

MODULE 9

SALARIES AND WAGES

Note to the Teacher:

The purpose of this module is to expose learners to salaries and wages. This topic was introduced in Grade 8 & 9 but is now going to be expanded on. The following topics are to be covered:

- Salary and wages scales.
- Employment contracts and legal requirements.
- Role of trade unions.
- Deductions and contributions.
- Recording of salaries and wages.
- Internal control.

TASK 9.1 Salary scales

No.	Year	Increment p.a.	Salary p.a.	Salary p.m.
9.1.1	1		R78 000	R6 500
	2	R9 360	87 360	7 280
	3	9 360	96 720	8 060
	4	16 926	113 646	9 470.50
	5	16 926	130 572	10 881
	6	19 428	150 000	12 500
9.1.2	1		120 000	10 000
	2	18 000	138 000	11 500
	3	18 000	156 000	13 000
	4	18 000	174 000	14 500
	5	34 800	208 800	17 400
	6	41 760	250 560	20 880
	7	41 760	292 320	24 360

TASK 9.2 Salary scales and increment

9.2.1	Refer to your table in 9.1.1 above and answer the following questions:	
	(a)	An employee (Eleanor) started employment on the minimum notch of the salary scale. State her monthly gross salary.
	R6 500	
	(b)	For how many years would she receive increments of R9 360?
	2 years	
9.2.2	(c)	Calculate the percentage increase in her salary in her second year of service.
	$\frac{9\ 360}{78\ 000} \times 100 = 12\%$	
	(d)	If Eleanor resigns in her seventh year of service, what salary per annum would she have been receiving?
R150 000		
9.2.2	Refer to your table in 9.1.2 above and answer the following questions:	
	(a)	Another employee (Alex) commenced employment with a monthly gross salary of R17 400. State his gross annual salary.
	R208 800	
9.2.2	(b)	In which year of service would Alex reach the maximum salary?
	3 rd	

(c)	A third employee (Zondi) started employment with a starting salary of R24 360 while Alex started on R17 400. Give one possible reason for the difference between their salaries.
	Academic qualifications; years of experience; etc.
(d)	Calculate the percentage difference between the minimum salary and the maximum salary.
	$292\,320 - 120\,000 = 172\,320$ $\frac{172\,320}{120\,000} \times 100 = 143.6\%$

TASK 9.3 Salary scales and increment



R24 000 x 3 600 – 34 800 x 6 960 – 48 720

TASK 9.4 Employment contract

9.4.1	Who is the employer?
	Wendy McArthur
9.4.2	Who is the employee?
	Victoria Mhlanga
9.4.3	What is the employee's job description?
	General tidying of house Cleaning brass and silver Laundry Ironing Cleaning all used equipment Defrosting and cleaning fridge and freezer Cleaning of windows and glass doors
9.4.4	How many days a week does Victoria work?
	Three
9.4.5	What is her monthly wage if she works for 4 weeks?
	$4 \times 3 \text{ days} = 12 \text{ days in 4 weeks}$ Each day = 8½ hours $12 \times 8.5 = 102 \text{ hours} \times R8 \text{ per hour} = R816$
9.4.6	How much did she get paid at the end of this 4-week period?
	$\text{Week 1} = 3 \text{ days} \times 8.5 \text{ hours} \times R8 = R204$ $\text{Week 2} = \phantom{3 \text{ days}} \phantom{\times 8.5 \text{ hours}} = R204$ $\text{Week 3} = 1 \text{ day} \times 8.5 \text{ hours} \times R8 = R 68$ $\text{Week 4} = 2 \text{ days} \times 8.5 \text{ hours} \times R8 = \underline{R136}$ TOTAL = <u>R612</u>
9.4.7	Why did Victoria not get paid when she did not go to work?
	She is paid hourly and therefore only gets paid when she works.
9.4.8	Would it have made a difference if Victoria was sick? Why?
	All employees are entitled to sick leave, so, as long as she is within her limit (normally 3 weeks). She has to be paid. The employer can, however, demand a sick note.

9.4.9	Victoria is not happy with the UIF that has been deducted from her wage. Explain the benefits of UIF to her.
If she is unemployed as a result of retrenchment, firing/dismissal, maternity leave, she will be able to claim a percentage of her salary for a period of time while she looks for other work.	
9.4.10	Victoria normally gets paid in cash at the end of the month. Suggest alternative means of paying her to reduce the risk of the money being stolen.
Direct transfer into her bank account (EFT). Cheque.	
9.4.11	Draft a letter of appointment to Victoria based on the contract.
Learners to write a letter incorporating the conditions detailed in the contract.	

TASK 9.5 Interpretation of a salary advice

9.5.1	What is Wendy's gross remuneration?									
Gross remuneration = R5 600										
9.5.2	What amount is banked into her bank account?									
R4 536										
9.5.3	Why is there a difference between her gross salary and the amount banked?									
Deductions are taken off her gross salary before she received the amount remaining.										
9.5.4	Why is R156.65 deducted from Wendy's salary?									
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Income tax contribution (PAYE)</td> <td style="width: 10%; text-align: right;">=</td> <td style="width: 30%; text-align: right;">R1 008</td> </tr> <tr> <td>UIF</td> <td style="text-align: right;">=</td> <td style="text-align: right;"><u>56</u></td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">=</td> <td style="text-align: right;"><u>R1 064</u></td> </tr> </table>		Income tax contribution (PAYE)	=	R1 008	UIF	=	<u>56</u>	TOTAL	=	<u>R1 064</u>
Income tax contribution (PAYE)	=	R1 008								
UIF	=	<u>56</u>								
TOTAL	=	<u>R1 064</u>								
9.5.5	Who receives this amount of money?									
SARS (South African Revenue Services) collects the tax money and the Unemployment Insurance Fund collects the UIF. 										
9.5.6	What do you know about UIF? (Unemployment Insurance Fund)									
Allow the learners to write down the knowledge they have of this fund.										

TASK 9.6 Basic difference between wages and salaries

9.6.1	What are the differences between the earnings of Victoria (Task 9.4) and Wendy (Task 9.5)?
Victoria - only gets paid when she works. - she is paid per hour worked. Wendy - is paid a set monthly amount.	
9.6.2	Write a clear description for the following terms:
(a) Wages: Allow the learners to write their own definitions.	
(b) Salaries: Allow the learners to write their own definitions.	

TASK 9.7 Tax – SITE and PAYE

9.7.1	How much tax does she pay?
R48	
9.7.2	How much of this is SITE?
R45	
9.7.3	How much of it is PAYE?
R3	

TASK 9.8 Calculation – SITE and PAYE

9.8.1	How much tax will be deducted each year?
R44	
9.8.2	How much tax is taken off her salary each month?
$R44 \div 12 = R3,67$	
9.8.3	Does she pay SITE or PAYE? Explain.
She only pays SITE as she earns less than R60 000 per year.	

TASK 9.9 Calculation – SITE and PAYE

9.9.1	How much tax will be deducted each year?
R26 967 (R45 + R26 922)	
9.9.2	How much tax is taken off her salary each month?
$R2\ 247,25$ ($26\ 967 \div 12$)	
9.9.3	Does he pay SITE or PAYE? Explain.
He earns over R60 000 and therefore pays both SITE (max R45) and PAYE (R26 922)	

TASK 9.10 Calculation – UIF

Name	Employer	Employee	Total
Wendy	56.00	56.00	112.00
Thomas (R61 355.46 \div 12 x 1%)	51.13	51.13	102.26
Jerry (R15 790 x 1%)	124.78	124.78	249.56

TASK 9.11 Medical Aid – Background details

Learners are to obtain the necessary information and make a comparison. It is an important skill to know how to access information so do not give them the details – rather concentrate on them finding the information and then being able to make comparisons.

TASK 9.12 Medical Aid – Calculation

9.12.1	How much is the total monthly premium for Bernie’s medical aid?
R1 200	
9.12.2	How much of the monthly premium will Remote Concerns contribute towards Bernie’s medical aid policy?
$R1\ 200 \times \frac{2}{3} = R800$	
9.12.3	How much of the monthly premium will Bernie contribute?
$R1\ 200 \times \frac{1}{3} = R400$	
9.12.4	Why is it beneficial for the company to contribute to the medical aid fund?
With medical care, they are more likely to receive better care and can, therefore, recover quicker.	

TASK 9.13 Pension Fund – Calculation

9.13.1	How much of the monthly premium will Remote Concerns contribute towards Bernie's pension fund?
R7 300 x 10% = R730.00	
9.13.2	What is the balance that Bernie will have to contribute towards his pension fund?
R7 300 x 7.5% = R547.50	
9.13.3	How much is the total monthly premium for Bernie's pension fund?
R730 + 547.50 = R1 277.50	

TASK 9.14 Consolidation – Wages and Salaries

9.14.1	What is the total wage and salary bill for March?
40 000 + 8 000 + 3 000 + 12 000 + 3 800 + 15 000 = R81 800	
9.14.2	How much will Febstraw have to pay SETA for the skills development levy?
R81 800 x 1% = R818	
9.14.3	Why is there a difference between the salary scales of the different employees?
Different employees get paid at different rates.	
9.14.4	What factors would be taken into consideration when setting these different scales?
Salary scales depend on various factors: <ul style="list-style-type: none">• Years of experience.• Qualifications.• Responsibilities, etc.	

