u>3 000</u>			

		WAGES			N5		
20.8 July	7	Bank		1 050			
	14	Bank		1 050			
	28	Bank		1 050			
				<u>3 150</u>			

		TELEPHONE			N6		
20.8 July	25	Bank		720			

		WATER			N7		
20.8 July	25	Bank		200			

		ELECTRICITY			N8		
20.8 July	25	Bank		700			

		SALARY			N9		
20.8 July	26	Bank		2 400			

		INTEREST ON LOAN			N10		
20.8 July	31	Loan: KZN Lenders		1 000			

**TRIAL BALANCE OF TIM'S TAXI SERVICE ON 31 JULY 20.8**

<u>Balance Sheet accounts section</u>	Fol	Debit	Credit
Capital	B1		63 000
Vehicles	B2	122 600	
Office equipment	B3	10 900	
Bank	B4	11 530	
Accounts payable	B5		3 200
Loan: KZN Lenders	B6		75 000
Drawings	B7	5 600	
<u>Nominal accounts section</u>			
Insurance	N1	800	
Fee income	N2		22 600
Rent	N3	1 200	
Petrol	N4	3 000	
Wages	N5	3 150	
Telephone	N6	720	
Water	N7	200	
Electricity	N8	700	
Salary	N9	2 400	
Interest on loan	N10	1 000	
		<b>163 800</b>	<b>163 800</b>

**Note to the Teacher:**

There are 2 options when recording interest on the loan, i.e. either credit the bank account or the loan account. By crediting the loan account we are following the principle of capitalising interest, which is the norm in the banking world. However, it is important that your learners are exposed to both methods.

**TASK 1.20  VN Garden Services: General Ledger & Trial Balance**

**Note to the Teacher:**

Learners should only do this task if they experienced difficulties with Task 1.19

**GENERAL LEDGER OF VN GARDEN SERVICES  
BALANCE SHEET SECTION**

Dr				CAPITAL				B1		Cr	
20.8											
Dec	31	Balance	c/d	100 000	20.8	1	Balance	b/d		75 000	
						26	Bank			25 000	
				<b>100 000</b>						<b>100 000</b>	
					20.9	1	Balance	b/d		100 000	
					Jan						

Dr				BANK				B2				Cr			
20.8	Dec	1	Balance	b/d	6 000	20.8	Dec	5	Vehicle					45 000	
		2	Savings		40 000			7	Wages					800	
		4	Loan: LL Lenders		30 000			9	Insurance					600	
		8	Fee Income		3 000			11	Drawings					2 000	
		17	Fee Income		5 400			15	Wages					800	
		24	Fee Income		4 600			16	Accounts payable					3 200	
		26	Capital		25 000				Accounts payable					1 000	
		31	Interest income		20			21	Wages					800	
								25	Petrol					1 050	
								27	Wages					800	
								29	Loan: LL Lenders					1 250	
								30	Rent					1 500	
								31	Bank charges					230	
									Drawings					1 000	
									Balance		c/d			53 990	
					<b>114 020</b>									<b>114 020</b>	
20.9	Jan	1	Balance	b/d	53 990										

SAVINGS				B3										
20.8	Dec	1	Balance	b/d	50 000	20.8	Dec	2	Bank					40 000
		31	Interest income		100			31	Balance		c/d			10 100
					<b>50 100</b>									<b>50 100</b>
20.9	Jan	1	Balance	b/d	10 100									

EQUIPMENT				B4										
20.8	Dec	1	Balance	b/d	17 000	20.8	Dec	13	Loss due to theft					1 300
		14	Accounts payable		2 200			31	Balance		c/d			17 900
					<b>19 200</b>									<b>19 200</b>
20.9	Jan	1	Balance	b/d	17 900									

VEHICLE				B5										
20.8	Dec	5	Bank		45 000	20.8	Dec	31	Balance		c/d			46 000
		14	Accounts payable		1 000									<b>46 000</b>
					<b>46 000</b>									
20.9	Jan	1	Balance	b/d	46 000									

