

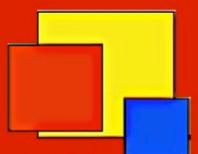
# EMS GRADE 9



Fun Economic and Management Sciences

Grade 9

Written by Barbara Williamson



EZ Learn

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## 6. Subsidiary ledgers



### 6.1. Brainstorm

Nick Atkins has recorded transactions for his business in the relevant journals and general ledger. The debtors control account shows a balance of R5 000. However, he has encountered a few problems. A debtor, T Chasakara, called wanting to settle his account, but did not know the amount owed. Unfortunately Nick was not able to help him, as he could only determine the total amount owed to him by all debtors, as seen in the debtors control account. In addition, most of Nick's debtors are not paying quickly enough. Nick would like to speed up payments by debtors by sending out monthly statements, but he realises he does not know how much each debtor owes, never mind for what! How can Nick keep track of many transactions of individual debtors to calculate the amounts owed by each?

Brainstorm ideas to come up with a possible solution for his problem. Design a system of recording transactions for debtors that is separate from the normal accounting records in the general ledger. Your solution should allow for some customers with many transactions and different types of transactions, as well as for the fact that he has many different customers.

Be prepared to present your idea to the class in 5 min next lesson. Feel free to use any visual aids you like, but you are NOT required to prepare a formal presentation. You need only get your idea across to the class, i.e. try to "teach" them your system effectively in the short time allowed.

Use the space given to note down and / or illustrate your ideas.

You will be assessed according to the following checklist: ✓

|   |  |
|---|--|
| Idea is creative  |  |
| Provides info such as source doc / transact and date              |  |
| Allows for many customers   |  |
| Allows for many transactions per customer                         |  |
| Ensures balance owed can be determined at end of month            |  |
| Allows for easy calculation of balance owed any time during month |  |
| System is easy to understand                                      |  |
| System is easy to use   |  |
| Idea was well explained   |  |
| Visual aids used effectively                                      |  |
| TOTAL out of 10   |  |

## Debtors' and creditor's ledgers (Subsidiary ledgers)

It is necessary to keep a record of the amount owed by every debtor (or owed to every creditor) separately, so that the correct amount can be claimed (or paid) In addition, information about each transaction needs to be easily accessible in order to be able to explain the amounts owed.

Transactions are recorded daily in a debtors' and a creditors' ledger, which are simply notebooks to keep a record of how much money is owed by each debtor or to each creditor. The accounts are usually kept in alphabetical order to make finding each account easier.

- Individual transactions are posted daily to the relevant debtors' and creditors' accounts in the subsidiary ledgers.
- Details of each transaction are given, usually with a source document as reference.
- The relevant folio number is recorded next to the name of the debtor (creditor) in the journals as each transaction is posted.
- A running balance is calculated after each transaction so that the amount owed can easily be seen at any time.

These **subsidiary** ledgers do NOT form part of the double entry system of debits and credits, as they are simply a more detailed explanation of the control accounts. They are kept in addition to the usual control accounts in the general ledger – they are an explanation of what makes up the control accounts.

The totals of the debtors' and creditors' control columns in the journals are posted at the end of the month to the control accounts in the general ledger as usual, and the balances in the control accounts can then be compared to the totals of the individual accounts in the subsidiary ledgers to check if any posting errors might have been made – the control account balances should equal the subsidiary ledger totals.

| <b>Debtors' ledger of (name of business)</b> |             |     |           |            |         |
|--|-------------|-----|-----------|------------|---------|
| (Name of debtor) D1                          |             |     |           |            |         |
| Date   | Details     | Fol | Debit (+) | Credit (-) | Balance |
|  | Balance     | b/d |           |            | XXX     |
|  | Invoice No. | DJ  | XXX       |            | XXX     |
|  | Receipt No. | CRJ |           | XXX        | XXX     |

| <b>Creditors' ledger of (name of business)</b> |             |     |           |            |         |
|--|-------------|-----|-----------|------------|---------|
| (Name of creditor) C1                          |             |     |           |            |         |
| Date   | Details     | Fol | Debit (-) | Credit (+) | Balance |
|  | Balance     | b/d |           |            | XXX     |
|  | Invoice No. | CJ  |           | XXX        | XXX     |
|  | Cheque No.  | CPJ | XXX       |            | XXX     |

## 6.2. Example

Open the debtors and creditors ledger accounts with the balances given and post the relevant information from the journals to the debtors and creditors ledgers.