TASK 9.15 Interpretation of an advertisement for employment (job)

This Task gives the learners an opportunity to access the necessary information in a newspaper and to be able to read and interpret the information. It is necessary that they share this information by verbalising as they will have a better understanding.

TASK 9.16 Possible format for a Salaries Journal

This Task allows learners the opportunity to design their own recording system. Learners have already drawn up journals and posted to the ledger, so allow them time to design their own recording system. The names they attach to accounts is not important at this stage, rather give them the opportunity to think for themselves. Examples appear in the textbook so rather ensure that the books are not open at this stage.

TASK 9.17 Interpretation of ledger accounts

9.17.1	Which accounts have to be paid?
Creditors for salaries; SARS – PAYE; XX Medical Aid fund; XX Pension fund; UIF; Skills Development Fund; SA Union fund.	
9.17.2	Which journal would you use to record these payments?
Cash Payments Journal	
9.17.3	How would you post to the ledger accounts?
Debit all the liability accounts mentioned in 9.17.1.	

TASK 9.18 ☼ Drawing up a Salaries Journal

SALARIES JOURNAL OF STEPUP DEALERS FOR JULY 20.9

Name	Basic salary	Bonus	Gross salary	DEDUCTIONS					Total deductions	Net salary	CONTRIBUTIONS				Total contributions	
				PAYE	Pension	Medical aid	Staff Fund	UF			Union Fund	Pension	Medical Aid	UF		Skills Development
C. Vero	15 000	-	15 000	3 000	1 050	900	50	124.78	20	5144.78	9855.22	3 000	1 800	124.78	150	5074.78
I. Spiro	12 500	10 000	22 500	2 250	875	900	50	124.78	20	4219.78	18280.22	2 500	1 800	124.78	125	4549.78
N. Neuto	10 000	-	10 000	1 800	700	700	50	100	20	3 370	6 630	2 000	1 400	100	100	3 600
TOTAL	37 500	10 000	47 500	7 050	2 625	2 500	150	349.56	60	12 734.56	34 765.44	7 500	5 000	349.56	375	13224.56

CASH PAYMENTS JOURNAL OF STEP UP DEALERS – JULY 20.9

Doc	D	Details	Fol	Bank	Sundry accounts	
					Amount	Fol
B/S	25	Sundry employees		34 765.44		
C4	31	SARS		7 050.00	B12	Creditors for salaries
C5		Mica Pension Fund		10 125.00	B13	SARS – PAYE
C6		StepUp Staff Fund		150.00	B14	Mica Pension Fund
C7		UIF		699.12	B16	StepUp Staff Fund
C8		Skills Development Fund		375.00	B17	UIF
C9		YY Union Fund		60.00	B18	Skills Development Fund
					B19	YY Union Fund

**GENERAL LEDGER OF STEPUP DEALERS
BALANCE SHEET ACCOUNTS SECTION
CREDITORS FOR SALARIES**

Dr									B12	Cr
20.9					20.9					
July	25	Bank	CPJ 1	34 765.44	July	25	Salaries	SJ1	34 765.44	

SARS - PAYE **B13**

20.9				20.9					
July	31	Bank	CPJ1	7 050	July	25	Salaries	SJ1	7 050

MICA PENSION FUND **B14**

20.9				20.9					
July	31	Bank	CPJ1	10 125	July	25	Salaries	SJ1	2 625
							Pension contribution	SJ1	7 500
				10 125					10 125

OXY MEDICAL AID SOCIETY **B15**

20.9				20.9					
July	31	Balance	c/d	7 500	July	25	Salaries	SJ1	2 500
							Medical contribution	SJ1	5 000
				7 500					7 500
					Aug	01	Balance	b/d	7 500

STEP UP STAFF FUND **B16**

20.9				20.9					
July	31	Bank	CPJ1	150	July	25	Salaries	SJ1	150

UIF **B17**

20.9				20.9					
July	31	Bank	CPJ1	699.50	July	25	Salaries	SJ1	349.56
							Unem. Insur. contrib.	SJ1	349.56
				699.50					699.50

SKILLS DEVELOPMENT FUND **B18**

20.9				20.9					
July	31	Bank	CPJ1	375	July	25	Skills levy	SJ1	375

YY UNION FUND **B19**

20.9				20.9					
July	31	Bank	CPJ1	60	July	25	Salaries	SJ1	60

**NOMINAL ACCOUNTS SECTION
SALARIES** **N8**

20.9									
July	25	Sundry accounts	SJ1	47 500					

Dr		PENSION CONTRIBUTION				N9		Cr	
20.9									
July	25	Pension fund	SJ1	7 500					

		MEDICAL AID CONTRIBUTION				N10			
20.9									
July	25	Medical aid fund	SJ1	5 000					

		UNEMPLOYMENT INSURANCE CONTRIBUTION				N11			
20.9									
July	25	UIF	SJ1	375					

		SKILLS LEVY				N12			
20.9									
July	25	Skills development fund	SJ1	375					



TASK 9.19 Salaries Journal, Cash Payments and Posting

PENNYFARTHING CYCLES SALARIES JOURNAL FOR AUGUST 20.8

Name	Gross Salary	Deductions (Employee)				Net salary	Cheque #	Contribution (Employer)				Total contributions
		PAYE	Medical Aid	Pension	UIF			Skills levy	Medical Aid	Pension	UIF	
D Twaite	5 230.00	472.66	363.00	392.25	52.30	3 949.79	26	52.30	544.50	549.15	52.30	1 198.25
R Frite	2 558.50	10.47	145.00	191.89	25.59	2 185.55	27	25.59	217.50	268.64	25.59	537.32
C Roste	4 994.50	447.91	97.00	374.59	49.95	4 025.05	28	49.95	145.50	524.42	49.95	769.82
G Luphandla	5 129.42	472.66	156.00	384.71	51.29	4 064.76	29	51.29	234.00	538.59	51.29	875.17
	17 912.42	1 403.70	761.00	1 343.44	179.13	14 225.15		179.13	1 141.50	1 880.80	179.13	3 380.56

CASH PAYMENTS JOURNAL – AUGUST 20.8

Doc	D	Details	Fol	Bank	Sundry accounts	
					Amount	Fol
C26-29	31	Sundry employees		14 225.15		
C30		SARS		1 403.70	B10	Creditors for salaries
C31		XX Medical Aid		1 902.50	B11	SARS – PAYE
C32		XX Pension Fund		3 224.24	B12	XX Medical Aid Fund
C33		UIF		358.26	B13	XX Pension Fund
C34		Skills Development Fund		179.13	B14	UIF
					B15	Skills Development Fund

GENERAL LEDGER OF PENNYFARTHING CYCLES BALANCE SHEET ACCOUNTS SECTION CREDITORS FOR SALARIES

Dr			B10	Cr
20.8				
Aug	31	Bank		
			SJ4	14 225.15

Dr				SARS – PAYE				B11		Cr
20.8				20.8						
Aug	31	Bank	CPJ4	1 403.70	Aug	31	Salaries	SJ4	1 403.70	

				XX MEDICAL AID FUND				B12	
20.8				20.8					
Aug	31	Bank	CPJ4	1 902.50	Aug	31	Salaries	SJ4	761.00
							Medical contribution	SJ4	1 141.50
				1 902.50					1 902.50

				XX PENSION FUND				B13	
20.8				20.8					
Aug	31	Bank	CPJ4	3 224.24	Aug	31	Salaries	SJ4	1 343.44
							Pension contribution	SJ4	1 880.80
				3 224.24					3 224.24

				UIF				B14	
20.8				20.8					
Aug	31	Bank	CPJ4	358.26	Aug	31	Salaries	SJ4	179.13
							Unem. Insur. Cont.	SJ4	179.13
				358.26					358.26

				SKILLS DEVELOPMENT FUND				B15	
20.8				20.8					
Aug	31	Bank	CPJ4	179.13	Aug	31	Skills levy contribution	SJ4	179.13

NOMINAL ACCOUNTS SECTION									
SALARIES									
				N8					
20.8									
Aug	31	Sundry accounts	SJ4	17 912.42					

				SKILLS LEVY					
				N9					
20.8									
Aug	31	Skills development fund	SJ4	179.13					

				MEDICAL AID CONTRIBUTION					
				N10					
20.8									
Aug	31	Medical aid fund	SJ4	1 141.50					

				PENSION CONTRIBUTION					
				N11					
20.8									
Aug	31	Pension fund	SJ4	1 880.80					

