

MODULE 3

CASH JOURNALS

Note to the Teacher:

Learners have already studied the Cash Receipts and Cash Payments Journals in Grade 9. Therefore, Tasks 3.1 – 3.3 are to be used as baseline assessments. It is not necessary that the learners complete all 3 tasks – if they know what they are doing then move on to Task 3.4. (However, please note that 3.2 and 3.3 include opening balances.)

One of the aspects of cash journals and the posting to the General Ledger that the learners often experience difficulties with, is that of Sales and Cost of Sales. This implies not only the calculations but also the confusion of when to record the selling price and when to record the cost price. This was covered extensively in Grade 9 but has also been included in Module 1. We suggest that you revise this section prior to starting with Module 3.

In this Module, we will introduce debit and credit sales, loans and interest on loans, fixed deposits and interest on fixed deposits, carriage on purchases, bank charges and interest on overdraft, although aspects of these were dealt with in Grades 8 and 9. The Petty Cash Journal will also be introduced.

Please note that this is not the last of the cash journals. As we move into the next modules and introduce credit and general journals, the cash journals will be integrated as well. Therefore, the learners will still get lots of practice in the cash journals as they move through the book.



TASK 3.1 ☼ Soccer T-Shirts: CRJ, CPJ, Ledger, Trial Balance

CASH RECEIPTS JOURNAL OF SOCCER T-SHIRTS – APRIL 20.7

CRJ1

Doc. no.	D	Details	Fol	Analysis of receipts	Bank	Sales	Cost of sales	Sundry accounts			
								Amount	Fol	Details	
R1	1	Terry			206 000			206 000	B1	Capital	
CRT1	4	Cash sales		1 800	1 800	1 800	1 200				
CRT2	9	Cash sales		1 200	1 200	1 200	800				
CRT3	14	Cash sales		1 800	1 800	1 800	1 200				
R2	19	JK Loans			50 000			50 000	B5	Loan	
CRT4	26	Cash sales		5 400	5 400	5 400	3 600				
B/S	29	Bank			25	10 200		25	N3	Interest income	
					266 225	10 200	6 800	256 025			

B3 N1 N2/B6

CASH PAYMENTS JOURNAL OF SOCCER T-SHIRTS – APRIL 20.7

CPJ1

Doc. no.	D	Details	Fol	Bank	Trading stock	Drawings	Advertise-ments	Sundry accounts		
								Amount	Fol	Details
C1	1	McCarthy		150 000				150 000	B2	Vehicle
C2	2	Nashua		420				420	N4	Cellphone charges
C3	3	TS Manufacturers		4 000	4 000					
C4	5	Highway Mail		280			280			
C5	11	Cash		300				300	N6	Petrol
C6	16	Terry		2 500		2 500				
C7	21	TS Manufacturers		8 000	8 000					
C8	23	Highway Mail		1 680			1 680			
C9	24	Cash		400				400	N6	Petrol
C10	28	Terry		8 000		8 000				
B/S	29	Bank		70				70	N7	Bank charges
C11	30	JK Loans		5 000				5 000	B5	Loan
				180 650	12 000	10 500	1 960	156 190		

B3 B6 B4 N5

**GENERAL LEDGER OF SOCCER T-SHIRTS
BALANCE SHEET ACCOUNTS SECTION**

Dr				CAPITAL				B1		Cr
				20.7						
				April	1	Bank		CRJ1		206 000

				VEHICLE				B2		
20.7										
April	1	Bank		CPJ1		150 000				

				BANK				B3			
20.7				20.7							
April	30	Total receipts		CRJ1		266 225	April	30	Total payments	CPJ1	180 650
									Balance	c/d	85 575
						266 225					266 225
May	1	Balance		b/d		85 575					

				DRAWINGS				B4		
20.7										
April	30	Bank		CPJ1		10 500				

				LOAN				B5			
20.7				20.7			20.7				
April	30	Bank		CPJ1		5 000	April	19	Bank	CPJ1	50 000
		Balance		c/d		45 000					
						50 000					50 000
							May	1	Balance	b/d	45 000

				TRADING STOCK				B6			
20.7				20.7			20.7				
April	30	Bank		CPJ1		12 000	April	30	Cost of sales	CRJ1	6 800
									Balance	c/d	5 200
						12 000					12 000
May	1	Balance		b/d		5 200					

NOMINAL ACCOUNTS SECTION

				SALES				N1		
				20.7						
				April	30	Bank		CRJ1		10 200

				COST OF SALES				N2		
20.7										
April	30	Trading stock		CRJ1		6 800				

				INTEREST INCOME				N3		
				20.7						
				April	29	Bank		CRJ1		25

Dr		CELLPHONE CHARGES				N4		Cr	
20.7									
April	2	Bank	CPJ1	420					

		ADVERTISEMENTS				N5			
20.7									
April	30	Bank	CPJ1	1 960					

		PETROL				N6			
20.7									
April	11	Bank	CPJ1	300					
	24	Bank	CPJ1	400					
				700					

		BANK CHARGES				N7			
20.7									
April	29	Bank	CPJ1	70					

TRIAL BALANCE OF SOCCER T-SHIRTS AS AT 30 APRIL 20.7

<u>Balance Sheet accounts section</u>	Fol	Debit	Credit
Capital	B1		206 000
Vehicle	B2	150 000	
Bank	B3	85 575	
Drawings	B4	10 500	
Loan	B5		45 000
Trading stock	B6	5 200	
<u>Nominal accounts section</u>			
Sales	N1		10 200
Cost of sales	N2	6 800	
Interest income	N3		25
Cellphone charges	N4	420	
Advertisements	N5	1 960	
Petrol	N6	700	
Bank charges	N7	70	
		261 225	261 225



TASK 3.2 Bell's Florist: CRJ, CPJ, Ledger, Trial Balance

CASH RECEIPTS JOURNAL OF BELL'S FLORIST – AUGUST 20.8

Doc. no.	D	Details	Fol	Analysis of receipts	Bank	Sales	Cost of sales	Sundry accounts	
								Amount	Fol
CRT 88-92	5	Cash sales		4 800	4 800	4 800	3 200		
CTR93-100	11	Cash sales		6 300	6 300	6 300	4 200		
R101		Crowhurst		1 700	8 000			1 700	N6
CRT101-108	16	Cash sales		4 200	4 200	4 200	2 800		Commission income
CRT109-114	20	Cash sales		3 600	3 600	3 600	2 400		
CRT115-117	24	Cash sales		1 800	1 800	1 800	1 200		
CRT118-125	27	Cash sales		5 400	5 400	5 400	3 600		
CRT126-130	30	Cash sales		3 300	3 300	3 300	2 200		
B/S		Bank			52			52	N5
					31 152	29 400	19 600	1 752	

B6

N1

N2/B5

CRJ9

CASH PAYMENTS JOURNAL OF BELL'S FLORIST - AUGUST 20.8

CPJ9

Doc. No.	D	Details	Fol	Bank	Trading Stock	Wages	Consumable stores	Sundry accounts		Details
								Amount	Fol	
C4031	1	M Friedberg		6 000				6 000	N3	Rent expense
C4032	3	Jooste Growers		2 800	2 800					
C4033	6	Cash		2 300		2 300				
C4034	9	Herman Farms		1 400	1 400					
C4035	10	Peter's Suppliers		605			605			
C4036	12	Fosters		2 100	2 100					
C4037	13	Cash		2 300		2 300				
C4038	18	Herman Farms		1 350	1 350					
C4039	20	Cash		2 500		2 500				
C4040	23	Fosters		3 750	3 750					
C4041	25	Telkom		550				550	N8	Telephone
C4042		Cash		300				300	N9	Petrol
C4043	26	Herman Farms		1 260	1 260					
C4044	27	Cash		2 300		2 300				
C4045	28	Crowhurst		2 200			2 200			
C4046	29	Municipality		660				660	N10	Water and electricity
C4047	30	Joyce		1 890				1 890	B2	Drawings
B/S		Bank		80				80	N11	Bank charges
				34 345	12 660	9 400	2 805	9 480		