### Balances on 31 March 20\_0:

B. Vundla R1 200 (dr), J. Green R1 800 (dr)  
 Soapy Suppliers R900 (cr), Stationery Suppliers R1 400 (cr)

### Journals

Cash receipts journal of Bubble Boys – April 20\_0

CRJ7

| Doc   | Day      | Details         | Fol       | Analysis of receipts | Bank         | Sales        | Cost of sales | Debtors control | Sundry accounts |         |   |
|---|----------|-----------------|-----------|----------------------|--------------|--------------|---------------|-----------------|-----------------|---------|---|
|   |          |                 |           |                      |              |              |               |                 | Amt             | Details | F |
| <b>045</b>  | <b>3</b> | <b>J Green</b>  | <b>D1</b> | <b>1 100</b>         |              |              |               | <b>1 100</b>    |                 |         |   |
| CRR   |          | Cash sales      |           | 800                  | 1 900        | 800          | 400           |                 |                 |         |   |
| CRR   | 10       | Cash sales      |           | 900                  |              | 900          | 450           |                 |                 |         |   |
| <b>046</b>  |          | <b>B Vundla</b> | <b>D2</b> | <b>1 200</b>         | <b>2 100</b> |              |               | <b>1 200</b>    |                 |         |   |
| CRR   | 29       | Cash sales      |           | 800                  | 800          | 800          | 400           |                 |                 |         |   |
| The folio number of the account in the debtors or creditors ledger is recorded in the journal next to the name of the debtor or creditor. |          |                 |           |                      | <b>4 800</b> | <b>2 500</b> | <b>1 250</b>  | <b>2 300</b>    |                 |         |   |

Cash payments journal of Bubble Boys – April 20\_0

CPJ7

| Doc        | Day       | Name of payee               | Fol       | Bank         | Trading stock | Stationery | Creditors' control | Sundry accounts |         |   |
|------------|-----------|-----------------------------|-----------|--------------|---------------|------------|--------------------|-----------------|---------|---|
|            |           |                             |           |              |               |            |                    | Amt             | Details | F |
| <b>064</b> | <b>6</b>  | <b>Soapy Traders</b>        | <b>C1</b> | <b>500</b>   |               |            | <b>500</b>         |                 |         |   |
| 065        | 12        | Bubble Shop                 |           | 2 230        | 2 000         | 230        |                    |                 |         |   |
| <b>066</b> | <b>18</b> | <b>Stationery Suppliers</b> | <b>C2</b> | <b>1 100</b> |               |            | <b>1 100</b>       |                 |         |   |
| 067        | 25        | Super Stores                |           | 610          | 400           | 210        |                    |                 |         |   |
|            |           |                             |           | <b>4 450</b> | <b>2 400</b>  | <b>450</b> | <b>1 600</b>       |                 |         |   |

Debtors' journal of Bubble Boys – April 20\_0

DJ7

| Doc | Day | Debtor   | Fol | Sales | Cost of sales |
|-----|-----|----------|-----|-------|---------------|
| 21  | 7   | B Vundla | D2  | 400   | 200           |
| 22  | 14  | J Green  | D1  | 760   | 380           |
| 23  | 23  | B Vundla | D2  | 1 160 | 580           |
|     |     |          |     | 2 320 | 1 160         |

Creditors' journal of Bubble Boys – April 20\_0

CJ7

| Doc | Day | Creditor             | Fol | Creditors' control | Trading stock | Stationery | Sundry accounts |
|-----|-----|----------------------|-----|--------------------|---------------|------------|-----------------|
| 45  | 4   | Soapy Traders        | C1  | 500                | 500           |            |                 |
| 46  | 10  | Stationery Suppliers | C2  | 250                |               | 250        |                 |
| 47  | 18  | Soapy Traders        | C1  | 640                | 540           | 100        |                 |
|     |     |                      |     | 1 390              | 1 040         | 350        |                 |

In the debtors ledger the debit column is used for credit sales and the credit column for payments, as debtors is an asset. In the creditors ledger the columns are used oppositely, as creditors is a liability.

**Solution**

**Debtors' ledger of Bubble Boys**

The relevant source document and number is shown in the details column.