				UNEMPLOYMENT INSURANCE CONTRIBUTION					
				N12					
20.8									
Aug	31	UIF	SJ4	179.13					

**GENERAL LEDGER OF POPPYSEED BAKERY
BALANCE SHEET ACCOUNTS SECTION**

Dr					SARS - PAYE					B13	Cr
20.8					20.8						
Oct	07	Bank	CPJ1	1 900	Oct	01	Balance	b/d		1 900	
	31	Balance	c/d	1 921		25	Salaries	SJ1		1 921	
				3 821						3 821	
					Nov	01	Balance	b/d		1 921	

MEDICAL AID FUND (Total Med Plan Ltd.)					B14							
20.8					20.8							
Oct	15	Bank	CPJ1	4 287	Oct	01	Balance	b/d		4 287		
	31	Balance	c/d	4 287		25	Salaries	SJ1		1 429		
				8 574			Medical contribution	SJ1		2 858		
										8 574		
					Nov	01	Balance	b/d		4 287		

PENSION FUND (Mutual Insurance Co.)					B15							
20.8					20.8							
Oct	15	Bank	CPJ1	2 500	Oct	01	Balance	b/d		2 500		
	31	Balance	c/d	3 744		25	Salaries	SJ1		2 080		
				6 244			Pension contribution	SJ1		1 664		
										6 244		
					Nov	01	Balance	b/d		3 744		

NOMINAL ACCOUNTS SECTION					PENSION CONTRIBUTION							N11
20.8												
Oct	01	Total	b/f	14 560								
	25	Pension fund	SJ1	1 664								

UNEMPLOYMENT INSURANCE CONTRIBUTION					N12							
20.8												
Oct	01	Total	b/f	1 456								
	25	UIF	SJ1	208								

Dr					XX MEDICAL AID FUND					B11		Cr
20.7					20.7							
Jan	31	Balance	c/d	3 420	Jan	31	Salaries	SJ4	1 720			
							Medical contribution	SJ4	1 720			
				3 420								3 420
					Feb	01	Balance	b/d				3 420

**NOMINAL ACCOUNTS SECTION
SALARIES**

							N7		
20.7									
Jan	31	Sundry accounts	SJ4	47 216					

MEDICAL AID CONTRIBUTION

							N8		
20.7									
Jan	31	Medical aid fund	SJ4	1 720					

TASK 9.22 Differences between Salaries and Wages Journals

9.22.1	How would a Wages Journal differ from a Salary Journal?
Allow the learners to come up with their own interpretations – need a column for hours and rate per hour.	
9.22.2	Design a Wages Journal.
Learners to design their own journal.	
9.22.3	Report back to the class explaining the differences between the journals.
Report back and discuss the different versions.	

TASK 9.23 Wages Journal

WAGES JOURNAL OF SHUDDER TRADERS FOR OCTOBER 20.8

WJ1

Name	Basic wage	Overtime			Gross Wage	Deductions (Employee)			Net Wage	Contribution (Employer)				Total Contributions		
		Overtime hours	Overtime Rate	Overtime Amount		PAYE	Medical Aid	Pension		Uf	Skills levy	Medical Aid	Pension		Uf	
Sipho Wemba	1 200 ^[1]	10	45	450	1 650	144	125	60	16.50	345.50	1 304.50	16.50	125	120	16.50	278.00
Rani Sukraj	1 200 ^[1]	10	45	450	1 650	144	125	60	16.50	345.50	1 304.50	16.50	125	120	16.50	278.00
Melody Wyers	640 ^[2]	5	30	150	790	64	90	32	7.90	193.90	596.10	7.90	90	64	7.90	169.80
Elias Truter	960 ^[3]	3	36	108	1 068	70	90	48	10.68	218.68	849.32	10.68	90	96	10.68	207.36
	4 000			1 158	5 158	422	430	200	51.58	1 103.58	4 054.42	51.58	430	400	51.58	933.16

N8 B13 B14 B15 B16

B12 N9 N10 N11 N12

B17 B14 B15 B16

^[1]8 x 5 x 30 = R1 200

^[2]8 x 4 x R20 = R640

^[3]8 x 5 x R24 = R960

CASH PAYMENTS JOURNAL – OCTOBER 20.8

CPJ1

Doc	D	Details	Fol	Bank	Creditors for wages	Sundry accounts	
						Amount	Fol
B/S	07	Sundry employees		4 054.42	4 054.42		

GENERAL LEDGER OF SHUDDER TRADERS BALANCE SHEET ACCOUNTS SECTION CREDITORS FOR WAGES

Dr				B12	B12	Cr
			20.8			
			Oct	07	Wages	
						4 054.42

SARS - PAYE

B13

			20.8			
			Oct	07	Wages	
						422

Dr		XX MEDICAL AID FUND					B14		Cr
					20.8				
					Oct	07	Wages	WJ1	430
							Medical contribution	WJ1	430

		XX PENSION FUND					B15		
					20.8				
					Oct	07	Wages	WJ1	200
							Pension contribution	WJ1	400

		UIF					B16		
					20.8				
					Oct	07	Wages	WJ1	51.58
							Unem. Ins. Contribut.	WJ1	51.58

		SKILLS DEVELOPMENT FUND					B17		
					20.8				
					Oct	07	Skills levy contribution	WJ1	51.58

NOMINAL ACCOUNTS SECTION

		WAGES					N8		
20.8									
Oct	07	Sundry accounts	WJ1	5 158					

		SKILLS LEVY					N9		
20.8									
Oct	07	Skills develop. fund	WJ1	51.58					

		MEDICAL AID CONTRIBUTION					N10		
20.8									
Oct	07	Medical aid fund	WJ1	430					

		PENSION CONTRIBUTION					N11		
20.8									
Oct	07	Pension fund	WJ1	400					

		UNEMPLOYMENT INSURANCE CONTRIBUTION					N12		
20.8									
Oct	07	UIF	WJ1	51.58					

TASK 9.24 Calculation of net wages

Gross wage:		2 060.00
Normal [30 x R50]	1 500.00	
Overtime [8 x R70]	560.00	
Less Deductions		(644.60)
PAYE	309.00	
Medical	200.00	
UIF	20.60	
Staff fund	10.00	
Pension	105.00	
NET WAGE		R1 415.40

TASK 9.25 Interpretation of Wages Journal

9.25.1	State the double entry to record the employee's contribution towards medical aid.
Dr Wages; Cr Medical Aid Fund	
9.25.2	State the double entry to record the employer's contribution towards medical aid.
Dr Medical Aid contributions; Cr Medical Aid Fund	
9.25.3	Calculate the total weekly contributions made by the employer.
$R200.00 + 20.60 + 20.60 + 105.00 = R346.20$	
9.25.4	Calculate the total monthly (4 weeks) contribution made by the employer. Assume that there were no changes during the month.
$R346.20 \times 4 = R1\ 384.80$	
9.25.5	Assume that there were no changes during the month, calculate the total gross wage for the month.
$R2\ 060 \times 4 = R8\ 240.00$	
9.25.6	Assume that there were no changes during the month, calculate the total net wage for the month.
$R1\ 415.40 \times 4 = R5\ 661.60$	

TASK 9.26 Wages Journal

ZENITH TRADERS WAGES JOURNAL FOR THE WEEK ENDED 05 OCTOBER 20.8

Name	Basic wage	Overtime			Gross wage	Deductions (Employee)				Net wage	Contributions (Employer)				Total contributions		
		Overtime hours	Overtime Rate	Amount		PAYE	Medical aid	Pension	UIF		Staff fund	Skill levy	Medical aid	Pension		UIF	
																	Total Deductions
T. Twiddle	2 400	4	44	176	2 576	500	342	168	24	20	1 054	1 522	24	342	288	24	678
T. Thumb	2 200	8	36	288	2 488	460			22	20	502	1 986	22			22	44
	4 600			464	5 064	960	342	168	46	40	1 556	3 508	46	342	288	46	722

TASK 9.27 Interpretation and completion of Wages Journal

WAGES JOURNAL TOTALS OF JAN SERVICES FOR JUNE 20.8

Week ending	Basic wage	Overtime pay	SITE/PAYE	Medical fund	Pension fund	UIF	Medical aid contribution	Pension contribution	Skills levy	UIF
06/06	24 200	5 100	4 400	750	1 694	242	750	2 541	242	242
12/06	24 200	4 800	4 350	750	1 694	242	750	2 541	242	242
18/06	26 200	6 000	4 830	750	1 834	262	750	2 751	262	262
24/06	26 200	4 700	4 630	750	1 834	262	750	2 751	262	262

SALARIES JOURNAL TOTALS OF JAN SERVICES FOR JUNE 20.8

Month ending	Basic salary	Bonus	SITE/PAYE	Medical fund	Pension fund	UIF	Medical aid contribution	Pension contribution	Skills levy	UIF
28/06	60 400	4 500	11 680	1 000	4 228	604	1 000	6 342	604	604

Dr					SARS - PAYE					B13		Cr
20.8					20.8							
June	30	Bank	CPJ1	29 890	June	06	Wages	WJ1		4 400		
						12	Wages	WJ2		4 350		
						18	Wages	WJ3		4 830		
						24	Wages	WJ4		4 630		
						28	Salaries	SJ1		11 680		
				29 890						29 890		