B6 B5 B7 N4

**GENERAL LEDGER BELL'S FLORIST
BALANCE SHEET ACCOUNTS SECTION**

Dr	CAPITAL		B1	Cr
	20.8 Aug	1 Balance		
		Balance	b/d	288 240

DRAWINGS

20.8		B2	
Aug	31	Aug	31
1 Balance	b/d	12 000	Balance
31 Bank	CPJ9	1 890	c/d
		13 890	
Sept 1 Balance	b/d	13 890	
			13 890

Dr		VEHICLE			B3			Cr
20.8								
Aug	1	Balance	b/d	131 000				

		EQUIPMENT			B4			
20.8								
Aug	1	Balance	b/d	117 500				

		TRADING STOCK			B5			
20.8					20.8			
Aug	1	Balance	b/d	8 700	Aug	31	Cost of sales	
	31	Bank	CPJ9	12 660			CRJ9	
				21 360			Balance	
							c/d	
							1 760	
							21 360	
Sept	1	Balance	b/d	1 760				

		BANK			B6			
20.8					20.8			
Aug	1	Balance	b/d	20 000	Aug	31	Total payments	
	31	Total receipts	CRJ9	31 152			CPJ9	
				51 152			Balance	
							c/d	
							16 807	
							51 152	
Sept	01	Balance	b/d	16 807				

		CASH FLOAT			B7			
20.8								
Aug	1	Balance	b/d	500				

NOMINAL ACCOUNTS SECTION

		SALES			N1			
					20.8			
					Aug	1	Total	
						31	Bank	
							b/f	
							CRJ1	
							60 900	
							29 400	
							90 300	

		COST OF SALES			N2			
20.8								
Aug	1	Total	b/f	40 600				
	31	Trading stock	CRJ1	19 600				
				60 200				

		RENT EXPENSE			N3			
20.8								
Aug	1	Total	b/f	18 000				
		Bank	CPJ1	6 000				
				24 000				

Dr		CONSUMABLE STORES				N4		Cr
20.8								
Aug	1	Total	b/f	840				
	31	Bank	CPJ9	2 805				
				3 645				

				INTEREST INCOME		N5			
					20.8				
					Aug	30	Bank	CRJ9	52

				COMMISSION INCOME		N6			
					20.8				
					Aug	11	Bank	CRJ1	1 700

				WAGES		N7			
20.8									
Aug	31	Bank	CPJ9	9 400					

				TELEPHONE		N8			
20.8									
Aug	25	Bank	CPJ9	550					

				PETROL		N9			
20.8									
Aug	25	Bank	CPJ9	300					

				WATER AND ELECTRICITY		N10			
20.8									
Aug	29	Bank	CPJ9	660					

				BANK CHARGES		N11			
20.8									
Aug	30	Bank	CPJ9	80					

TRIAL BALANCE OF BELL'S FLORIST AS AT 31 AUGUST 20.8

Balance Sheet accounts section	Fol	Debit	Credit
Capital	B1		288 240
Drawings	B2	13 890	
Vehicle	B3	131 000	
Equipment	B4	117 500	
Trading stock	B5	1 760	
Bank	B6	16 807	
Cash float	B7	500	
Nominal accounts section			
Sales	N1		90 300
Cost of sales	N2	60 200	
Rent expense	N3	24 000	
Consumable stores	N4	3 645	
Interest income	N5		52
Commission income	N6		1 700
Wages	N7	9 400	
Telephone	N8	550	
Petrol	N9	300	
Water and electricity	N10	660	
Bank charges	N11	80	
		380 292	380 292

TASK 3.3
BB Supermarket: CRJ, CPJ, Ledger, Trial Balance
CASH RECEIPTS JOURNAL OF BB SUPERMARKET – MAY 20.6
CRJ6

Doc. no.	D	Details	Fol	Analysis of receipts	Bank	Sales	Cost of sales	Sundry accounts		
								Amount	Fol	Details
R256	2	UBS			30 000			30 000	B8	Loan
CRT333-363	9	Cash sales		24 400	24 400	24 400	15 250			
CRT364-372		Cash sales		14 600	14 600	14 600	9 125			
CRT373-379	17	Cash sales		6 800	6 800	6 800	4 250			
R257	18	Barry Biffen			35 000			35 000	B1	Capital
CRT380-399	21	Cash sales		16 000	16 000	16 000	10 000			
R258	24	Baxter Wholesalers		1 200	1 200			1 200	B6	Trading stock
CRT400-409	29	Cash sales		12 000	12 000	12 000	7 500			
					140 000	73 800	46 125	66 200		
					B6	N1	N2/B5			

CASH PAYMENTS JOURNAL OF BB SUPERMARKET – MAY 20.6

CPJ6

Doc. no.	D	Details	Fol	Bal	Trading stock	Wages & salaries	Consumable stores	Sundry accounts		Details
								Amount	Fol	
C2314	1	Cash		500				500	B7	Cash float
C2315	4	U-Traders		24 000				24 000	B4	Equipment
C2316	6	FF Shop Fitters		5 200				5 200	B4	Equipment
C2317	7	ABC Suppliers		46 800	46 800					
C2318		Cash		5 200		5 200				
C2319	10	Liberty		6 300				5 200	N6	Insurance
C2320	12	Municipality		480				1 100	B2	Drawings
C2321	13	Baxter Wholesalers		5 200	5 200			480	N7	Trading licence
C2322	14	Cash		5 720		5 720				
C2323	15	Makro		420			420			
C2324	19	Baxter Wholesalers		10 800	10 800					
C2325	20	Pinetown Municipality		880				880	N8	Water and electricity
C2326		Telkom		4 100				4 100	N9	Telephone
C2327	21	Cash		5 720		5 720				
C2328	23	Baxter Wholesalers		3 600	3 600					
C2329	25	Local Stationers		880			880			
C2330	26	Spar		1 340			1 340			
C2331	28	Cash		5 720		5 720				
C2332	30	J Cele		8 800		8 800				
C2333	31	Cash / Barry Biffen		6 000				6 000	B2	Drawings
				147 660	66 400	31 160	2 640	47 460		

B6

B5

N5

N4

**GENERAL LEDGER BB SUPERMARKET
BALANCE SHEET ACCOUNTS SECTION**

Dr					CAPITAL					B1	Cr
20.6					20.6						
May	31	Balance	c/d	318 800	May	1	Balance	b/d	283 800		
						18	Bank	CRJ6	35 000		
				318 800					318 800		
					June	1	Balance	b/d	318 800		

					DRAWINGS					B2	
20.6					20.6						
May	1	Balance	b/d	10 000	May	31	Balance	c/d	17 100		
	10	Bank	CPJ6	1 100							
	31	Bank	CPJ6	6 000							
				17 100					17 100		
June	1	Balance	b/d	17 100							

					VEHICLE					B3	
20.6											
May	1	Balance	b/d	131 000							

					EQUIPMENT					B4	
20.6					20.6						
May	1	Balance	b/d	27 500	May	31	Balance	c/d	56 700		
	4	Bank	CPJ6	24 000							
	6	Bank	CPJ6	5 200							
				56 700					56 700		
June	1	Balance	b/d	56 700							

					TRADING STOCK					B5	
20.6					20.6						
May	1	Balance	b/d	88 700	May	31	Cost of sales	CRJ6	46 125		
	31	Bank	CPJ6	66 400			Bank	CRJ6	1 200		
							Balance	c/d	107 775		
				155 100					155 100		
June	1	Balance	b/d	107 775							

					BANK					B6	
20.6					20.6						
May	31	Total receipts	CRJ6	140 000	May	1	Balance	b/d	2 000		
		Balance	c/d	9 660		31	Total payments	CPJ6	147 660		
				149 660					149 660		
					June	1	Balance	b/d	9 660		

					CASH FLOAT					B7	
20.6					20.6						
May	1	Balance	b/d	500	May	31	Balance	c/d	1 000		
	1	Bank	CPJ6	500							
				1 000					1 000		
June	1	Balance	b/d	1 000							