J Green D1

| Date         | Details       | Fol  | Debit | Credit | Balance |
|--------------|---------------|------|-------|--------|---------|
| 20_0 April 1 | Balance       | b/d  |       |        | 1 800   |
|              | 3 Receipt 045 | CRJ7 |       | 1 100  | 700     |
|              | 14 Invoice 22 | DJ7  | 760   |        | 1 460   |

B Vundla D2

| Date         | Details        | Fol  | Debit | Credit | Balance |
|--------------|----------------|------|-------|--------|---------|
| 20_0 April 1 | Balance        | b/d  |       |        | 1 200   |
|              | 7 Invoice 21   | DJ7  | 400   |        | 1 600   |
|              | 10 Receipt 046 | CRJ7 |       | 1 200  | 400     |
|              | 23 Invoice 23  | DJ7  | 1 160 |        | 1 560   |

List of debtors on 30 April 20\_0

|          |    |              |
|----------|----|--------------|
| J Green  | D1 | 1 460        |
| B Vundla | D2 | 1 560        |
|          |    | <b>3 020</b> |

The new balance is calculated after each transaction so that the amount owed at any time can clearly be seen.

**Creditors' ledger of Bubble Boys**

Soapy Traders C1

| Date         | Details           | Fol  | Debit | Credit | Balance |
|--------------|-------------------|------|-------|--------|---------|
| 20_0 April 1 | Balance           | b/d  |       |        | 900     |
|              | 4 Invoice 45      | CJ7  |       | 500    | 1 400   |
|              | 6 EFT payment 064 | CPJ7 | 500   |        | 900     |
|              | 18 Invoice 47     | CJ7  |       | 640    | 1 540   |

Stationery Suppliers C2

| Date         | Details            | Fol  | Debit | Credit | Balance |
|--------------|--------------------|------|-------|--------|---------|
| 20_0 April 1 | Balance            | b/d  |       |        | 1 400   |
|              | 10 Invoice 46      | CJ7  |       | 250    | 1 650   |
|              | 18 EFT payment 066 | CPJ7 | 1 100 |        | 550     |

List of creditors on 30 April 20\_0

|                      |    |              |
|----------------------|----|--------------|
| Soapy Traders        | C1 | 1 540        |
| Stationery Suppliers | C2 | 550          |
|                      |    | <b>2 090</b> |

At the end of the month, the balances of the control accounts must be compared to the totals of the individual debtors and creditors accounts to ensure that no recording errors have been made – they should be the same.



### 6.3. Exercise

Amounts owing by debtors on 1 June 20\_1: Z Alli R270, C Brooke R500, P Ntobeng R286, R Strous R1 700

Amounts owing to creditors on 1 June 20\_1: Altona Ltd. R970, Dudkin & Co. R230, Smith Suppliers R893

Cash receipts journal of JJ Stores – June 20\_1

CRJ2

| Doc | Day | Details    | Fol | Analysis of receipts | Bank   | Sales | Cost of sales | Debtors control | Sundry accounts |             |   |
|-----|-----|------------|-----|----------------------|--------|-------|---------------|-----------------|-----------------|-------------|---|
|     |     |            |     |                      |        |       |               |                 | Amt             | Details     | F |
| CRR | 1   | Sales      |     | 2 480                |        | 2 480 | 1 984         |                 |                 |             |   |
| 220 |     | R. Strous  |     | 1 426                | 3 906  |       |               | 1 426           |                 |             |   |
| 221 | 5   | D. Naidoo  |     | 460                  | 460    |       |               |                 | 460             | Rent income |   |
| CRR | 7   | Sales      |     | 990                  | 990    | 990   | 792           |                 |                 |             |   |
| 222 | 11  | C. Brooke  |     | 1 834                |        |       |               | 1 834           |                 |             |   |
| CRR |     | Sales      |     | 1 440                |        | 1 440 | 1 152         |                 |                 |             |   |
| 223 |     | Z. Alli    |     | 115                  | 3 389  |       |               | 115             |                 |             |   |
| CRR | 27  | Sales      |     | 2 760                |        | 2 760 | 2 208         |                 |                 |             |   |
| 224 |     | P. Ntobeng |     | 286                  | 3 046  |       |               | 286             |                 |             |   |
|     |     |            |     |                      | 11 791 | 7 670 | 6 136         | 3 661           | 460             |             |   |