XX MEDICAL AID FUND					B14							
20.8					20.8							
June	07	Bank	CPJ1	8 000	June	01	Balance	b/d		8 000		
	30	Balance	c/d	8 000		06	Wages	WJ1		750		
							Medical Aid contrib.	WJ1		750		
						12	Wages	WJ2		750		
							Medical Aid contrib	WJ2		750		
						18	Wages	WJ3		750		
							Medical Aid contrib	WJ3		750		
						24	Wages	WJ4		750		
							Medical Aid contrib	WJ4		750		
						28	Salaries	SJ1		1 000		
							Medical Aid contrib	SJ1		1 000		
				16 000						16 000		
					July	01	Balance	b/d		8 000		

XX PENSION FUND					B15							
20.8					20.8							
June	07	Bank	CPJ1	9 280	June	01	Balance	b/d		9 280		
	30	Balance	c/d	28 210		06	Wages	WJ1		1 694		
							Pension contribution	WJ1		2 541		
						12	Wages	WJ2		1 694		
							Pension contribution	WJ2		2 541		
						18	Wages	WJ3		1 834		
							Pension contribution	WJ3		2 751		
						24	Wages	WJ4		1 834		
							Pension contribution	WJ4		2 751		
						28	Salaries	SJ1		4 228		
							Pension contribution	SJ1		6 342		
				37 490						37 490		
					July	01	Balance	b/d		28 210		

Dr					UIF					B16		Cr
20.8					20.8							
June	07	Bank	CPJ1	3 210	June	01	Balance	b/d				3 210
	30	Balance	c/d	3 224		06	Wages	WJ1				242
							Unem. Insur. Contrib.	WJ1				242
						12	Wages	WJ2				242
							Unem. Insur. Contrib.	WJ2				242
						18	Wages	WJ3				262
							Unem. Insur. Contrib.	WJ3				262
						24	Wages	WJ4				262
							Unem. Insur. Contrib.	WJ4				262
						28	Salaries	SJ1				604
							Unem. Insur. Contrib.	SJ1				604
				6 434								6 434
					July	01	Balance	b/d				3 224

SKILLS DEVELOPMENT FUND

B17

20.8					20.8							
June	07	Bank	CPJ1	900	June	01	Balance	b/d				900
	30	Balance	c/d	1 612		06	Skills Levy Contrib.	WJ1				242
						12	Skills Levy Contrib.	WJ2				242
						18	Skills Levy Contrib.	WJ3				262
						24	Skills Levy Contrib.	WJ4				262
						28	Skills Levy Contrib.	SJ1				604
				2 512								2 512
					July	01	Balance	b/d				1 612

NOMINAL ACCOUNTS SECTION SALARIES

N8

20.8												
June	01	Total	b/f	175 600								
	28	Sundry accounts	SJ1	*64 900								

* The basic salary and bonus are added together

WAGES

N9

20.8												
June	01	Total	b/f	297 600								
	06	Sundry accounts	WJ1	29 300								
	12	Sundry accounts	WJ2	29 000								
	18	Sundry accounts	WJ3	32 200								
	24	Sundry accounts	WJ4	30 900								

MEDICAL AID CONTRIBUTION

N10

20.8												
June	01	Total	b/f	23 570								
	06	Medical Aid Fund	WJ1	750								
	12	Medical Aid Fund	WJ2	750								
	18	Medical Aid Fund	WJ3	750								
	24	Medical Aid Fund	WJ4	750								
	28	Medical Aid Fund	SJ1	1 000								

Dr		PENSION CONTRIBUTION			N11			Cr
20.8								
June	01	Total	b/f	41 760				
	06	Pension Fund	WJ1	2 541				
	12	Pension Fund	WJ2	2 541				
	18	Pension Fund	WJ3	2 751				
	24	Pension Fund	WJ4	2 751				
	28	Pension Fund	SJ1	6 342				

		UNEMPLOYMENT INSURANCE CONTRIBUTION			N12		
20.8							
June	01	Total	b/f	9 650			
	06	UIF	WJ1	242			
	12	UIF	WJ2	242			
	18	UIF	WJ3	262			
	24	UIF	WJ4	262			
	28	UIF	SJ1	604			

		SKILLS LEVY			N13		
20.8							
June	01	Total	b/f	9 650			
	06	Skills Dev. Fund	WJ1	242			
	12	Skills Dev. Fund	WJ2	242			
	18	Skills Dev. Fund	WJ3	262			
	24	Skills Dev. Fund	WJ4	262			
	28	Skills Dev. Fund	SJ1	604			

TASK 9.28 Comprehensive - all 10 journals and ledger accounts

JAGO DEALERS CASH RECEIPTS JOURNAL FOR SEPTEMBER 20.9

Doc. no.	D	Details	Fol	Analysis of receipts	Bank	Sales	Cost of sales	Debtors control		Sundry accounts		Details
								Receipts	Discount allowed	Amount	Fol	
R001	01	Bank Corp Ltd			20 000					20 000	B11	Loan: BankCorp Ltd
CRT5	05	Sales		4 521	4 521	4 521	3 014					
R002	07	W. Wolfgang	DL2	3 900	3 900	3 900	2 224	3 900	220			
CRT6	10	Sales		3 336	3 336	3 336	2 224					
R003	14	N. Nefrili	DL1	4 000	4 000			4 000	200			
R004		JG Agencies		3 500	7 500					3 500	N15	Rent income
CRT7	15	Sales		3 561	3 561	3 561	2 374					
CRT8	20	Sales		2 991		2 991	1 994					
R005		G. Yintzen	DL4	1 200	4 191			1 200				
CRT9	25	Sales		3 762	3 762	3 762	2 508					
R006	28	W. Wolfgang	DL2	4 120	4 120			4 120				
R007	29	N. Nriki	DL3	5 510	5 510			5 510	290			
CRT10	30	Sales		3 006	3 006	3 006	2 004					
R008		T. Upfed	DL5	47	3 053			47				
					63 454	21 177	14 118	18 777	710	23 500		

B7

N1

N2

B6

N13

B5

B6

B6

JAGO DEALERS: CASH PAYMENTS JOURNAL FOR SEPTEMBER 20.9

CPJ1

Doc. no.	D	Details	Fol	Bank	Consum-able stores	Debtors control	Creditors control		Sundry accounts		
							Creditors for wages	Payments	Discount received	Amount	Fol
C01	05	Maspek Wholesalers	CL3	8 624			8 624	400			
C02	07	Cash		8 156							
C03		Vital Insurers		1 800					1 200	N6	Insurance
C04	09	Reverb Traders	CL2	11 700			11 700	300	600	B2	Drawings
C05	10	Reverb Traders		987	987	3 900					
B/S	12	W Wolfgang		3 900							
C06	14	Cash		8 156			8 156				
C07	20	Komtel		2 986					2 986	N9	Telephone
C08		J Jag		500					500	B2	Drawings
C09	21	Cash		8 156			8 156				
C10		Municipality		872					872	N10	Municipal charges
C11		Pipe Plumbers		479					479	N11	Repairs
C12	25	Kromak		888	468				420	N8	Stationery
C13	28	Cash		8 156							
C14		V Balan		4 255			8 156		4 255	B14	Creditors for salaries
C15		T Potson		3 485					3 485	B14	Creditors for salaries
C16		Kromak		409	313				96	N8	Stationery
B/S		Banquo Bank		538					538	N16	Bank charges
C17	29	Maspek Wholesalers	CL3	8 624			8 624	400			
C18	30	SARS		8 600					8 600	B15	SARS (PAYE)
C19		OM Insurers		12 140					12 140	B16	Pension fund
C20		SANITASI		28 908					28 908	B17	Medical Aid
C21		UIF		1 240					1 240	B18	UIF
C22		Skills Dev. Fund		620				250	620	B19	Skills Dev. Fund
C23		Reverb Traders	CL2	5 000					5 000		
C24		Kromak		199	199						
C25		Cash		903					903	B9	Petty cash
C26		QFT Bank		1 500					1 500	B11	Loan: QFT Bank
				141 781	1 967	3 900	32 624	1 350	69 342		

B7

B13

N7

B6

B10

B10/N14

**JAGO DEALERS
PETTY CASH JOURNAL FOR SEPTEMBER 20.9**

PCJ1

Doc. no.	D	Details	Fol	Sundry accounts									
				Petty cash	Trading stock	Consum-able stores	Drawings	Repairs	Amount	Fol	Details		
P01	03	J. Jaq		200			200						
P02	07	PV Contractors		90				90					
P03	12	GH Cash Stores		40	40								
P04		Nas Homes		45				20		45	N17	Donation	
P05		JC Repairs		20				50					
P06	14	Rem Computers		50									
P07	18	J. Jaq		200			200						
P08	24	Alex Flea Market		78						78	B4	Equipment	
P09	27	GH Cash Stores		100	80	20							
P10		BN Motors		80			80						
				903	120	20	480	160		123			