ACCOUNTS PAYABLE				B6										
20.8	Dec	16	Bank		3 200	20.8	Dec	1	Balance		b/d			2 000
			Bank		1 000			14	Equipment					2 200
		31	Balance	c/d	2 700				Vehicle					1 000
					<b>6 900</b>			19	Motor vehicle exp.					1 700
														<b>6 900</b>
						20.9	Jan	1	Balance		b/d			2 700

Dr					LOAN: LL LENDERS					B7					Cr				
20.8					20.8					20.8					20.8				
Dec	29	Bank		1 250	Dec	4	Bank		30 000										30 000
	31	Balance	c/d	29 200		28	Interest on loan		450										450
				<b>30 450</b>					<b>30 450</b>										<b>30 450</b>
					20.9														
					Jan	1	Balance	b/d	29 200										29 200

DRAWINGS					B8				
20.8					20.8				
Dec	1	Balance	b/d	48 000	Dec	31	Balance	c/d	51 000
	11	Bank		2 000					
	31	Bank		1 000					
				<b>51 000</b>					
20.9									
Jan	1	Balance	b/d	51 000					

NOMINAL SECTION					WAGES					N1				
20.8														
Dec	1	Total	b/f	33 410										
	7	Bank		800										
	15	Bank		800										
	21	Bank		800										
	27	Bank		800										
				<b>36 610</b>										

INSURANCE					N2				
20.8									
Dec	1	Total	b/f	3 200					
	9	Bank		600					
				<b>3 800</b>					

RENT					N3				
20.8									
Dec	1	Total	b/f	9 000					
	30	Bank		1 500					
				<b>10 500</b>					

BANK CHARGES					N4				
20.8									
Dec	1	Total	b/f	490					
	31	Bank		230					
				<b>720</b>					

PETROL					N5				
20.8									
Dec	1	Total	b/f	8 500					
	25	Bank		1 050					
				<b>9 550</b>					



Dr		MOTOR VEHICLE EXPENSES			N6		Cr	
20.8								
Dec	1	Total	b/f	11 400				
	19	Accounts payable		1 700				
				13 100				

		INTEREST ON LOAN			N7			
20.8								
Dec	28	Loan: LL Lenders		450				

		INTEREST INCOME			N8			
					20.8			
					Dec	1	Total	b/f
						31	Bank	5 000
							Savings	20
								100
								5 120

		FEE INCOME			N9			
					20.8			
					Dec	1	Total	b/f
						8	Bank	105 000
						17	Bank	3 000
						24	Bank	5 400
								4 600
								118 000

		LOSS DUE TO THEFT			N10			
20.8								
Dec	13	Equipment		1 300				

**TRIAL BALANCE OF VN GARDEN SERVICES ON 31 DECEMBER 20.8**

Balance Sheet accounts section	Fol	Debit	Credit
Capital	B1		100 000
Bank	B2	53 990	
Savings	B3	10 100	
Equipment	B4	17 900	
Vehicle	B5	46 000	
Accounts payable	B6		2 700
Loan: LL Lenders	B7		29 200
Drawings	B8	51 000	
<b>Nominal accounts section</b>			
Wages	N1	36 610	
Insurance	N2	3 800	
Rent	N3	10 500	
Bank charges	N4	720	
Petrol	N5	9 550	
Motor vehicle expenses	N6	13 100	
Interest on loan	N7	450	
Interest income	N8		5 120
Fee income	N9		118 000
Loss due to theft	N10	1 300	
		<b>255 020</b>	<b>255 020</b>

**Note to the Teacher:**

- The payments on the 16<sup>th</sup> could have been combined.
- Petrol could be regarded as a motor vehicle expense but was given as a separate total to start with.
- It is not always necessary to balance the balance sheet accounts that have entries only on one side. They can be totalled for the purpose of completing a Trial Balance – although remember it is the correct way but time consuming.
- Learners can decide on their own name for the account – loss due to theft.
- Interest on loan has to be capitalised, i.e. Dr Interest on loan and Cr the Loan account. The transaction states that the interest was reflected on the loan statement, i.e. implying it has been capitalised (added to the loan).