Cash payments journal of JJ Stores – June 20\_1

CPJ2

| Doc | Day | Name of payee    | Fol | Bank   | Trading stock | Stationery | Creditors control | Sundry accounts |                  |   |
|-----|-----|------------------|-----|--------|---------------|------------|-------------------|-----------------|------------------|---|
|     |     |                  |     |        |               |            |                   | Amount          | Details          | F |
| 500 | 1   | Smith Suppliers  |     | 893    |               |            | 893               |                 |                  |   |
| 501 | 6   | White Stationers |     | 234    |               | 234        |                   |                 |                  |   |
| 502 | 7   | Rhooode Ltd      |     | 3 000  | 2 750         |            |                   | 250             | Packing material |   |
| 503 | 14  | Dudkin & Co      |     | 979    |               |            | 979               |                 |                  |   |
| 504 | 17  | L Johnston       |     | 450    |               |            |                   | 450             | Drawings         |   |
| 505 | 21  | Brass Brothers   |     | 1 860  | 1 860         |            |                   |                 |                  |   |
| 506 | 24  | City Treasurer   |     | 118    |               |            |                   | 118             | Rates            |   |
| 507 | 26  | Altona Ltd       |     | 4 200  |               |            | 4 200             |                 |                  |   |
| 508 | 29  | Beck & Co.       |     | 3 568  | 616           | 202        |                   | 2 750           | Equipment        |   |
|     |     |                  |     | 15 302 | 5 226         | 436        | 250               | 6 072           |                  |   |

Debtors' journal of JJ Stores – June 20\_1

DJ2

| Doc | Day | Debtor   | Fol | Sales | Cost of sales |
|-----|-----|----------|-----|-------|---------------|
| 210 | 4   | C Brooke |     | 1 480 | 1 184         |
| 211 | 10  | Z Alli   |     | 710   | 568           |
| 212 | 16  | R Strous |     | 820   | 656           |
| 213 | 24  | C Brooke |     | 1 445 | 1 156         |
|     |     |          |     | 4 455 | 3 564         |

Creditors' journal of JJ Stores – June 20\_1

CJ2

| Doc | Day | Creditor        | Fol | Creditors ' control | Trading stock | Packing material | Equip-ment | Sundry accounts |            |   |
|-----|-----|-----------------|-----|---------------------|---------------|------------------|------------|-----------------|------------|---|
|     |     |                 |     |                     |               |                  |            | Amt             | Details    | F |
| 401 | 5   | Smith Suppliers |     | 1 350               |               |                  | 1 350      |                 |            |   |
| 402 | 7   | Altona Ltd      |     | 3 410               | 3 410         |                  |            |                 |            |   |
| 403 | 13  | Dudkin & Co     |     | 880                 |               | 550              |            | 330             | Stationery |   |
| 404 | 25  | Altona Ltd      |     | 4 100               | 2 864         |                  | 1 236      |                 |            |   |
| 405 | 27  | Smith Suppliers |     | 186                 |               |                  | 186        |                 |            |   |
|     |     |                 |     | 9 926               | 6 274         | 736              | 2 586      | 330             |            |   |





### 6.4. Exercise

The following information was extracted from the accounting records of Buchanan Stores.

**Balances in the debtors ledger on 31 December 20\_1:**

- S. Foley R500
- D. Leong R800
- R. Percival R1 200

**Balances in the creditors ledger on 31 December 20\_1:**

- Ngulube Traders R2 000
- O'Brien Stores R700

**Transactions for January 20\_2:**

- 2. S. Foley paid R500 on account. Receipt 53 issued.
- 4. Purchased goods from Ngulube Traders and received their invoice no. 37 for R400. Renumbered the invoice no. 87.
- 7. Sold goods to D. Leong, R200. Invoice 103 issued.
- 10. Sent cheque 21 to O'Brien Stores in settlement of our account.
- 13. Received a cheque from R. Percival for R900. She will pay the balance in February.
- 15. Sold goods to S. Foley, R300.
- 18. Purchased stock from Ngulube Traders, and paid cash.
- 21. Sold goods to R. Percival on credit, R250.
- 25. Received invoice from O'Brien Stores for R750.
- 29. Received a cheque from D. Leong in settlement of his **December** account.
- 31. Sent cheque for R1 500 to Ngulube Traders in part payment of our account.

**Balances in the general ledger on 31 January 20\_2:**

- Debtors control R1 050
- Creditors control R1 650

**Required:**

- 1. Use the given information to complete the debtors' and creditors ledgers of Buchanan Stores for January 20\_2.