B9 B5 N7 B2 N11

WAGES JOURNAL: 7 SEPTEMBER 20.9

WJ1

Name	Basic wage	Overtime hours	Overtime rate	Amount	Gross wage	Deductions (Employee)			Net wage	Contributions (Employer)			Total contributions	
						PAYE	Medical aid	Pension		Uf	Skills levy	Medical aid		Pension
J. Millin	4 500	4	30	120	4 620	600	678	315	45	1 638	1 356	540	45	1 986
M. Mbata	4 000	3	30	90	4 090	550	678	280	40	1 548	1 356	480	40	1 916
R. Connell	4 000	6	30	180	4 180	550	678	280	40	1 548	1 356	480	40	1 916
	12 500			390	12 890	1 700	2 034	875	125	4 734	4 068	1 500	125	5 818

N4 N18 N19 N21
B15 B17 B16 B18 B13 B19 B17 B16 B18

WAGES JOURNAL: 14 SEPTEMBER 20.9

WJ2

Name	Basic wage	Overtime hours	Overtime rate	Amount	Gross wage	Deductions (Employee)				Total deductions	Net wage	Contributions (Employer)				Total contributions
						PAYE	Medical aid	Pension	UF			Skills levy	Medical aid	Pension	UF	
J. Millin	4 500	4	30	120	4 620	600	678	315	45	1 638	2 982	45	1 356	540	45	1 986
M. Mbata	4 000	3	30	90	4 090	550	678	280	40	1 548	2 542	40	1 356	480	40	1 916
R. Connell	4 000	6	30	180	4 180	550	678	280	40	1 548	2 632	40	1 356	480	40	1 916
	12 500			390	12 890	1 700	2 034	875	125	4 734	8 156	125	4 068	1 500	125	5 818

N4 B15 B17 B16 B18 B13 N18 N20 N19 N21 B19 B17 B16 B18

WAGES JOURNAL: 21 SEPTEMBER 20.9

WJ3

Name	Basic wage	Overtime hours	Overtime rate	Amount	Gross wage	Deductions (Employee)				Total deductions	Net wage	Contributions (Employer)				Total contributions
						PAYE	Medical aid	Pension	UF			Skills levy	Medical aid	Pension	UF	
J. Millin	4 500	4	30	120	4 620	600	678	315	45	1 638	2 982	45	1 356	540	45	1 986
M. Mbata	4 000	3	30	90	4 090	550	678	280	40	1 548	2 542	40	1 356	480	40	1 916
R. Connell	4 000	6	30	180	4 180	550	678	280	40	1 548	2 632	40	1 356	480	40	1 916
	12 500			390	12 890	1 700	2 034	875	125	4 734	8 156	125	4 068	1 500	125	5 818

N4 B15 B17 B16 B18 B13 N18 N20 N19 N21 B19 B17 B16 B18

WAGES JOURNAL: 28 SEPTEMBER 20.9

WJ4

Name	Basic wage	Overtime hours	Overtime rate	Amount	Gross wage	Deductions (Employee)			Total deductions	Net wage	Contributions (Employer)				Total contributions
						PAYE	Medical aid	Pension			U/F	Skills levy	Medical aid	Pension	
J. Milin	4 500	4	30	120	4 620	600	678	15	45	2 982	45	1 356	540	45	1 986
M. Mbata	4 000	3	30	90	4 090	550	678	280	40	2 542	40	1 356	480	40	1 916
R. Connell	4 000	6	30	180	4 180	550	678	280	40	2 632	40	1 356	480	40	1 916
	12 500			390	12 890	1 700	2 034	875	125	8 156	125	4 068	1 500	125	5 818

N4 B15 B17 B18 B16 B18

B13 N18 N20 N19 N21
B19 B17 B16 B18

SALARIES JOURNAL FOR SEPTEMBER 20.9

SJ1

Name	Gross salary	DEDUCTIONS (EMPLOYEE)			Total deductions	Net salary	Cheque no.	CONTRIBUTIONS (EMPLOYER)				Total contributions
		PAYE	Medical aid	Pension				U/F	Skills levy	Medical aid	Pension	
V. Balan	6 500	975	750	455	2 245	4 255	C14	65	1 500	975	65	2 605
R. Potson	5 500	825	750	385	2 015	3 485	C15	55	1 500	825	55	2 435
	12 000	1 800	1 500	840	4 260	7 740		120	3 000	1 800	120	5 040

N5 B15 B17 B16 B18 B14

N18 N19 N19 N19 N21
B19 B17 B16 B18

**JAGO DEALERS
DEBTORS JOURNAL – SEPTEMBER 20.9**

DJ1

Doc	D	Name of debtor	Fol	Sales	Cost of sales
B 410	5	H. Ntiki	DL3	2 412	1 608
B 411	12	W. Wolfgang	DL2	1 911	1 274
B 412	15	N. Nefrili	DL1	840	560
B 413	23	G. Yintzen	DL4	3 111	2 074
B 414	28	W. Wolfgang	DL2	1 098	732
				9 372	6 248

B6/N1 N2/B5

DEBTORS ALLOWANCES JOURNAL – SEPTEMBER 20.9

DAJ1

Doc	D	Name of debtor	Fol	Debtors allowances	Cost of sales
C21	6	H. Ntiki	DL3	572	381
C22	17	N. Nefrili	DL1	60	
C23	24	G. Yintzen	DL4	1 209	806
				1 841	1 187
				N3/B6	B5/N2

CREDITORS JOURNAL OF JAGO DEALERS FOR SEPTEMBER 20.9

CJ1

Inv no	D	Creditor	Fol	Creditors control	Trading stock	Equipment	Consumable stores	Sundry accounts	
								Amount	Fol
Re321	05	Reverb Traders		12 500	11 800	700			
B458	13	Maspek Wholesalers		2 952	1 980		360	612	N8 Stationery
VV11	16	Duckwoth Suppliers		3 200	2 879		321		
B492	20	Maspek Wholesalers		1 980	1 980				
VV32	22	Duckwoth Suppliers		960	960				
				21 592	19 599	700	681	612	
				B10	B5	B4	N7		

CREDITORS ALLOWANCES JOURNAL FOR SEPTEMBER 20.9

CAJ1

D/N no.	D	Creditor	Fol	Creditors control	Trading stock	Equipment	Consumable stores	Sundry accounts	
								Amount	Fol
D120	13	Maspek Wholesalers		310	310				
D121	17	Duckwoth Suppliers		180			180		
D122	22	Maspek Wholesalers		444	444				
				934	754		180		
				B10	B5		N7		

**JAGO DEALERS
GENERAL JOURNAL – SEPTEMBER 20.9**

GJ1

No.	D	Details	Fol	Debit	Credit	Debtors control		Creditors control	
						Debit	Credit	Debit	Credit
JV1	12	W. Wolfgang	DL2	220		220			
		Discount allowed	N13		220				
		Discount cancelled on R/D cheque							
JV2	24	Drawings	B2	198					
		Trading stock	B5		150				
		Stationery	N8		48				
		Items taken by owner for personal use							
JV3	28	W. Wolfgang	DL2	140		140			
		Interest on overdue a/c	N22		140				
		Interest charged on debtor account							
JV4	30	Bad debts	N23	423					
		T. Upfed	DL5		423		423		
		Bad debt written off							
*JV5		Interest on loan	N24	800					
		Loan: QFT Bank	B11		800				
		Interest on loan brought into account							
						360	423		

B6 B6

* The interest on loan has not been paid but has been capitalised, i.e. charged to the loan account. It is therefore necessary to make a journal entry to create an expense account, i.e. Interest on loan (debit) and also to increase the loan account (credit).