Dr					LOAN: UBS					B8		Cr
20.6					20.6							
May	31	Balance	c/d	250 000	May	1	Balance	b/d	220 000			
						2	Bank	CRJ6	30 000			
				250 000					250 000			
					June	1	Balance	b/d	250 000			

**NOMINAL ACCOUNTS SECTION
SALES**

										N1		
					20.6							
					May	1	Total	b/f	160 800			
						31	Bank	CRJ6	73 800			
									234 600			

COST OF SALES

										N2		
20.6												
May	1	Total	b/f	100 500								
	31	Trading stock	CRJ6	46 125								
				146 625								

RENT EXPENSE

										N3		
20.6												
May	1	Total	b/f	80 000								

CONSUMABLE STORES

										N4		
20.6												
May	1	Total	b/f	18 400								
	31	Bank	CPJ6	2 640								
				21 040								

WAGES AND SALARIES

										N5		
20.6												
May	1	Total	b/f	210 000								
	31	Bank	CPJ1	31 160								
				241 160								

INSURANCE

										N6		
20.6												
May	10	Bank	CPJ6	5 200								

TRADING LICENCE

										N7		
20.6												
May	12	Bank	CPJ6	480								

WATER AND ELECTRICITY

										N8		
20.6												
May	20	Bank	CPJ6	880								

Dr		TELEPHONE					N9		Cr
20.6									
May	20	Bank	CPJ6	4 100					

TRIAL BALANCE OF BB SUPERMARKET AS AT 31 MAY 20.6

<u>Balance sheet accounts section</u>	Fol	Debit	Credit
Capital	B1		318 800
Drawings	B2	17 100	
Vehicle	B3	131 000	
Equipment	B4	56 700	
Trading stock	B5	107 775	
Bank	B6		9 660
Cash float	B7	1 000	
Loan	B8		250 000
<u>Nominal accounts section</u>			
Sales	N1		234 600
Cost of sales	N2	146 625	
Rent expense	N3	80 000	
Consumable stores	N4	21 040	
Wages and salaries	N5	241 160	
Insurance	N6	5 200	
Trading licence	N7	480	
Water and electricity	N8	880	
Telephone	N9	4 100	
		813 060	813 060

DOCUMENTATION:

Note to the Teacher:

Documentation was extensively covered in Grade 9 and has also been included in Module 1. Learners are required to identify and complete source documents. Therefore, this section must not be ignored and all documents should be constantly re-enforced.

TASK 3.4 ATM Fraud

Note to the Teacher:

The purpose of this task is to make learners aware of the fraud that is taking place around them. Allow them to role play different situations and then very importantly to discuss the measures that should have been taken. We also suggest that you supplement this article with current situations, particularly those taking place in your area/community.

3.4.1	Besides the fraud mentioned above concerning ATM's in the class, discuss and make a list of any other scams you have heard of involving bank or credit cards.
	<ul style="list-style-type: none"> • Garages when filling up with petrol. • Restaurants. • Toll-plazas. • SMS notifying people of winning draws / lotteries, etc.
3.4.2	In groups, role play how you think the fraud/scam takes place in the ATM fraud mentioned above, as well as, any others you thought of.
3.4.3	After each role play, discuss the precautions that should have been taken to prevent the situation from occurring.

NOTE TO THE TEACHER:

These further 3 articles have been taken out of the old book as they are outdated, but still very relevant today. Please make use of them to supplement your class work if you so wish.

BANK HACKER HUNTED

20/07/2003 17:46 - (SA)

Cape Town - Police experts from the commercial crime unit in Cape Town were investigating the illegal internet transfer of funds from Absa bank accounts as reported in the Sunday Times, a spokesperson reported on Sunday. Superintendent Riaan Pool said a team from the bank was assisting the police team. The Sunday Times reported that a hacker or "internet burglar" had been illegally transferring money from the accounts of Absa clients, apparently after obtaining their banking details by sending them "spy software" - an e-mail message that, when opened, sets itself up to record certain

keystrokes on the computer and transmit these to a given address. Thus, the hacker obtains the victim's bank account number and personal identification number or PIN. Pool said that the police had received ten complaints of fraud, with the amount involved totalling R530 000. The complaints were all laid at the same Cape Town police station in the course of the last two or three months. He could not divulge further information because of the sensitivity of the investigation, said Pool.

Note: A suspect has been arrested and charged.

ABSA'S GENERAL SAFETY TIPS

21/07/2003 14:54 - (SA)

Absa has warned its customers to always make sure that they are at the right Absa's website. "This you do by checking the Absa Security Certificate by clicking on the security icon. Ensure that you are on the secure Absa internet banking website by checking that the URL begins with 'https' rather than 'http'. The initial connection to www.absadirect.co.za will redirect the connection to an available internet banking server.

Clients are encouraged to always ensure the secrecy of their PIN numbers. "Never disclose your PIN number to anyone - this includes bank staff members." Absa says that bank staff members would never ask customers for their PIN. "When entering your PIN information, make sure that you cannot be seen - you never know who might be watching. Be especially vigilant of security cameras trained on your PC." To prevent key-logging, Absa has warned its clients to:

- Make sure that no one has unauthorised access to your PC.

- Ensure that you have the latest anti-virus applications loaded on your PC. Your local supplier will provide you with details in this regard.
- Make sure that the software that is loaded onto your PC via a third party is licensed.
- Update your operating system and browser with the latest Microsoft patches to protect your PC from exploitation. These can be downloaded from the Microsoft website <http://www.microsoft.com>.
- Do not open suspicious or unfamiliar e-mails.
- Ensure that you have control over the shared folders on your PC as a shared folder could make your PC vulnerable to unauthorised installation of suspicious software. A shared folder can be identified by a blue icon shaped in the form of a hand.

Required:

1. What is your opinion on the safety of on-line banking?
2. What responsibility falls upon the banks' clients?
3. Assume that, prior to the arrest of the perpetrator, you suspect that one of your close friends is guilty of the offence explained above. What action would you take? What fears would you have?

EXTRA ARTICLE

This is an extra article that appeared in a newspaper in 2007 that can be used as an extra task if you wish to again re-enforce the skimming of cards.

WAITERS HELD FOR SKIMMING CARDS

By Quinton Mtyala, Cape Times, 5 October 2007

Police have arrested nine waiters at a Canal Walk eatery after uncovering a syndicate skimming credit cards. The eight men and lone woman had been arrested by the commercial crime branch, said police spokesperson Randall Stoffels.

Stoffels said they had used a skimming device and cloned credit cards to push through false transactions and take cash out of the cash registers. The nine are expected to appear in the Cape Town magistrate's court on Monday on charges of fraud.

One of the owners of the Dros Restaurant, who asked not to be named, said he had uncovered the fraud three weeks ago after banks made inquiries about transactions. The owner, a

former detective who had been based in Maitland, said several syndicates were operating at Canal Walk and recruited waiters to skim credit cards for cloning. "They would be paid R50 for each card they skimmed through a handheld scanner," said the owner. The Dros would be acquiring portable credit card machines to stamp out fraud.

"We've noticed that customers are nonchalant about credit card crime until they get their statements at the end of the month from the bank," said the owner. A manager at the Ocean Basket restaurant at the centre said, four employees had been arrested in January for similar crimes. "Detectives came to the restaurant and advised us what to look out for in spotting credit card scammers," the manager said.

Gavin Louw, manager at the Mexico Spur restaurant, denied any of his waiters had knowingly been involved in credit card scams. Three weeks ago the management became aware that stolen credit cards were being used at the restaurant. "My staff were not involved - there was one customer who used stolen credit cards and tipped waiters generously," Louw

said. "She would ask them to charge R100 on top of the bill and take R50 for themselves."

He said the two waiters who served the woman had been subject to a disciplinary inquiry.