**Debtors' ledger of Buchanan Stores**

S Foley

D1

| Date | Details | Fol | Debit | Credit | Balance |
|------|---------|-----|-------|--------|---------|
|      |         |     |       |        |         |
|      |         |     |       |        |         |
|      |         |     |       |        |         |
|      |         |     |       |        |         |

D Leong

D2

| Date | Details | Fol | Debit | Credit | Balance |
|------|---------|-----|-------|--------|---------|
|      |         |     |       |        |         |
|      |         |     |       |        |         |
|      |         |     |       |        |         |
|      |         |     |       |        |         |

R Percival

D3

| Date | Details | Fol | Debit | Credit | Balance |
|------|---------|-----|-------|--------|---------|
|      |         |     |       |        |         |
|      |         |     |       |        |         |
|      |         |     |       |        |         |
|      |         |     |       |        |         |

**Creditors' ledger of Buchanan Stores**

Ngulube Traders

C1

| Date | Details | Fol | Debit | Credit | Balance |
|------|---------|-----|-------|--------|---------|
|      |         |     |       |        |         |
|      |         |     |       |        |         |
|      |         |     |       |        |         |

O'Brien Stores

C2

| Date | Details | Fol | Debit | Credit | Balance |
|------|---------|-----|-------|--------|---------|
|      |         |     |       |        |         |
|      |         |     |       |        |         |
|      |         |     |       |        |         |

2. Draw up the debtors' and creditors' lists on 31 January 20\_2.

List of debtors on 31 January 20\_2

|  |  |  |
|--|--|--|
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

List of creditors on 31 January 20\_2

|  |  |  |
|--|--|--|
|  |  |  |
|  |  |  |
|  |  |  |

3. Compare these lists to the balances in the general ledger. Are they what you would expect them to be? Explain.

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### 6.5. Exercise

Record the **relevant** transactions in the accounts of D. Hardy and Hadfield Traders in the books of HH Suppliers.

**Balances on 1 July 20\_1:**

D. Hardy R350(dr.), Hadfield Traders R4 500(cr.)

**Transactions for July 20\_1:**

- 2. Sold goods to D. Hardy on account - R700. Invoice 23 completed.
- 5. Cash sales R5 700.
- 8. Purchased trading stock from Steele Suppliers, R3 200, paid by cheque 321.
- 12. Received cheque for R500 from P. Nardy on account, receipt 58 issued.
- 13. Purchased packing material to the value of R350 from Hadfield Traders. Paid by cheque 339.
- 16. Received cheque from D. Hardy for R900 on account, receipt 62 issued.
- 25. Sent cheque 345 to Hadfield Traders to settle our account.
- 26. Purchased stationery from Madding Traders on account, R600, invoice 98 received.
- 28. Purchased trading stock on account, received invoice 67 from Hadfield Traders (renumbered 45) for R2 000.

**Debtors' ledger of HH Suppliers**

D Hardy

| Date | Details | Fol | Debit | Credit | Balance |
|------|---------|-----|-------|--------|---------|
|      |         |     |       |        |         |
|      |         |     |       |        |         |
|      |         |     |       |        |         |
|      |         |     |       |        |         |
|      |         |     |       |        |         |

**Creditors' ledger of HH Suppliers**

Hadfield Traders

| Date | Details | Fol | Debit | Credit | Balance |
|------|---------|-----|-------|--------|---------|
|      |         |     |       |        |         |
|      |         |     |       |        |         |
|      |         |     |       |        |         |
|      |         |     |       |        |         |
|      |         |     |       |        |         |



### 6.6. Formative assessment

(15 marks, 10 minutes)

- Record the relevant information below directly into the account of R. Cassim in the books of Henning Traders. (10)

**Transactions for May 20\_1:**

- Amount owed by R. Cassim, R128.
- Supplied merchandise on credit to R. Cassim, R206. Invoice 136 issued.
- Received a cheque from R. Cassim in payment of amount owed on 1 May. Issued receipt 87.
- Goods sold on credit to R. Cassim, R188. Invoice 142 issued.
- Cash sale of goods to R. Cassim, R115.
- R. Cassim paid R200 on account. Receipt 92 issued.
- Credit sale of goods to R. Casper, R55. Issued invoice 159.

**Debtors Ledger of Henning Traders**

| R Cassim |         |     |       |        |         | D4 |
|----------|---------|-----|-------|--------|---------|----|
| Date     | Details | Fol | Debit | Credit | Balance |    |
|          |         |     |       |        |         |    |
|          |         |     |       |        |         |    |
|          |         |     |       |        |         |    |
|          |         |     |       |        |         |    |
|          |         |     |       |        |         |    |
|          |         |     |       |        |         |    |

- What is the total value of goods purchased on credit by R. Cassim during May? (2)

- If the total credit sales for May amounted to R6 740, what percentage did R. Cassim buy? (3)

|    |
|----|
|    |
| 15 |

### 6.7. Example<sup>2</sup>



#### Required

Record the following transactions directly into the Debtors' and Creditors' Ledgers of Tofile's Toffees.