**GENERAL LEDGER OF JAGO DEALERS
BALANCE SHEET ACCOUNTS SECTION**

Dr				CAPITAL				B1		Cr
				20.9						
				Sept	01	Balance		b/d		320 000

				DRAWINGS				B2		
20.9				20.9						
Sept	01	Balance	b/d	60 211	Sept	30	Balance	c/d		61 989
	07	Bank	CPJ1	600						
	20	Bank	CPJ1	500						
	24	Trading stock	GJ1	150						
		Stationery	GJ1	48						
	30	Petty cash	PCJ1	480						
				61 989						61 989
Oct	01	Balance	b/d	61 989						

				VEHICLES				B3		
20.9										
Sept	01	Balance	b/d	90 000						

Dr		EQUIPMENT						B4	Cr	
20.9					20.9					
Sept	01	Balance	b/d	40 000	Sept	30	Balance	c/d	40 778	
	30	Petty cash	PCJ1	78						
		Creditors control	CJ1	700						
				40 778					40 778	
Oct	01	Balance	b/d	40 778						

		TRADING STOCK						B5		
20.9					20.9					
Sept	01	Balance	b/d	39 774	Sept	24	Drawings	GJ1	150	
	30	Petty cash	PCJ1	120		30	Cost of sales	CRJ1	14 118	
		Cost of sales	DAJ1	1 187			Cost of sales	DJ1	6 248	
		Creditors control	CJ1	19 599			Creditors control	CAJ1	754	
				60 680			Balance	c/d	39 410	
									60 680	
Oct	01	Balance	b/d	39 410						

		DEBTORS CONTROL						B6		
20.9					20.9					
Sept	01	Balance	b/d	21 450	Sept	30	Bank	CRJ1	18 777	
	30	Bank (r/d)	CPJ1	3 900			Discount allowed	CRJ1	710	
		Sales	DJ1	9 372			Debtors allowances	DAJ1	1 841	
		Sundry accounts	GJ1	360			Sundry accounts	GJ1	423	
				35 082			Balance	c/d	13 331	
									35 082	
Oct	01	Balance	b/d	13 331						

		BANK						B7		
20.9					20.9					
Sept	01	Balance	b/d	15 449	Sept	30	Sundry accounts	CPJ1	141 781	
	30	Sundry accounts	CRJ1	63 454						
		Balance	c/d	62 878						
				141 781					141 781	
					Oct	01	Balance	b/d	62 878	

		CASH FLOAT						B8		
20.9										
Sept	01	Balance	b/d	3 000						

		PETTY CASH						B9		
20.9					20.9					
Sept	01	Balance	b/d	1 000	Sept	30	Sundry accounts	PCJ1	903	
	30	Bank	CPJ1	903			Balance	c/d	1 000	
				1 903					1 903	
Oct	01	Balance	b/d	1 000						

DR		CREDITORS CONTROL				B10		Cr	
20.9					20.9				
Sept	30	Bank	CPJ1	33 948	Sept	01	Balance	b/d	44 568
		Discount received	CPJ1	1 350		30	Sundry accounts	CJ1	21 592
		Sundry accounts	CAJ1	934					
		Balance	c/d	29 928					
				66 160					66 160
					Oct	01	Balance	b/d	29 928

		LOAN FROM QFT BANK (16% p.a.)				B11			
20.9					20.9				
Sept	30	Bank	CPJ1	1 500	Sept	01	Balance	b/d	60 000
		Balance	c/d	59 300		30	Interest on loan	GJ1	800
				60 800					60 800
					Oct	01	Balance	b/d	59 300

		LOAN FROM BANKCORP				B12			
					20.9				
					Sept	01	Bank	CRJ1	20 000

		CREDITORS FOR WAGES				B13			
20.9					20.9				
Sept	30	Bank	CPJ1	32 624	Sept	07	Wages	WJ1	8 156
						14	Wages	WJ2	8 156
						21	Wages	WJ3	8 156
						28	Wages	WJ4	8 156
				32 624					32 624

		CREDITORS FOR SALARIES				B14			
20.9					20.9				
Sept	28	Bank	CPJ1	4 255	Sept	30	Salaries	SJ1	7 740
		Bank	CPJ1	3 485					
				7 740					7 740

		SARS - PAYE				B15			
20.9					20.9				
Sept	30	Bank	CPJ1	8 600	Sept	07	Wages	WJ1	1 700
						14	Wages	WJ2	1 700
						21	Wages	WJ3	1 700
						28	Wages	WJ4	1 700
						30	Salaries	SJ1	1 800
				8 600					8 600

Dr					PENSION FUND					B16		Cr
20.9					20.9							
Sept	30	Bank	CPJ1	12 140	Sept	07	Wages	WJ1			875	
							Pension contribution	WJ1			1 500	
						14	Wages	WJ2			875	
							Pension contribution	WJ2			1 500	
						21	Wages	WJ3			875	
							Pension contribution	WJ3			1 500	
						28	Wages	WJ4			875	
							Pension contribution	WJ4			1 500	
						30	Salaries	SJ1			840	
							Pension contribution	SJ1			1 800	
				12 140							12 140	

					MEDICAL AID FUND					B17		
20.9					20.9							
Sept	30	Bank	CPJ1	28 908	Sept	07	Wages	WJ1			2 034	
							Medical aid Contrib.	WJ1			4 068	
						14	Wages	WJ2			2 034	
							Medical aid Contrib.	WJ2			4 068	
						21	Wages	WJ3			2 034	
							Medical aid Contrib.	WJ3			4 068	
						28	Wages	WJ4			2 034	
							Medical aid Contrib.	WJ4			4 068	
						30	Salaries	SJ1			1 500	
							Medical contribution	SJ1			3 000	
				28 908							28 908	

					UIF					B18		
20.9					20.9							
Sept	30	Bank	CPJ1	1 240	Sept	07	Wages	WJ1			125	
							Unem. Insur. Contrib.	WJ1			125	
						14	Wages	WJ2			125	
							Unem. Insur. Contrib.	WJ2			125	
						21	Wages	WJ3			125	
							Unem. Insur. Contrib.	WJ3			125	
						28	Wages	WJ4			125	
							Unem. Insur. Contrib.	WJ4			125	
						30	Salaries	SJ1			120	
							Unem. Insur. Contrib.	SJ1			120	
				1 240							1 240	

					SKILLS DEVELOPMENT FUND					B19		
20.9					20.9							
Sept	30	Bank	CPJ1	620	Sept	07	Skills Dev. Contribut.	WJ1			125	
						14	Skills Dev. Contribut.	WJ2			125	
						21	Skills Dev. Contribut.	WJ3			125	
						28	Skills Dev. Contribut.	WJ4			125	
						30	Skills Dev. Contribut.	SJ1			120	
				620							620	

NOMINAL ACCOUNTS SECTION

Dr		SALES				N1		Cr	
					20.9				
					Sept	01	Total	b/f	213 567
						30	Sales	DJ1	9 372
							Bank	CRJ1	21 177
									244 116

		COST OF SALES						N2	
20.9					20.9				
Sept	01	Total	b/f	142 378	Sept	01	Trading stock	DAJ1	1 187
	30	Trading stock	CRJ1	14 118					
		Trading stock	DJ1	6 248					
				162 744					1 187

		DEBTORS ALLOWANCES						N3	
20.9									
Sept	01	Total	b/f	3 421					
	30	Debtors control	DAJ1	1 841					
				5 262					

		SALARIES						N4	
20.9									
Sept	01	Total	b/f	72 000					
	30	Sundry accounts	SJ1	12 000					
				84 000					

		WAGES						N5	
20.9									
Sept	01	Total	b/f	90 000					
	07	Sundry accounts	WJ1	12 890					
	14	Sundry accounts	WJ2	12 890					
	21	Sundry accounts	WJ3	12 890					
	28	Sundry accounts	WJ4	12 890					
				41 560					

		INSURANCE						N6	
20.9									
Sept	01	Total	b/f	11 780					
	07	Bank	CPJ1	1 200					
				12 980					

		CONSUMABLE STORES						N7	
20.9					20.9				
Sept	01	Total	b/f	11 000	Sept	30	Creditors control	CAJ1	180
	30	Bank	CPJ1	1 967					
		Petty cash	PCJ1	20					
		Creditors control	CJ1	681					
				13 668					180

Dr				STATIONERY				N8		Cr
20.9					20.9					
Sept	01	Total	b/f	3 148	Sept	24	Drawings	GJ1	48	
	13	Creditors control	CJ1	612						
	25	Bank	CPJ1	420						
	28	Bank	CPJ1	96						
				4 276					48	

				TELEPHONE				N9	
20.9									
Sept	01	Total	b/f	18 932					
	20	Bank	CPJ1	2 986					
				21 918					

				MUNICIPAL CHARGES				N10	
20.9									
Sept	01	Total	b/f	4 978					
	21	Bank	CPJ1	872					
				5 850					

				REPAIRS				N11	
20.9									
Sept	01	Total	b/f	3 675					
	21	Bank	CPJ1	479					
	30	Petty cash	PCJ1	160					
				4 314					

				SUNDRY EXPENSES				N12	
20.9									
Sept	01	Total	b/f	5 939					

				DISCOUNT ALLOWED				N13	
20.9					20.9				
Sept	30	Debtors control	CRJ1	710	Sept	12	Debtors control	GJ1	220

				DISCOUNT RECEIVED				N14	
					20.9				
					Sept	30	Creditors control	CPJ1	1 350

				RENT INCOME				N15	
					20.9				
					Sept	14	Bank	CRJ1	3 500

				BANK CHARGES				N16	
20.9									
Sept	28	Bank	CPJ1	538					

Dr		DONATION				N17		Cr
20.9								
Sept	30	Petty cash	PCJ1	45				

		SKILLS LEVY				N18	
20.9							
Sept	07	Skills Dev. Fund	WJ1	125			
	14	Skills Dev. Fund	WJ1	125			
	21	Skills Dev. Fund	WJ1	125			
	28	Skills Dev. Fund	WJ1	125			
	30	Skills Dev. Fund	SJ1	120			
				620			