**TASK 1.21  Terry's T-Shirts: General Ledger & Trial Balance**

**Note to the Teacher:**

A third task is provided on this important topic for those learners who need extra practice or can be completed at a later stage in the year for extra revision. Note that this task emphasises the recording of sales and cost of sales.

**GENERAL LEDGER OF TERRY'S T-SHIRTS  
BALANCE SHEET ACCOUNTS SECTION**

Dr					CAPITAL		B1		Cr
20.5					20.5				
April	30	Balance	c/d	56 000	April	1	Bank		6 000
							Vehicle		50 000
				<b>56 000</b>					<b>56 000</b>
					May	1	Balance	b/d	56 000

BANK					B2				
20.5					20.5				
April	1	Capital		6 000	April	2	Cellphone charges		80
	4	Sales		1 800		5	Advertisement		80
	9	Sales		1 200		11	Petrol		300
	14	Sales		1 800		15	Accounts payable		4 000
	19	Loan: JK Loans		10 000		16	Drawings		2 500
	26	Sales		5 400		23	Advertisements		400
	29	Interest income		15		24	Petrol		400
						28	Drawings		8 000
						29	Bank charges		70
						30	Loan: JK Loans		5 000
							Balance	c/d	5 385
				<b>26 215</b>					<b>26 215</b>
May	1	Balance	b/d	5 385					

VEHICLE					B3				
20.5									
April	1	Capital		50 000					

Dr				TRADING STOCK				B4		Cr	
20.5					20.5						
April	3	Accounts payable		4 000	April	4	Cost of sales			1 200	
	21	Accounts payable		8 000		9	Cost of sales			800	
						14	Cost of sales			1 200	
						18	Drawings			200	
						24	Cost of sales			3 600	
						28	Drawings			120	
						30	Balance	c/d		4 880	
				<b>12 000</b>						<b>12 000</b>	
May	1	Balance	b/d	4 880							

				ACCOUNTS PAYABLE				B5			
20.5					20.5						
April	15	Bank		4 000	April	3	Trading stock			4 000	
	30	Balance	c/d	8 000		21	Trading stock			8 000	
				<b>12 000</b>						<b>12 000</b>	
					May	1	Balance	b/d		8 000	

				DRAWINGS				B6			
20.5					20.5						
April	16	Bank		2 500	April	30	Balance	c/d		10 820	
	18	Trading stock		200							
	28	Bank		8 000							
		Trading stock		120							
				<b>10 820</b>						<b>10 820</b>	
May	1	Balance	b/d	10 820							

				LOAN: JK LOANS				B7			
20.5					20.5						
April	30	Bank		5 000	April	19	Bank			10 000	
		Balance	c/d	5 080		27	Interest on loan			80	
				<b>10 080</b>						<b>10 080</b>	
					May	1	Balance	b/d		5 080	

### NOMINAL ACCOUNTS SECTION

				SALES				N1			
					20.5						
					April	4	Bank			1 800	
						9	Bank			1 200	
						14	Bank			1 800	
						24	Bank			5 400	
										<b>10 200</b>	

				COST OF SALES				N2			
20.5											
April	4	Trading stock		1 200							
	9	Trading stock		800							
	14	Trading stock		1 200							
	24	Trading stock		3 600							
				<b>6 800</b>							

Dr		CELLPHONE CHARGES				N3		Cr	
20.5 April	2	Bank		80					

		ADVERTISEMENT				N4			
20.5 April	5	Bank		80					
	23	Bank		400					
				480					

		PETROL				N5			
20.5 April	11	Bank		300					
	24	Bank		400					
				700					

		INTEREST ON LOAN				N6			
20.5 April	27	Loan: JK Loans		80					

		INTEREST INCOME				N7			
					20.5 April	29	Bank		15

		BANK CHARGES				N8			
20.5 April	29	Bank		70					

**TRIAL BALANCE OF TERRY'S T-SHIRTS ON 30 APRIL 20.5**

<u>Balance Sheet accounts section</u>	Fol	Debit	Credit
Capital	B1		56 000
Bank	B2	5 385	
Vehicle	B3	50 000	
Trading stock	B4	4 880	
Accounts payable	B5		8 000
Drawings	B6	10 820	
Loan: JK Loans	B7		5 080
<u>Nominal accounts section</u>			
Sales	N1		10 200
Cost of sales	N2	6 800	
Cellphone charges	N3	80	
Advertisements	N4	480	
Petrol	N5	700	
Interest on loan	N6	80	
Interest income	N7		15
Bank charges	N8	70	
		<b>79 295</b>	<b>79 295</b>