#### Transactions for April 20\_4

1. Amount owed by C. Taitz, R350.  
Amount owed to Smith Super Sweet Suppliers R750.
3. Credit note 33 issued to C Taitz for goods returned by her, R100.
5. Received cheque from C. Taitz in settlement of her account. Receipt 42 issued.
12. Purchased goods from Smith Super Sweet Suppliers, R200. Invoice received renumbered 78.
15. Returned unsatisfactory toffee to Smith Super Sweet Suppliers, R50, with debit note 24.

Debtors Ledger of Tofile's Toffees

C. Taitz D5

| Date  |   | Document              | F          | Debit | Credit     | Balance    |
|-------|---|-----------------------|------------|-------|------------|------------|
| 20_4  | 1 | Balance               | b/d        |       |            | 350        |
| April | 3 | <b>Credit note 33</b> | <b>DAJ</b> |       | <b>100</b> | <b>250</b> |
|       | 5 | Receipt 42            | CRJ        |       | 250        | -          |

Creditors Ledger of Tofile's Toffees

Smith Super Sweet Suppliers C3

| Date  |    | Document             | F          | Debit     | Credit | Balance    |
|-------|----|----------------------|------------|-----------|--------|------------|
| 20_4  | 1  | Balance              | b/d        |           |        | 750        |
| April | 12 | Invoice 78           | CJ         |           | 200    | 950        |
|       | 15 | <b>Debit note 24</b> | <b>CAJ</b> | <b>50</b> |        | <b>900</b> |

### 6.8. Exercise



#### Required

Draw up B Mullany's account as it would appear in the books of Seller Stores. Make up document and folio numbers.

#### Information

During the year ended 31 December 20\_4, the following transactions occurred between Seller Stores and B Mullany.

- |      |    |   |
|------|----|---|
| Jan  | 4  | Invoiced goods to B. Mullany for R200.                |
| Feb  | 6  | B. Mullany paid his account.                          |
|      | 22 | Invoiced goods for R250.                              |
| Apr  | 9  | Invoiced goods for R170.                              |
|      | 11 | Goods returned by B. Mullany, R80.                    |
| June | 4  | Invoiced goods for R100.                              |
|      | 8  | Credit note sent to B. Mullany for overcharge of R30. |
| Sept | 4  | B. Mullany paid his account in full.                  |
| Oct  | 8  | Invoiced goods for R100, cheque received.             |

<sup>2</sup> This example illustrates allowances in the subsidiary ledgers. If allowances were not covered in the last chapter, leave out this example and the following two exercises.



## 6.10. Puzzle

(25 marks, 30 minutes)



1. Cut out the accounting records on the following pull out pages.
2. Analyse them carefully to determine what each is.
3. Paste them below the correct heading on the following pages to complete your accounting cycle puzzle.

Cash receipts journal of Rikki Retail – September 20\_1

CRJ5

Cash payments journal of Rikki Retail – September 20\_1

CPJ5

Debtors' journal of Rikki Retail – September 20\_1

DJ5

Part 2: Introduction to accounting

| Doc | D  | Name of payee      | F  | Bank   | Trading stock | Vehicle expenses | Creditors' control | Sundry accounts |          |    |
|-----|----|--------------------|----|--------|---------------|------------------|--------------------|-----------------|----------|----|
|     |    |                    |    |        |               |                  |                    | Amt             | Details  | F  |
| EFT | 5  | Coleman Traders    |    | 8 000  | 8 000         |                  |                    |                 |          |    |
| 177 | 13 | Shaun's Stationers | C3 | 3 000  |               |                  | 3 000              |                 |          |    |
| 178 | 18 | Mehlape Motors     |    | 900    |               | 900              |                    |                 |          |    |
| EFT | 20 | Coleman Traders    | C1 | 5 000  |               |                  | 5 000              |                 |          |    |
| 179 | 23 | Kwenda Equippers   |    | 15 000 |               |                  |                    | 15 000          | Vehicles | B3 |
| 180 | 25 | Mehlape Motors     |    | 600    |               | 600              |                    |                 |          |    |
| EFT |    | R Ashton           |    | 5 000  |               |                  |                    | 5 000           | Drawings | B2 |
| EFT | 27 | Coleman Traders    |    | 4 500  | 4 500         |                  |                    |                 |          |    |
|     |    |                    |    | 42 000 | 12 500        | 1 500            | 8 000              | 20 000          |          |    |
|     |    |                    |    | B6     | B4            | N4               | B7                 |                 |          |    |