Required:

1. Explain what you think the waiters are doing when it states "they have used a skimming device and cloned credit cards".
2. In this case, who is suffering as a result of the fraud? Why?
3. What do you think makes a person join a syndicate and be involved in this form of fraud?
4. Do you believe that there is enough 'business' for the syndicates to be involved? Why?
5. As a card-user, what should the public be doing in order to prevent this type of fraud when making payments with their credit cards?
6. One of the restaurant owners mentioned above has decided to no longer accept credit cards as a means of payment due to fraud possibility. Give him advice on whether this is the correct decision to make or not.

TASK 3.5  Bank statement

3.5.1	Explain the entry of R3 500 on the 1st.
This is the balance brought forward from last month, i.e. money left over at the end of April.	
3.5.2	Explain the entry on the 3rd.
This represents money that Rubco Dealers deposited into their account on the 3 rd or it might have been a direct deposit by somebody else, but then their details should have appeared as well.	
3.5.3	Explain the entry on the 5th.
This was a cheque that Rubco Dealers wrote out to pay somebody.	
3.5.4	Why was the deposit entered on the credit side and the cheque on the debit side?
This is the accounting records of the Bank. The bank received the money deposited by Rubco Dealers: debit their bank account and credit our account. Rubco Dealers paid out the cheque amount: debit our account and credit their own bank account.	
3.5.5	What can you say about the entries in the bank account in the General Ledger and on the bank statement?
Rubco Dealers are a liability to the bank – the bank owes them the money deposited in their account. Therefore, a deposit means the bank owes you more money so it gets credited while a cheque reduces your balance so gets debited. In the bank's books, the business is a liability – they owe the money to the business – therefore, the entries are opposite in our books and the bank.	
3.5.6	Is the final balance as per the bank statement favourable or unfavourable? Explain.
Favourable – it is positive – there was more money received together with the opening balance to what was paid out.	

TASK 3.6 Bank statement

3.6.1

A-ONE BANK				
Overport Branch			25 June 20.1	
Absolute Star Traders 1239 Gillespie Street DURBAN 4001			STATEMENT NUMBER: 01 Account number: 2879 473 300	
<i>Date</i>	<i>Details</i>	<i>Debits</i>	<i>Credits</i>	<i>Balance</i>
01-06				14 561.87
04-06	Deposit		6 752.00	21 313.87
07-06	Deposit		500	21 813.87
15-06	Cheque 451	1 234.56		20 579.31
20-06	Deposit		5 671.00	26 250.31
22-06	Cheque 452	12 597.00		13 653.31
23-06	Deposit		4 555.00	18 208.31
	Cheque 455	19 784.23		[1 575.92]
25-06	Service fees	176.01		[1 751.93]
	Cash deposit fee	34.00		[1 785.93]
	Cheque 454	678.00		[2 463.93]
	Deposit		5 901.00	3 437.07
	Credit card levy	140.96		3 296.11
	Interest on overdraft	47.66		3 248.45

3.6.2

(a)	Calculate the total bank charges for the month of June.
	$R176.01 + 34.00 + 140.96 = R350.97$
(b)	Give one possible reason why cheque no. 453 does not appear on the bank statement.
	The payee may not have presented the cheque to his bank for payment; the cheque may be lost or is still in transit, etc.
(c)	Explain why the cheques do not appear in consecutive order.
	The cheques are presented to the bank for payment on difference dates.
(d)	In which journal/s are bank charges and interest on overdraft recorded?
	CPJ
(e)	State the source document for bank charges.
	Bank statement
(f)	State the source document for interest on overdraft.
	Bank statement
(g)	A bank statement can be downloaded from the internet by anyone. Is this statement true? Give reasons.
	False. To prevent unauthorised persons from gaining access to other people's or business' bank accounts, banks strictly control Internet banking. An individual or a business has to be a registered subscriber to enable internet banking. Passwords and pin codes are used to ensure authorised access.

3.6.3

(a)	In which journal would the tenant record this transaction?
	CPJ
(b)	In which journal would the trader record this transaction?
	CRJ
(c)	State the source document applicable to the trader.
	Bank statement

NEGOTIATING A LOAN

Note to the Teacher:

Loans and interest on loans were introduced in Grade 9 as part of the flow of money, and the role of savings and investments in the economy. Under their entrepreneurial business they might also have negotiated loans. However, it is necessary to revise these concepts.

There are 2 ways of handling interest i.e. where interest is paid separately and secondly where it is capitalised. It is essential that the learners are familiar with both methods. The past curriculum focussed entirely on the method where interest is kept separate but it is more often the norm in the banking industry that interest is capitalised. Therefore in ensuring that our subject is kept up to date this method must also be taught.

This is an appropriate time to discuss the repo rate and how interest rates are adjusted by the Governor of the Reserve Bank. The learners can monitor these changes over a period of time.

FIXED DEPOSIT:

Investments were extensively covered in Grade 8 and 9 so therefore will only require a quick revision at this stage.

CARRIAGE ON PURCHASES:

Make sure that the learners understand the reason why transport (carriage), import duties, customs duties etc are added to the cost of the goods. However, as we are working with the perpetual stock system we will not keep a separate carriage account, but will debit all costs to the Trading Stock account.

CREDIT AND DEBIT CARD SALES:

It is very important that learners understand the difference between a debit and a credit card. A credit card is a form of buying on credit as payment will be made later whereas a person must have money in the debit card when making purchases with this card. However, as the business receives their money straight away via an internet transfer from the bank, they are both treated like any other cash sale.

TASK 3.7 Article regarding credit card fraud

Note to the Teacher:

Following the discussion held in Task 3.4, learners should read the article, particularly relating to credit card fraud, and add anything to their previous discussions. Again, the purpose is to make the learners aware of not only the fraud that is taking place but the losses that are occurring.

EXAMPLE ON DON'S SUPERMARKET:

Work through this example, focussing on the new entries so that the learners are familiar with all new concepts.

TASK 3.8 Don's Supermarket: Calculations/Theory

3.8.1	Refer to the CPJ. Which cheque is 'split', i.e. one cheque was issued to pay for two or more items?
Cheque no. 13: A cheque for R4 000 was issued to AllRite Stores for trading stock R440 and equipment R3 560.	
3.8.2	Refer to the CRJ and CPJ and determine the balance in the bank account at month-end.
R136 670 – 80 520 = R56 150	
3.8.3	Is the bank balance favourable or unfavourable? Give a reason for your answer.
Favourable – receipts (R136 670) are higher than payments (R80 520).	
3.8.4	How would this balance be reflected on the Bank Statement? Give a reason for your answer.
Cr balance - Bank statement is opposite to our books. (We represent a liability to the Bank).	
3.8.5	On what date will the fixed deposit mature (expire/ fall due)?
05 April 20.3	
3.8.6	In which journal will the proceeds of the fixed deposit matured be recorded?
CRJ	
3.8.7	In which journal will the interest on the fixed deposit be recorded?
CRJ	
3.8.8	Assume that on maturity the owner decides to re-invest the amount of the fixed deposit plus interest earned. In which journal will the re-investment be recorded?
CPJ	
3.8.9	Calculate the balance of the loan account on 30 April 20.2.
R40 000 + R400 – 2 000 = R38 400	



TASK 3.9 ☼☼ Justino Distributors: CRJ, CPJ, General Ledger

3.9.1 JUSTINO DISTRIBUTORS CASH RECEIPTS JOURNAL FOR MAY 20.3

CRJ1

Doc. no.	D	Details	Fol	Analysis of receipts	Bank	Sales	Cost of sales	Sundry accounts		
								Amount	Fol	Details
01	1	Mr Justino			50 000			50 000	B1	Capital
1-15	5	Sales		7 400	7 400	7 400	3 700			
16-24	10	Sales		8 500	8 500	8 500	4 250			
25-32	20	Sales		19 400	19 400	19 400	9 700			
33-41	25	Sales		8 700	8 700	8 700	4 350			
42-56	30	Sales		25 110	25 110	25 110	12 555			
02		AQ Consultants		1 500				1 500	N3	Rent income
B/S		Sales			35 980	35 980	17 990			
					156 590	105 090	52 545	51 500		