		PENSION CONTRIBUTION				N19	
20.9							
Sept	07	Pension fund	WJ1	1 500			
	14	Pension fund	WJ1	1 500			
	21	Pension fund	WJ1	1 500			
	28	Pension fund	WJ1	1 500			
	30	Pension fund	SJ1	1 800			
				7 800			

		MEDICAL CONTRIBUTION				N20	
20.9							
Sept	07	Medical aid fund	WJ1	4 068			
	14	Medical aid fund	WJ1	4 068			
	21	Medical aid fund	WJ1	4 068			
	28	Medical aid fund	WJ1	4 068			
	30	Medical aid fund	SJ1	3 000			
				19 272			

		UNEMPLOYMENT INSURANCE CONTRIBUTION				N21	
20.9							
Sept	07	UIF	WJ1	125			
	14	UIF	WJ1	125			
	21	UIF	WJ1	125			
	28	UIF	WJ1	125			
	30	UIF	SJ1	120			
				620			

		INTEREST ON OVERDUE ACCOUNT				N22	
					20.9		
					Sept	28	Debtors control
							GJ1
							140

		BAD DEBTS				N23	
20.9							
Sept	30	Debtors control	GJ1	423			

		INTEREST ON LOAN				N24	
20.9							
Sept	30	Loan: QFT Bank	GJ1	800			

DEBTORS LEDGER**N. Nefrili****DL1**

Date		Details	Fol	Debit	Credit	Balance
20.9						
Sept	01	Balance	b/d			6 900
	14	Rec R003	CRJ1		4 000	2 900
		Discount allowed	CRJ1		200	2 700
	15	Inv B412	DJ1	840		3 540
	17	C/N C22	DAJ1		60	3 480

W. Wolfgang**DL2**

Date		Details	Fol	Debit	Credit	Balance
20.9						
Sept	01	Balance	b/d			4 120
	07	Rec R002	CRJ1		3 900	220
		Discount allowed	CRJ1		220	-
	12	Inv B411	DJ1	1 911		1 911
		R/d cheque	CPJ1	3 900		5 811
		Discount cancelled	GJ1	220		6 031
	28	Rec R006	CRJ1		4 120	1 911
		Inv B414	DJ1	1 098		3 009
		Interest on overdue account	GJ1	140		3 149

H. Ntiki**DL3**

Date		Details	Fol	Debit	Credit	Balance
20.9						
Sept	01	Balance	b/d			3 960
	05	Inv B410	DJ1	2 412		6 372
	06	C/N C21	DAJ1		572	5 800
	29	Rec R007	CRJ1		5 510	290
		Discount allowed	CRJ1		290	-

G. Yintzen**DL4**

Date		Details	Fol	Debit	Credit	Balance
20.9						
Sept	01	Balance	b/d			6 000
	20	Rec R005	CRJ1		1 200	4 800
	23	Inv B413	DJ1	3 111		7 911
	24	C/N C21	DAJ1		1 209	6 702

T. Upfed**DL5**

Date		Details	Fol	Debit	Credit	Balance
20.9						
Sept	01	Balance	b/d			470
	30	Rec R008	CRJ1		47	423
		Bad debts	GJ1		423	-

DEBTORS LIST ON 30 SEPTEMBER 20.9

Debtor	Fol	Amount
N. Nefrili	DL1	3 480
W. Wolfgang	DL2	3 149
H. Ntiki	DL3	-
G. Yintzen	DL4	6 702
T. Upfed	DL5	-
		13 331

CREDITORS LEDGER
Duckwoth Suppliers
CL1

Date	Details	Fol	Debit	Credit	Balance
20.9					
Sept 01	Balance	b/d			14 520
16	Inv VV11	CJ1		3 200	17 720
17	D/N D121	CAJ1	180		17 540
22	Inv VV32	CJ1		960	18 500

Reverb Traders
CL2

Date	Details	Fol	Debit	Credit	Balance
20.9					
Sept 01	Balance	b/d			12 000
05	Inv RE321	CJ1		12 500	24 500
09	Cheq C01	CPJ1	11 700		12 800
	Discount received	CPJ1	300		12 500
30	Cheq C23	CPJ1	5 000		7 500
	Discount received	CPJ1	250		7 250

Maspek Wholesalers
CL3

Date	Details	Fol	Debit	Credit	Balance
20.9					
Sept 01	Balance	b/d			18 048
05	Cheq C01	CPJ1	8 624		9 424
	Discount received	CPJ1	400		9 024
13	Inv B458	CJ1		2 952	11 976
	D/N D120	CAJ1	310		11 666
20	Inv B492	CJ1		1 980	13 646
22	D/N D122	CAJ1	444		13 202
29	Cheq C17	CPJ1	8 624		4 578
	Discount received	CPJ1	400		4 178

CREDITORS LIST ON 30 SEPTEMBER 20.9

Creditor	Fol	Amount
Duckwoth Suppliers	CL1	18 500
Reverb Traders	CL2	7 250
Maspek Wholesalers	CL3	4 178
		29 928

TRIAL BALANCE ON 30 SEPTEMBER 20.9

Balance Sheet accounts section	Fol	Debit	Credit
Capital	B1		320 000
Drawings	B2	61 989	
Vehicles	B3	90 000	
Equipment	B4	40 778	
Trading stock	B5	39 410	
Debtors control	B6	13 331	
Bank	B7		62 878
Cash float	B8	3 000	
Petty cash	B9	1 000	
Creditors control	B10		29 928
Loan from QFT Bank (16% p.a.)	B11		59 300
Loan from Bankcorp	B12		20 000
Nominal accounts section			
Sales	N1		244 116
Cost of sales	N2	161 557	
Debtors allowances	N3	5 262	
Salaries	N4	84 000	
Wages	N5	141 560	
Insurance	N6	12 980	
Consumable stores	N7	13 488	
Stationery	N8	4 228	
Telephone	N9	21 918	
Municipal charges	N10	5 850	
Repairs	N11	4 314	
Sundry expenses	N12	5 939	
Discount allowed	N13	490	
Discount received	N14		1 350
Rent income	N15		3 500
Bank charges	N16	538	
Donation	N17	45	
Skills development contribution	N18	620	
Pension contribution	N19	7 800	
Medical contribution	N20	19 272	
Unemployment Insurance contribution	N21	620	
Interest on overdue account	N22		140
Bad debts	N23	423	
Interest on loan	N24	800	
		741 212	741 212

TASK 9.29  Interpretation and internal control

9.29.1	How much cash must be withdrawn in order to pay the employees?
43 848 – (2 220 + 11 354 + 438) = R29 386	
9.29.2	Briefly explain the difference between ‘deductions’ and ‘contributions’.
Deductions are paid by the employee and contributions are paid by the employer.	
9.29.3	Calculate the total number of overtime hours worked during the week.
2 700 x 12 = R32 400 43 848 – 32 400 = R11 448 11 448 ÷ 18 = 636 hours	
9.29.4	The Medical Aid details have remained the same for all four weeks during April. Calculate the amount which must be paid to the Medical Aid Fund by ABC Canned Fruits at the end of April.
(2 220 x 4) + (4 440 x 4) = R26 640	

9.29.5	To which ledger account must the R11 354 be posted? Must this account be debited or credited?
SARS (South African Revenue Services) PAYE – credited	
9.29.6	There are approximately 40 employees in total. Briefly explain the role played by the clock-card system in ensuring that ABC Canned Fruits do not pay any employee for work which he has not done.
Employees have to clock in and out at the beginning of the day, tea time, lunch time and end of work. This gives a record of actual time worked so that people are only paid for hours worked.	

TASK 9.30 Ethics and legislation

Allow the learners time to debate this issue and to come up with a proposal.

TASK 9.31 Report on deductions

This is another task that gives the learners the opportunity to explain how salaries are calculated. Do this Task if the learners are still not sure of this concept.

A list of the deductions must be shown. Each deduction must be explained and the reasons and rates must be included.

TASK 9.32 Internal control and labour legislation

Suggested answer grid

Criteria	Level 1 Inadequate	Level 2 Partial	Level 3 Adequate	Level 4 Satisfactory	Level 5 Meritorious	Level 6 Outstanding
Decisions regarding the concerns	Inadequate decisions made	Some attempt to make decisions	Some decisions adequate but not all	Adequate decisions based on information given	Excellent decisions showing some insight	Excellent decisions showing in depth insight
Suggestion of measures	Inadequate suggestions made	Some attempt to make decisions	Some decisions adequate but not all	Adequate decisions made based on information given	Excellent decisions made showing some insight	Excellent decisions made showing in depth insight
Consideration to legal aspects	No consideration to legal aspects	Some attempt to consider the legal aspects	Adequate consideration given to some aspects of the law but not all	Adequate consideration of legal aspects	Excellent consideration to legal aspects showing good understanding of the law	Excellent consideration to legal aspects showing an in depth understanding of the law
Presentation	Inadequate presentation	Some attempt to make a reasonable presentation	Good presentation in parts but not all	Good presentation	Good presentation with aspects being excellent	Excellent presentation

TASK 9.33 Ethical & internal control scenarios affecting salaries

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).