|          |    |                    |      |        |          |    |               |      |        |
|----------|----|--------------------|------|--------|----------|----|---------------|------|--------|
| 20_1 Sep | 1  | Balance            | b/d  | 19 000 | 20_1 Sep | 30 | Cost of sales | CRJ5 | 24 000 |
|          | 30 | Bank               | CPJ5 | 12 500 |          |    | Cost of sales | DJ5  | 23 000 |
|          |    | Creditors' control | CJ5  | 17 000 |          |    | Balance       | c/d  | 1 500  |
|          |    |                    |      | 48 500 |          |    |               |      | 48 500 |
| Oct      | 1  | Balance            | b/d  | 1 500  |          |    |               |      |        |

| Date     |    | Details     | Fol  | Debit | Credit | Balance |
|----------|----|-------------|------|-------|--------|---------|
| 20_1 Sep | 1  | Balance     | b/d  |       |        | 4 000   |
|          | 2  | Invoice 548 | DJ5  | 3 000 |        | 7 000   |
|          | 9  | Invoice 550 | DJ5  | 1 500 |        | 8 500   |
|          | 12 | Receipt 26  | CRJ5 |       | 2 000  | 6 500   |

| Date     |    | Details     | Fol  | Debit | Credit | Balance |
|----------|----|-------------|------|-------|--------|---------|
| 20_1 Sep | 1  | Balance     | b/d  |       |        | 1 000   |
|          | 3  | Invoice 160 | CJ5  |       | 2 000  | 3 000   |
|          | 13 | Cheque 177  | CPJ5 | 3 000 |        | -       |

|  |  |  |  |  |          |    |                  |      |         |
|--|--|--|--|--|----------|----|------------------|------|---------|
|  |  |  |  |  | 20_1 Sep | 1  | Balance          | b/d  | 150 000 |
|  |  |  |  |  |          | 30 | Bank             | CRJ5 | 36 000  |
|  |  |  |  |  |          |    | Debtors' control | DJ5  | 34 500  |
|  |  |  |  |  |          |    |                  |      | 220 500 |

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Part 2: Introduction to accounting

| Doc | Day | Creditor           | Fol | Creditors' control | Trading stock | Administrative costs | Sundry accounts |         |   |
|-----|-----|--------------------|-----|--------------------|---------------|----------------------|-----------------|---------|---|
|     |     |                    |     |                    |               |                      | Amount          | Details | F |
| 160 | 3   | Shaun's Stationers | C3  | 2 000              |               | 2 000                |                 |         |   |
| 161 | 7   | Coleman Traders    | C1  | 5 000              | 5 000         |                      |                 |         |   |
| 162 | 12  | Coleman Traders    | C1  | 12 000             | 12 000        |                      |                 |         |   |
| 163 | 18  | Matt's Mobiles     | C2  | 1 500              |               | 1 500                |                 |         |   |
|     |     |                    |     | 20 500             | 17 000        | 3 500                |                 |         |   |
|     |     |                    |     | B7                 | B4            | N5                   |                 |         |   |

|          |    |         |     |        |          |    |         |      |        |
|----------|----|---------|-----|--------|----------|----|---------|------|--------|
| 20_1 Sep | 1  | Balance | b/d | 9 000  | 20_1 Sep | 30 | Bank    | CRJ5 | 6 000  |
|          | 30 | Sales   | DJ5 | 34 500 |          |    | Balance | c/d  | 37 500 |
|          |    |         |     | 43 500 |          |    |         |      | 43 500 |
| Oct      | 1  | Balance | b/d | 37 500 |          |    |         |      |        |

| Doc   | Day | Details     | Fol | Analysis of receipts | Bank   | Sales  | Cost of sales | Debtors control | Sundry accounts |             |    |
|-------|-----|-------------|-----|----------------------|--------|--------|---------------|-----------------|-----------------|-------------|----|
|       |     |             |     |                      |        |        |               |                 | Amt             | Details     | F  |
| CRR   | 3   | Cash sales  |     | 15 000               | 15 000 | 15 000 | 10 000        |                 |                 |             |    |
| EFT   | 7   | L Biyana    | D1  |                      | 2 500  |        |               | 2 500           |                 |             |    |
| Rec26 | 12  | L Monze     | D2  | 2 000                | 2 000  |        |               | 2 000           |                 |             |    |
| Rec27 | 15  | K Moyo      | D3  | 1 500                | 1 500  |        |               | 1 500           |                 |             |    |
| CRR   | 21  | Cash sales  |     | 21 000               |        | 21 000 | 14 000        |                 |                 |             |    |
| Rec28 |     | A Broomberg |     | 4 000                | 25 000 |        |               |                 | 4 000           | Rent income | N3 |
|       |     |             |     |                      | 46 000 | 36 000 | 24 000        | 6 000           | 4 000           |             |    |
|       |     |             |     |                      | B6     | N1     | B4/N2         | B5              |                 |             |    |