B6

N1

N2 B5

CASH PAYMENTS JOURNAL FOR MAY 20.3

CPJ1

Doc. no.	D	Details	Fol	Bank	Trading stock	Wages	Consumables	Sundry accounts		Details
								Amount	Fol	
001	4	McCars		60 000				60 000	B3	Vehicles
002	7	Wages		10 000		10 000				
003		Oqua & Co.		31 780	29 450		2 330			
004		Roadster Logistics		180	180	10 000				
005	14	Wages		10 000		10 000				
006	15	Mr Justino / McCars		1 990				1 990	B2	Drawings
EFT		Telkom		980				980	N4	Telephone
B/S/EFT		City Treasurer		1 100				1 100	N5	Water & electricity
007	20	Oqua & Co.		22 560	21 782			778	B4	Equipment
008	21	Wages		12 500		12 500				
009	23	Oqua & Co.		490	490					
B/S	25	Doyls Bank		660				585	N6	Bank charges
010	26	Bulelo CC		1 220				75	N7	Interest on o/d
011		SureCover Co.		2 560				1 220	N8	Repairs
012		Oqua & Co.		2 450			2 450	2 560	N9	Insurance
013	28	Wages		12 500		12 500				
014	29	Oqua & Co.		17 838	17 838					
015		Roadster Logistics		240	240					
				189 048	69 980	45 000	4 780	69 288		

B6 B5 B5 N10 N11

**3.9.2 GENERAL LEDGER OF JUSTINO DISTRIBUTORS
BALANCE SHEET ACCOUNTS SECTION**

Dr	CAPITAL		B1	Cr
	20.3	May 1		
		Bank	CRJ1	50 000

DRAWINGS

DRAWINGS		B2
20.3	May 15	Bank
		CPJ1
		1 990

Dr		VEHICLES				B3		Cr	
20.3									
May	4	Bank	CPJ1	60 000					

		EQUIPMENT				B4			
20.3									
May	20	Bank	CPJ1	778					

		TRADING STOCK				B5			
20.3					20.3				
May	31	Bank	CPJ1	69 980	May	31	Cost of sales	CRJ1	52 545
							Balance	c/d	17 435
				69 980					69 980
June	1	Balance	b/d	17 435					

		BANK				B6			
20.3					20.3				
May	31	Sundry accounts	CRJ1	156 590	May	31	Sundry accounts	CPJ1	189 048
		Balance	c/d	32 458					
				189 048					189 048
					June	1	Balance	b/d	32 458

NOMINAL ACCOUNTS SECTION
SALES

						N1			
					20.3				
					May	31	Bank	CRJ1	105 090

COST OF SALES

						N2			
20.3									
May	31	Trading stock	CRJ1	52 545					

RENT INCOME

						N3			
					20.3				
					May	30	Bank	CRJ1	1 500

TELEPHONE

						N4			
20.3									
May	15	Bank	CPJ1	980					

WATER AND ELECTRICITY

						N5			
20.3									
May	15	Bank	CPJ1	1 100					

BANK CHARGES

						N6			
20.3									
May	25	Bank	CPJ1	585					

Dr		INTEREST ON OVERDRAFT				N7		Cr	
20.3									
May	25	Bank	CPJ1	75					

		REPAIRS				N8			
20.3									
May	26	Bank	CPJ1	1 220					

		INSURANCE				N9			
20.3									
May	26	Bank	CPJ1	2 560					

		WAGES				N10			
20.3									
May	31	Bank	CPJ1	45 000					

		CONSUMABLES				N11			
20.3									
May	31	Bank	CPJ1	4 780					



TASK 3.10 Nebcor Traders: CRJ, CPJ, General Ledger

3.10.1/3.10.2

NEBCOR TRADERS

CASH RECEIPTS JOURNAL FOR JANUARY 20.7

CRJ

Doc. no.	D	Details	Fol	Analysis of receipts	Bank	Sales	Cost of sales	Sundry accounts	
								Amount	Fol
R80	2	M Neb			20 000			20 000	Capital
R81	5	Loan: SBE			30 000			30 000	Loan
CRT10	8	Sales		12 000	12 000	12 000	7 500		
R82	10	S Moodley			1 620			1 620	Rent income
CRT11	18	Sales			16 000	16 000	10 000		
BS	26	Saambou			21			21	Interest income
B/S	29	FNB			39			39	Interest income
BS		Super Nursery			1 700			1 700	Commission
R84	30	B Smith			800			800	Equipment
					82 180	28 000	17 500	54 180	

B5

N1

N2 B6

CASH PAYMENTS JOURNAL FOR JANUARY 20.7

CPJ

Doc. no.	D	Details	Fol	Bank	Stationery	Wages	Trading stock	Sundry accounts	
								Amount	Fol
C100	3	Alpine Motors		25 000				25 000	Vehicle
C101	5	Makro		7 200	1 200		5 000	1 000	Packing material
C102	12	Super Stores		18 000			18 000		
C103	13	Hyper		8 200	200			8 000	Equipment
C104	15	Cash		3 200		3 200			
C105	20	Saambou		3 600			6 000	3 600	Fixed deposit
C106	22	Makro		6 000			500		
C107	23	Baloo Transporters		500					
C108	25	SBE		1 050				1 000	Loan
								50	Interest on loan
C109	28	Mir Bruno		9 000				9 000	Salary
B/S	29	FNB		135				135	Bank charges
				81 885	1 400	3 200	29 500	47 785	

B5

N3

B6

3.10.3

GENERAL LEDGER OF NEBCOR TRADERS
BALANCE SHEET ACCOUNTS SECTION

Dr				BANK				B5		Cr
20.7					20.7					
Jan	31	Sundry accounts	CRJ1	82 180	Jan	1	Balance	b/d	1 890	
		Balance	c/d	1 595		31	Sundry accounts	CPJ1	81 885	
				83 775					83 775	
					Feb	1	Balance	b/d	1 595	

TRADING STOCK				B6					
20.7				20.7					
Jan	1	Balance	b/d	32 000	Jan	31	Cost of sales	CRJ1	17 500
	31	Bank	CPJ1	29 500			Balance	c/d	44 000
				61 500					61 500
Feb	1	Balance	b/d	44 000					

EQUIPMENT				B7					
20.7				20.7					
Jan	1	Balance	b/d	24 000	Jan	30	Bank	CRJ1	800
	13	Bank	CPJ1	8 000		31	Balance	c/d	31 200
				32 000					32 000
Feb	1	Balance	b/d	31 200					

NOMINAL ACCOUNTS SECTION

SALES				N1				
				20.7				
				Jan	1	Total	b/f	66 000
					31	Bank	CRJ1	28 000
								94 000

COST OF SALES				N2	
20.7					
Jan	1	Total	b/f	41 250	
	31	Trading stock	CRJ1	17 500	
				58 750	

STATIONERY				N3	
20.7					
Jan	1	Total	b/f	500	
	31	Bank	CPJ1	1 400	
				1 900	



TASK 3.11 Sparcall Hardware: CRJ, CPJ, General Ledger, Trial Balance

3.11.1 CASH RECEIPTS JOURNAL FOR SPARCALL HARDWARE FOR JULY 20.9

CRJ1

Doc. no.	D	Details	Fol	Analysis of receipts	Bank	Fee income	Sales	Cost of sales	Sundry accounts		
									Amount	Fol	Details
20	1	Sales/Fee income		13 100	13 100	1 500	11 600	8 700			
101	7	H. Hornbull		6 000					6 000	N8	Rent income
21		Sales/Fee income		14 190	20 190	1 830	12 360	9 270			
22	14	Sales/Fee income		11 280	11 280	960	10 320	7 740			
102	15	G. Bulstar		35 000	35 000				35 000	B1	Capital
23	21	Sales/Fee income		17 980	17 980	2 140	15 840	11 880			
24	28	Sales/Fee income		14 430	14 430	1 110	13 320	9 990			
103	29	CallBank			120				120	N13	Interest on fixed deposit
B/S	30	CallBank			60				60	N14	Interest on current a/c
					112 160	7 540	63 440	47 580	41 180		