**Note to the Teacher:**

Learners must be able to complete a Trial Balance from a list of balances given and not always from their ledger accounts. This is very good revision on the accounting equation and also which accounts are Debited and which accounts are Credited.

**TASK 1.22**

**Richmore Traders: Trial Balance**

**TRIAL BALANCE OF RICHMORE TRADERS ON 31 JULY 20.4**




<u>Balance Sheet accounts section</u>	Fol	Debit	Credit
Capital			22 200
Drawings		2 100	
Cash float		150	
Savings account		1 310	
Equipment		1 300	
Vehicles		6 400	
Trading stock		12 743	
Petty cash		100	
Bank <b>overdraft</b>			1 815
Accounts <b>receivable</b>		<b>6 179</b>	
Accounts payable			5 398
<u>Nominal accounts section</u>			
Sales			12 400
Cost of sales		6 381	
Discount received			39
Discount allowed		37	
Salaries and wages		2 935	
Rent expense		1 800	
Interest on savings			120
Bad debts		40	
Interest on overdraft		102	
Commission income			660
Sundry expenses		168	
Insurance		76	
Fuel		620	
Telephone		73	
Advertising		118	
		<b>42 632</b>	<b>42 632</b>

## TASK 1.23 RB Dealers: Trial Balance

### Note to the Teacher:

This task is of a slightly higher level involving different cognitive skills. It is important that the learners do this task as well as the previous task.

### TRIAL BALANCE OF RB DEALERS AS AT 30 APRIL 20.7

<b>Balance Sheet accounts section</b>	<b>Fol</b>	<b>DEBIT</b>	<b>CREDIT</b>
Capital			46 000
Drawings		4 400	
Land and buildings		41 000	
Equipment		7 200	
Mortgage loan			15 000
Fixed deposit		12 500	
Cash float 		200	
Trading stock		6 705	
Accounts receivable		10 387	
Accounts payable 			9 214
Bank		8 323	
<b>Nominal accounts section</b>			
Sales			50 310
Cost of sales		26 820	
Rent income 			3 900
Bad debts		220	
Interest on overdraft		76	
Discount received			105
Salaries and wages		3 833	
Delivery expenses		315	
Sundry expenses		1 160	
Interest on investments			1 760
Interest on mortgage loan		3 150	
		<b>126 289</b>	<b>126 289</b>

## TASK 1.24 Question & Answer

### Note to the Teacher:

This task again introduces other cognitive skills as a deeper understanding of the Trial Balance is required in order to determine the effect of errors. All learners should be encouraged to complete this task.

No.	Balance Yes/No	Amount by which the totals will differ:
1.	No	R8 000 – Dr side will be less.
2.	No	R240 – credit will be R120 less and the debit side R120 more.
3.	No	Cr side will be R9 more.
4.	No	Dr side will be R440 less.
5.	No	R80 – Dr side R40 less and Cr side R40 more.
6.	Yes	Stationery will be R100 less and Advertising R100 more.
7.	No	R27 – Dr side will be too much.
8.	No	R190 – Dr side will be less.

## CHECKLIST

Skills	Yes – proficient	Requires more attention	Complete
Draw up an elementary statement of net worth.			
Draw up an elementary statement of net worth for a retail business.			
Calculate the value of stock on hand.			
Calculate sales and cost of sales.			
Identify documents used in a business.			
Identify the accounting period.			
Distinguish between operating, financing and investing activities.			
Enter transactions directly into the general ledger.			
Balance / total the general ledger.			
Draw up a Trial Balance.			

**Note to the Teacher:**

Encourage the learners to complete the checklist in the textbook or the workbook accurately so that they have an understanding of their prior knowledge and where any gaps might still be evident.