9.33.1	It is unethical of the employee to make this threat. Jane should refer to his contract. The amount should be stipulated in advance. If he is complaining about the deductions, she should refer him to the relevant regulations.
9.33.2	Poor internal control. There might well be fraud occurring. It appears that Jane has not authorised the employment of the extra 5 workers. These could be 'ghost' employees who do not exist. The persons involved with the wage journals, might have created these ghost employees in order to steal cash from the business.
9.33.3	Poor internal control. Possibly unethical on the part of the employees. All overtime should be authorised by Jane and/or a senior employee. This must be kept under control to prevent employees from working overtime at higher rates, and not doing their job properly during normal working hours.
9.33.4	This is unethical and fraudulent. The employee is asking for this so that he does not have to pay tax on the R16 000. This amounts to evasion of tax and is illegal. Jane should not agree to this.
9.33.5	Jane should advise him that it is not business policy to cancel membership of the Pension Fund. This fund is set up to assist the employee when he retires (otherwise he might want Jane to assist when that time comes). Also by cancelling his membership of the Pension Fund, he will also lose out on the contribution to the Pension Fund made by the employer. His total earnings are in fact higher with membership of the Pension Fund. Jane should possibly provide him with advice on how to manage his finances.
9.33.6	This is ethical practice. The 6% approximates the inflation rate. The business in fact earned a smaller increase in profit than the increase offered to the wage-earners.
9.33.7	Jane is within her rights to stipulate a 'no-work no-pay' principle if the economic circumstances of the business warrant it (the 4% increase in profit tends to suggest this). She should negotiate fairly with the workers and also explain that a higher increase in wages might mean that employees who leave cannot be replaced, so this might mean extra work-load on the remaining workers.
9.33.8	This is unethical on Jane's part. If she is saying that the business cannot afford increases to the salary-earners, she should not go out and buy an expensive new car, even if the money comes from her personal private funds. She has created a perception that she is doing very well financially, which will make her task in dealing with the salary-earners very difficult.

ADDITIONAL TASK 1

Note to Teacher:

The following two tasks which are examples of fraud in the employment sector can be used as extension activities.

Qualifications fraud

Bogus degrees keep recruiters guessing

By Wiseman Khuzwayo; Business Report; 14 Jan 2011

Job aspirants with as many as 12 criminal convictions will brazenly apply for a job without disclosing these convictions. There are also those who will present an impressive certificate from an unknown university in the UK or the US to get an executive position.

Kirsten Halcrow, the managing director of EMPS, the oldest screening and vetting agency in South Africa, has seen them all and more. She says screening can reveal all sorts of misrepresentation, which is becoming worse as times are getting tougher and people are desperate to get employment. Many candidates will present false qualifications and embellish their CVs. Although the practice is more rife at the lower level of employment, Halcrow says it also happens at executive level.

Misrepresentation is most common in the retail and security industries. A matric certificate is one of the easiest documents to forge, yet employers will accept it without verification, she says. Previous colleagues can be a valuable resource when gathering information on applicants, and an essential part of the screening of any candidate.

South Africa has had its fair share of bogus intellectuals. Former Land Bank boss Phil Mohlahlane was forced to resign as chief executive of the Limpopo Agribusiness Development Corporation after an investigation discovered he had two bogus PhD qualifications from US universities. The probe revealed that he did not even have a matric certificate.

Another investigation found that Sicele Shiceka, the Minister of Co-operative Governance and Traditional Affairs, did not possess the master's degree in political science that he claimed to have earned. Leading recruitment firm PAG has revealed statistics from its verification agency that show 34 percent of job applicants falsify their experience and abilities. Halcrow says it has become common practice in South Africa to conduct checks on job applicants to establish the existence of a criminal record.

Required:

- 1.1 Assuming that you start your own business and you advertise jobs in the newspapers or on the internet. What consequences would there be for you as the owner if you appoint people who present you with false qualifications?
- 1.2 What is meant by 'screening' or 'vetting' of job applicants?
- 1.3 If you wanted to 'screen' or 'vet' applicants for jobs that you offer, what steps would you take? List at least 3 steps.

Teacher's Guide:

Alternative valid responses acceptable.

- 1.1 Incapable employees would affect productivity and customer service, dishonest employees raise a higher risk of fraud or theft within the business.
- 1.2 Checking out their qualifications and credentials with people who know them or have worked with them.
- 1.3 Phone the school or university attended to check the qualification, do a check with the police; put the applicant through a thorough interview and give him/her a competence test to complete; put the person on probation for three months to assess competence on the job; ask for three references from the applicant but check the credibility of referees as well.

ADDITIONAL TASK 2

Medical Aid fraud and qualifications fraud

Crooked quack gets 38 years for medical fraud

By Nicki Padayachee; Sunday Times 4 Apr 2004

A man who posed as a homeopathic doctor was this week sentenced to 38 years in jail, the stiffest term ever imposed by a South African court on a person caught stealing from medical aids. But Malinge Sihlobo, 39, who was convicted of 1 473 charges in the Um-tata High Court, is likely to be the first of many.

Medscheme, the administrator of the medical aid companies that Sihlobo defrauded of R910 000, has another 60 cases of fraud within the court system. Dave van Heerden, a private investigator who probed Sihlobo and others, said these cases involved about R100-million. "We are also investigating 300 other service providers - including doctors, pharmacists and dentists," he said.

Sihlobo bought a bogus qualification from the UK-based Hahnemann Institute which, it turned out, never existed as an actual training organisation. He used it to register with the Allied Health Professions Council of South Africa, the body that is tasked with regulating practitioners of alternative medicine. It emerged this week that there are 18 other "homeopaths" registered with the same council who possess bogus Hahnemann Institute certificates.

Medscheme director Gary Taylor said his company had notified the council of the other dodgy doctors. "We hope they will de-register these 18 people immediately. It is an outrage that medical aid members have been ripped off by practitioners with fraudulent international qualifications."

Medshield Medical Scheme, a Medscheme-administered fund, started investigating Sihlobo in June 2000 after a member complained to the company's fraud hotline that Sihlobo had ordered Herbalife slimming products for her, telling her that the medical aid would pay for them. The unnamed woman said Sihlobo claimed from the scheme, but she had not received the products.

Van Heerden said Medshield asked Sihlobo to pay back the money he had claimed for the slimming products, which are specifically excluded by medical schemes. But instead of paying the money back and avoiding further trouble, Sihlobo threatened to sue. After that the gloves came off, the medical aid got angry and, three months later, members of Van Heerden's firm, together with the police, raided Sihlobo's business. They then discovered that Sihlobo was also dispensing scheduled medicine to his patients, illegal for a homeopath, and that he was even injecting his patients in Umtata and Lady Frere.

It was only later they found out that Sihlobo was not a homeopath at all, and that he had paid R10 000 for his qualification. Van Heerden and prosecutor Jeanette Neveling travelled to the UK and, with the help of Interpol and Scotland Yard, proved that a Hahnemann Institute in the UK did not exist. A couple from Gauteng's East Rand, who allegedly sold the certificate to Sihlobo, have since been charged with fraud for selling bogus homeopathic qualifications for R10 000 each.

Required:

- 2.1 Briefly explain how a Medical Aid operates and how it benefits its members.
- 2.2 Sihlobo has been accused of a number of fraudulent activities. Briefly summarise the types of fraud in which he was involved.
- 2.3 Why would a doctor or homeopath not want to be accused of these types of fraud?
- 2.4 Do you blame Sihlobo's patients in any way? Explain.

Teacher's Guide:

Alternative valid responses acceptable.

- 2.1 A citizen joins a Medical Aid as a member and pays a monthly premium. In return the Medical Aid pays the medical bills of the member in accordance with their rules which are stipulated in advance. Members can decide whether to go onto a cheap or an expensive plan. Employers often contribute part of the premium on behalf of the members because it is in their interests to have healthy employees who can afford medical care.
- 2.2 A member complained to the company's fraud hotline that Sihlobo had ordered Herbalife slimming products for her, telling her that the medical aid would pay for them. The unnamed woman said Sihlobo claimed from the scheme, but she had not received the products. Medical Aids do not normally pay for slimming products. Also, Sihlobo does not have a medical qualification – he has misrepresented himself to the public.
- 2.3 His reputation would suffer and he would lose patients. His medical practice would not be sustainable.
- 2.4 Yes. They should not have been fooled by him. They should realise that Medical Aids do not usually pay for discretionary expenses like diet pills, and they should have checked his qualifications and investigated his reputation before consulting him.

CHECKLIST

Skills	Yes – proficient	Requires more attention	Complete
Differentiate between salaries and wages			
Interpret salary and wage scales			
Read an employment contract			
Understand and calculate the various deductions			
Distinguish between deductions and contributions			
Draw up a salary and wage journal			
Post to the general ledger			
Make the necessary payments			
Understand the need for control of wages and salaries			
Analyse ethical & internal control scenarios affecting salaries			