B8

N3

N1

N2 B7

Dr					DRAWINGS					B2		Cr
20.9					20.9							
July	1	Balance	b/d	36 000	July	31	Balance	c/d			60 000	
	31	Bank	CPJ1	24 000								
				60 000							60 000	
Aug	1	Balance	b/d	60 000								

LOAN: SECOND BANK					B3							
20.9					20.9							
July	28	Bank	CPJ1	2 560	July	1	Balance	b/d			50 000	
	31	Balance	c/d	47 440								
				50 000							50 000	
					Aug	1	Balance	b/d			47 440	

FIXED DEPOSIT					B4							
20.9												
July	1	Balance	b/d	20 000								

VEHICLES					B5							
20.9												
July	1	Balance	b/d	97 000								

EQUIPMENT					B6							
20.9					20.9							
July	1	Balance	b/d	40 000	July	31	Balance	c/d			54 560	
	3	Bank	CPJ1	14 560								
				54 560							54 560	
Aug	1	Balance	b/d	54 560								

TRADING STOCK					B7							
20.9					20.9							
July	1	Balance	b/d	60 000	July	31	Cost of sales	CRJ1			47 580	
	31	Bank	CPJ1	10 780			Balance	c/d			23 200	
				70 780							70 780	
Aug	1	Balance	b/d	23 200								

BANK					B8							
20.9					20.9							
July	1	Balance	b/d	28 000	July	31	Sundry accounts	CPJ1			95 600	
	31	Sundry accounts	CRJ1	112 160			Balance	c/d			44 560	
				140 160							140 160	
Aug	1	Balance	b/d	44 560								

NOMINAL ACCOUNTS SECTION

SALES					N1							
					20.9							
					July	1	Total	b/f			350 000	
						31	Bank	CRJ1			63 440	
											413 440	

Dr		COST OF SALES				N2		Cr	
20.9									
July	1	Total	b/f	253 000					
	31	Trading stock	CRJ1	47 580					
				<u>300 580</u>					

FEE INCOME					N3					
					20.9					
					July	1	Total	b/f	36 000	
						31	Bank	CRJ1	<u>7 540</u>	
									43 540	

SALARIES					N4					
20.9										
July	1	Total	b/f	52 130						
	25	Bank	CPJ1	9 900						
				<u>62 030</u>						

WAGES					N5					
20.9										
July	1	Total	b/f	41 110						
	31	Bank	CPJ1	28 100						
				<u>69 210</u>						

STATIONERY					N6					
20.9										
July	1	Total	b/f	6 300						
	31	Bank	CPJ1	980						
				<u>7 280</u>						

LICENCE					N7					
20.9										
July	1	Total	b/f	1 000						

RENT INCOME					N8					
					20.9					
					July	1	Total	b/f	12 000	
						7	Bank	CRJ1	<u>6 000</u>	
									18 000	

INSURANCE					N9					
20.9										
July	1	Total	b/f	6 890						
	5	Bank	CPJ1	1 990						
				<u>8 880</u>						

Dr		TELEPHONE				N10		Cr
20.9								
July	1	Total	b/f	9 300				
	3	Bank	CPJ1	1 090				
				10 390				

		REPAIRS				N11		
20.9								
July	1	Total	b/f	5 870				
	29	Bank	CPJ1	1 230				
				7 100				

		BANK CHARGES				N12		
20.9								
July	1	Total	b/f	2 100				
	30	Bank	CPJ1	410				
				2 510				

		INTEREST ON FIXED DEPOSIT				N13			
					20.9				
					July	1	Total	b/f	700
						29	Bank	CRJ1	120
									820

		INTEREST ON CURRENT ACCOUNT				N14			
					20.9				
					July	30	Bank	CRJ1	60

3.11.3 TRIAL BALANCE ON 31 JULY 20.9

<u>Balance sheet accounts section</u>	Fol	Debit	Credit
Capital	B1		245 000
Drawings	B2	60 000	
Loan: Second Bank	B3		47 440
Fixed deposit	B4	20 000	
Vehicles	B5	97 000	
Equipment	B6	54 560	
Trading stock	B7	23 200	
Bank	B8	44 560	
<u>Nominal accounts section</u>			
Sales	N1		413 440
Cost of sales	N2	300 580	
Fee income	N3		43 540
Salaries	N4	62 030	
Wages	N5	69 210	
Stationery	N6	7 280	
Licence	N7	1 000	
Rent income	N8		18 000
Insurance	N9	8 880	
Telephone	N10	10 390	
Repairs	N11	7 100	
Bank charges	N12	2 510	
Interest on fixed deposit	N13		820
Interest on current account	N14		60
		768 300	768 300

TASK 3.12 Source documents

No.	Transaction	Source document
1.	Cash withdrawal by the owner	Cheque counterfoil
2.	Payment for stationery	Cheque counterfoil
3.	Service fees received	Cash register tape / Till slip
4.	Payment received from the tenant for rent	Receipt
5.	Cash sales	Cash register tape / Till slip
6.	Bank charges	Bank statement
7.	Repayment of loan	Cheque counterfoil / EFT
8.	Capital contribution of owner	Receipt / Bank statement
9.	Interest on overdraft	Bank statement
10.	Investment on fixed deposit	Cheque counterfoil / Bank statement
11.	Amounts credited by the bank as per the bank statement, e.g. interest earned on savings/investments	Bank statement

TASK 3.13 Accounting equation

No.	Document	Journal	Account Dr	Account Cr	Amount	A	0	L
1.	Receipt / BS	CRJ	Bank	Capital	10 000	+	+	0
2.	C/Counterfoil	CPJ	Equipment	Bank	5 000	±	0	0
3.	Receipt / BS	CRJ	Bank	Loan: Smith Bank	100 000	+	0	+
4.	CRT	CRJ	Bank	Sales	800	+	+	0
			Cost of sales	Trading stock	550	-	-	0
5.	C/Counterfoil	CPJ	Trading stock	Bank	13 200	±	0	0
6.	Bank statement	CPJ	Bank charges	Bank	120	-	-	0
			Interest on overdraft	Bank	50	-	-	0
			Insurance	Bank	560	-	-	0
7.	BS/EFT	CPJ	Loan: Smith Bank	Bank	2 000	-	0	-
			Interest on loan	Bank	1 000	-	-	0

PETTY CASH JOURNAL

The curriculum requires learners to make entries in all journals so therefore the Petty Cash Journal also needs to be covered. However, it is very similar to the Cash Payments Journal so will probably not require too much time. The imprest system must however be explained and extensively dealt with.

TASK 3.14 ☹️ MacPhail Dealers: PCJ, General Ledger

3.14.1 MACPHAIL DEALERS: PETTY CASH JOURNAL FOR FEBRUARY 20.2

Doc. no.	D	Details	Petty cash	Wages	Consumables	Stationery	Sundry accounts		Details
							Amount	Fol	
32	2	StarRep Printers	49			49			
33	5	Alvie	150	150					
34	7	Culpar Stores	13		13				
35	10	Alvie	150	150					
36	11	Mr MacPhail	20				20	B2	Drawings
37	15	Alvie	150	150					
38	18	Zandile Stores	14		14				
39		Hyglow Supplies	29		29				
40	20	Alvie	150	150					
41		Culpar Stores	31		31				
42		Uptown & Co.	107				107	B3	Trading stock
43	25	Alvie	150	150					
44		Culpar Stores	51		51				
45	26	Sanfe Homes	100				100	N6	Donation
46		Hyglow Supplies	45			45			
			1 209	750	138	94	227		
			B4	N7	N8	N9			

3.14.2

GENERAL LEDGER MACPHAIL DEALERS
BALANCE SHEET ACCOUNTS SECTION

Dr		DRAWINGS					B2		Cr
20.2									
Feb	11	Petty cash	PCJ1	20					

		TRADING STOCK					B3		
20.2									
Feb	20	Petty cash	PCJ1	107					

		PETTY CASH					B4		
20.2					20.2				
Feb	1	Balance	b/d	1 500	Feb	28	Sundry accounts	PCJ1 1 209	
	28	Bank	CPJ	1 209			Balance	c/d 1 500	
				2 709				2 709	
Mar	1	Balance	b/d	1 500					

NOMINAL ACCOUNTS SECTION
DONATION

							N6		
20.2									
Feb	26	Petty cash	PCJ1	100					

WAGES

N7

20.2								
Feb	28	Petty cash	PCJ1	750				

CONSUMABLE STORES

N8

20.2								
Feb	28	Petty cash	PCJ1	138				

STATIONERY

N9

20.2								
Feb	28	Petty cash	PCJ1	94				

TASK 3.15  **Glomali & Sons: CRJ, CPJ, PCJ, General Ledger, Trial Balance**

**3.15.1 GLOMALI & SONS
CASH RECEIPTS JOURNAL FOR JUNE 20.8**

CRJ1

Doc. No.	D	Details	Fol	Analysis of receipts	Bank	Sales	Cost of sales	Sundry accounts	
								Amount	Fol
CRT1	4	Sales		14 560	14 560	14 560	7 200		
CRT2	8	Sales		20 000	20 000	20 000	9 450		
CRT3	12	Sales		19 940	19 940	19 940	9 970		
CRT4	18	Sales		16 570	16 570	16 570	8 270		
CRT5	24	Sales		22 330	22 330	22 330	11 120		
CRT6	29	Sales		21 600	23 940	21 600	10 800	2 340	N3
R01		Trewot Agency		2 340	83 900			80 000	B3
R02	30	United Bank						3 900	N5
					201 240	115 000	56 810	86 240	

B6

N1

N2 B5

CASH PAYMENTS JOURNAL FOR JUNE 20.8

CPJ1

Doc. No.	D	Details	Fol	Bank	Trading stock	Drawings	Wages	Sundry accounts		
								Amount	Fol	Details
C01	3	Nokra Wholesalers		34 240	33 390			340	N8	Stationery
C02	6	Sundry employees		4 400		4 400		510	N12	Consumable stores
C03		Mr Malick		3 500		3 500				
C04		Cash		300				300	B8	Cash float
C05	8	OBB Shop Supplies		25 670	25 670					
C06	12	Sundry employees		4 400		4 400				
C07		Mr Malick		3 500		3 500				
C08	18	Sundry employees		4 400		4 400				
C09		Mr Malick		3 500		3 500				
C10	24	Sundry employees		4 400		4 400				
C11		Mr Malick		3 500		3 500				
C12	25	Celtron		2 130				2 130	N6	Telephone
C13		Zimbi Municipality		1 550				1 550	N7	Water & electricity
C14		Winsure Realtors		4 000				4 000	N9	Rent expense
C15		OldSure Insurance		1 060				1 060	N11	Sundry expenses
C16		Yeng Chin Imports		32 430	32 430					
C17	27	Tipstearn Suppliers		850				850	N12	Consumable stores
B/S	29	United Bank		460				460	N10	Bank charges
C18	30	Sundry employees		4 400		4 400				
EFT		M. Irlman		8 000				8 000	N4	Salary
C19		Mr Malick		3 500		3 500				
C20		Cash		2 270				2 270	B7	Petty cash
				152 460	91 490	17 500	22 000	21 470		

B6

B5

B2

N4

PETTY CASH JOURNAL FOR JUNE 20.8

PCJ1

Doc. no.	D	Details	Fol	Petty cash	Repairs	Wages	Consumable stores	Sundry accounts	
								Amount	Fol
PC1	6	Bongani		300		300			
PC2	8	Xinu Hi-Tech		240	190		50		
PC3		Mr Malick		50				50	B2
PC4	12	Bongani		300		300			
PC5	15	Mr Leek		430	430				
PC6	18	Bongani		300		300			
PC7	24	Bongani		300		300			
PC8	27	Tipsteam Suppliers		50			50		
PC9	30	Bongani		300		300			
				2 270	620	1 500	100	50	

B7 N13 N4 N12

**3.15.2 GENERAL LEDGER GLOMALI & SONS
BALANCE SHEET ACCOUNTS SECTION**

Dr	CAPITAL		B1	Cr
	20.8	June 1	Balance	250 000

DRAWINGS

20.8	DRAWINGS		B2
June 1	Balance	b/d	77 000
8	Petty cash	PCJ1	50
30	Bank	CPJ1	17 500
			94 550
July 1	Balance	b/d	94 550

FIXED DEPOSIT

20.8	FIXED DEPOSIT		B3
June 1	Balance	b/d	80 000
June 30	Bank	CRJ1	80 000

Dr		EQUIPMENT				B4		Cr	
20.8									
June	1	Balance	b/d	84 000					

		TRADING STOCK				B5			
20.8					20.8				
June	1	Balance	b/d	60 000	June	30	Cost of sales	CRJ1	56 810
	30	Bank	CPJ1	91 490			Balance	c/d	94 680
				151 490					151 490
July	1	Balance	b/d	94 680					

		BANK				B6			
20.8					20.8				
June	1	Balance	b/d	22 070	June	30	Sundry accounts	CPJ1	152 460
	30	Sundry accounts	CRJ1	201 240			Balance	c/d	70 850
				223 310					223 310
July	1	Balance	b/d	70 850					

		PETTY CASH				B7			
20.8					20.8				
June	1	Balance	b/d	3 000	June	30	Sundry accounts	PCJ1	2 270
	30	Bank	CPJ1	2 270			Balance	c/d	3 000
				5 270					5 270
July	1	Balance	b/d	3 000					

		CASH FLOAT				B8			
20.8					20.8				
June	1	Balance	b/d	500	June	30	Balance	c/d	800
	6	Bank	CPJ1	300					
				800					800
July	1	Balance	b/d	800					

NOMINAL ACCOUNTS SECTION

		SALES				N1			
					20.8				
					June	1	Total	b/f	400 000
						30	Bank	CRJ1	115 000
									515 000

		COST OF SALES				N2			
20.8									
June	1	Total	b/f	188 650					
	30	Trading stock	CRJ1	56 810					
				245 460					

Dr		COMMISSION INCOME				N3		Cr	
					20.8				
					June	1	Total	b/f	12 210
						29	Bank	CRJ1	2 340
									14 550

		SALARIES AND WAGES				N4			
20.8									
June	1	Total	b/f	95 990					
	30	Bank	CPJ1	8 000					
		Bank	CPJ1	22 000					
		Petty cash	PCJ1	1 500					
				127 490					

		INTEREST ON FIXED DEPOSIT				N5			
					20.8				
					June	1	Total	b/f	2 500
						30	Bank	CRJ1	3 900
									6 400

		TELEPHONE				N6			
20.8									
June	1	Total	b/f	10 660					
	25	Bank	CPJ1	2 130					
				12 790					

		WATER AND ELECTRICITY				N7			
20.8									
June	1	Total	b/f	7 780					
	25	Bank	CPJ1	1 550					
				9 330					

		STATIONERY				N8			
20.8									
June	1	Total	b/f	4 550					
	3	Bank	CPJ1	340					
				4 890					

		RENT EXPENSE				N9			
20.8									
June	1	Total	b/f	20 000					
	25	Bank	CPJ1	4 000					
				24 000					

		BANK CHARGES				N10			
20.8									
June	1	Total	b/f	2 950					
	29	Bank	CPJ1	460					
				3 410					

Dr		SUNDRY EXPENSES				N11		Cr
20.8								
June	1	Total	b/f	5 000				
	25	Bank	CPJ1	1 060				
				6 060				

		CONSUMABLE STORES				N12		
20.8								
June	1	Total	b/f	2 560				
	03	Bank	CPJ1	510				
	27	Bank	CPJ1	850				
	30	Petty cash	PCJ1	100				
				4 020				

		REPAIRS				N13		
20.8								
June	30	Petty cash	PCJ1	620				

3.15.3 GLOMALI & SONS TRIAL BALANCE ON 30 JUNE 20.8

Balance Sheet accounts section	Fol	Debit	Credit
Capital	B1		250 000
Drawings	B2	94 550	
Fixed deposit	B3	-	
Equipment	B4	84 000	
Trading stock	B5	94 680	
Bank	B6	70 850	
Petty cash	B7	3 000	
Cash float	B8	800	
Nominal accounts section			
Sales	N1		515 000
Cost of sales	N2	245 460	
Commission income	N3		14 550
Salaries and wages	N4	127 490	
Interest on fixed deposit	N5		6 400
Telephone	N6	12 790	
Water and electricity	N7	9 330	
Stationery	N8	4 890	
Rent expense	N9	24 000	
Bank charges	N10	3 410	
Sundry expenses	N11	6 060	
Consumable stores	N12	4 020	
Repairs	N13	620	
		785 950	785 950

TASK 3.16 Question & Answer

3.16.1 Explain why it is necessary for most business undertakings to have petty cash.

To make provision for minor (small) payments and other urgent payments, e.g. paying for a broken lock, purchasing stamps, etc.

3.16.2 Explain the term 'imprest' system.

The amount of petty cash is fixed. At month-end, the Petty Cash Journal is totalled. The petty cashier is reimbursed with the amount spent. In this way, the opening balance of the petty cash will always be the imprest amount.

3.16.3	The petty cash imprest amount is R500. Total payments from petty cash amounted to R480. What amount is needed to restore the petty cash amount at month-end?
R480	

3.16.4

**GENERAL LEDGER
BALANCE SHEET ACCOUNTS SECTION**

Dr				PETTY CASH				B		Cr
	1	Balance	b/d	500		30	Sundry accounts	PCJ	480	
	30	Bank	CPJ	480			Balance	c/d	500	
				980					980	
	1	Balance	b/d	500						

3.16.5	The petty cash imprest amount is R500. Half way through the month the imprest amount was increased by R250. Total payments from petty cash amounted to R590. What amount is needed to restore the petty cash amount at month-end?
R590	

3.16.6

**GENERAL LEDGER
BALANCE SHEET ACCOUNTS SECTION**

Dr				PETTY CASH				B		Cr
	1	Balance	b/d	500		30	Sundry accounts	PCJ	590	
	15	Bank	CPJ	250			Balance	c/d	750	
	30	Bank	CPJ	590						
				1 340					1 340	
	1	Balance	b/d	750						

3.16.7	Petty cash is an expense. Is this statement true or false? Why?
False. Petty cash is an asset.	
3.16.8	State the difference between petty cash and cash float.
Petty cash is money set aside for small payments while cash float is money set aside for giving change to customers.	

TASK 3.17 **Internet case study**

Allow learners to debate these statements and come up with their own examples and opinions. Encourage them to give logical reasons for their opinions.

TASK 3.18 **Axel Stores: Advice**

Some suggestions

- The owner needs to investigate why there is a shortage.
- He needs to determine a set amount of petty cash for each month – the imprest system should be used.
- Axel should authorise each payment – a petty cash voucher system needs to be introduced.
- Susan must only make payments on presentation of the authorised voucher. She must also sign the voucher.
- Unauthorised personnel should not be allowed to open the petty cash box.
- Any other suitable suggestions.

TASK 3.19 Glomali & Sons (2): Letter

MY ACCOUNTING SERVICES

10 Palm Road, Westville, 3630
Tel: 031-5556465 Fax: 031-5556466
E-mail: myacc@mweb.co.za

15 July 20.8

Mr D Davids
PO Box 38
WESTVILLE
3630

Dear Dave,

OPINION ON THE PROFITABILITY OF YOUR BUSINESS

On your instructions, I have examined your financial results for June 20.8. In my opinion, I feel that you have a very promising business, but that you can improve your profit by focusing on the way in which you operate your business (income and expenses) and the manner in which you handle the cash resources at your disposal.

1. MAIN WAYS IN WHICH YOU CAN INCREASE INCOME
 - More advertising leads to more customers – brochures, etc. will help.
 - Do not have dissatisfied customers – aim for no allowances/refunds but rather more goodwill.
 - Diversify, e.g. sell more than just CD's and DVD's.
2. MAIN WAYS IN WHICH YOU CAN DECREASE EXPENSES
 - Economise on certain expenses, e.g. telephone, water and electricity.
 - Reduce bank charges by not accepting cash.
3. HANDLING OF THE CASH RESOURCES IN ORDER TO EARN MORE INTEREST
 - Too much cash in the cheque account – not earning high interest.
 - Transfer to savings, or open a fixed deposit.

I trust that you will find this opinion useful. Please contact me should you wish to discuss this further.

Yours sincerely,
Ian Grey

TASK 3.20 Ethical & internal control scenarios affecting cash journals

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

3.20.1	It is unethical and fraudulent to debit the entire amount to Insurance expense as this will lead to a decline in the profit, and hence a decrease in tax to be paid to SARS. The R4 000 should be debited to Drawings, so that is deducted from Capital/Equity and should not affect Net Profit.
3.20.2	It may be considered as unethical not to pass on the saving to his customers. It might also not make good business sense, especially if the customers find out that other clothing shops are selling these shirts at a lower price. Jim should understand that if he gets a reputation of passing on savings to his customers, he will earn considerable goodwill from them, which will benefit his business in the long run.

3.20.3	This is not good internal control. If Jim wants to donate the clothing to her, he should put through an entry for the cost price of the clothing donated. Trading stock must be credited so that the balance on the Trading Stock account equals the value of stock in the shop.
3.20.4	This is not good internal control. R110 of the petty cash is unaccounted for. Either someone has stolen the R110 or the vouchers are not in the petty cash box. For the imprest system to work properly, the cash in the box plus vouchers must equal the imprest amount.
3.20.5	This is not good internal control. All expenses must be entered, whether they are direct transfers by the bank or paid by cheque.
3.20.6	This reflects poor internal control. It could be an error, omission or fraud. It is possible that someone in the business has fraudulently drawn the cheque to his/her benefit, or the bookkeeper has neglected to enter it. This must be investigated and should not be allowed to happen again.
3.20.7	There is poor internal control. R1 500 is missing. The cash slips and the receipts should equal the amount deposited at all times. Jim should divide duties amongst his employees so that one person collects the cash, while another deposits it after checking the documents. If this is done, a fraud or error of this nature will not occur.
3.20.8	This reflects poor internal control. All money received must be banked promptly. It could be that the cashier is negligent, but it could also be fraudulent 'rolling' of cash, i.e. taking cash from the next month to make up the cash of the previous month which he/she has stolen. Ensure that employees take their vacations on time (the replacement person will notice the discrepancy).
3.20.9	This is not good bookkeeping nor is it good internal control. Carriage inwards should be charged to the Trading Stock account, so that Jim can recover the transport cost from his customers in setting his selling prices.
3.20.10	This is unethical and the customer will consider it as fraudulent. This will seriously affect the reputation of the business. The business will lose customers, and the business will not be sustainable in the long run. The best thing to do is reverse the duplication and inform the customer of the error and the correction.
3.20.11	This is unethical conduct of a most serious nature. The payment of bribes to secure tenders is illegal. This will open the business to criminal proceedings, and will seriously affect its reputation.
3.20.12	This is unethical of the employee. He is being paid a salary by the business. Any income derived from his work belongs to the business. If the employee is allowed to earn commission in this way it will become an uncontrollable problem for the business.

CHECKLIST

Skills	Yes – proficient	Requires more attention	Complete
Enter transactions in the Cash Receipts Journal.			
Post the CRJ to the General Ledger.			
Enter transactions in the Cash Payments Journal.			
Post the CPJ to the General Ledger.			
Read and analyse a bank statement.			
Enter transactions in the Petty Cash Journal.			
Post the PCJ to the General Ledger.			
Calculate the imprest amount.			
Demonstrate knowledge of internal control processes.			
Analyse ethical and internal control scenarios affecting cash journals			