Nominal accounts section

|          |    |         |      |        |  |  |  |  |  |
|----------|----|---------|------|--------|--|--|--|--|--|
| 20_1 Sep | 1  | Balance | b/d  | 25 000 |  |  |  |  |  |
|          | 25 | Bank    | CPJ5 | 5 000  |  |  |  |  |  |
|          |    |         |      | 30 000 |  |  |  |  |  |

|          |    |         |      |        |          |    |                 |     |        |
|----------|----|---------|------|--------|----------|----|-----------------|-----|--------|
| 20_1 Sep | 30 | Bank    | CPJ5 | 8 000  | 20_1 Sep | 1  | Balance         | b/d | 8 000  |
|          |    | Balance | c/d  | 20 500 |          | 30 | Sundry accounts | CJ5 | 20 500 |
|          |    |         |      | 29 500 |          |    |                 |     | 29 500 |
|          |    |         |      |        | Oct      | 1  | Balance         | b/d | 20 500 |

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Part 2: Introduction to accounting

| Date        |    | Details     | Fol  | Debit  | Credit | Balance |
|-------------|----|-------------|------|--------|--------|---------|
| 20_1<br>Sep | 1  | Balance     | b/d  |        |        | 1 500   |
|             | 15 | Receipt 27  | CRJ5 |        | 1 500  | -       |
|             | 16 | Invoice 551 | DJ5  | 6 000  |        | 6 000   |
|             | 28 | Invoice 553 | DJ5  | 10 500 |        | 16 500  |

Balancesheet section

|             |    |         |      |       |  |  |  |  |
|-------------|----|---------|------|-------|--|--|--|--|
| 20_1<br>Sep | 1  | Balance | b/d  | 7 000 |  |  |  |  |
|             | 30 | Bank    | CPJ5 | 1 500 |  |  |  |  |
|             |    |         |      | 8 500 |  |  |  |  |

| Doc | Day | Debtor   | Fol | Sales  | Cost of sales |
|-----|-----|----------|-----|--------|---------------|
| 548 | 2   | L Monze  | D2  | 3 000  | 2 000         |
| 549 | 6   | L Biyana | D1  | 4 500  | 3 000         |
| 550 | 9   | L Monze  | D2  | 1 500  | 1 000         |
| 551 | 16  | K Moyo   | D3  | 6 000  | 4 000         |
| 552 | 22  | L Biyana | D1  | 9 000  | 6 000         |
| 553 | 28  | K Moyo   | D3  | 10 500 | 7 000         |
|     |     |          |     | 34 500 | 23 000        |
|     |     |          |     | N1     | B4/N          |

| Date        |    | Details     | Fol | Debit | Credit | Balance |
|-------------|----|-------------|-----|-------|--------|---------|
| 20_1<br>Sep | 18 | Invoice 163 | CJ5 |       | 1 500  | 1 500   |

|  |  |  |  |             |    |         |      |        |
|--|--|--|--|-------------|----|---------|------|--------|
|  |  |  |  | 20_1<br>Sep | 1  | Balance | b/d  | 8 000  |
|  |  |  |  |             | 21 | Bank    | CRJ5 | 4 000  |
|  |  |  |  |             |    |         |      | 12 000 |

|  |  |  |  |             |   |         |     |         |
|--|--|--|--|-------------|---|---------|-----|---------|
|  |  |  |  | 20_1<br>Sep | 1 | Balance | b/d | 129 500 |
|--|--|--|--|-------------|---|---------|-----|---------|

| Date        |    | Details                   | Fol  | Debit | Credit | Balance |
|-------------|----|---------------------------|------|-------|--------|---------|
| 20_1<br>Sep | 1  | Balance                   | b/d  |       |        | 3 500   |
|             | 6  | Invoice 549               | DJ5  | 4 500 |        | 8 000   |
|             | 7  | Electronic funds transfer | CRJ5 |       | 2 500  | 5 500   |
|             | 22 | Invoice 552               | DJ5  | 9 000 |        | 14 500  |

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Part 2: Introduction to accounting

|             |    |                    |     |        |  |  |  |  |
|-------------|----|--------------------|-----|--------|--|--|--|--|
| 20_1<br>Sep | 1  | Balance            | b/d | 15 000 |  |  |  |  |
|             | 30 | Creditors' control | CJ5 | 3 500  |  |  |  |  |
|             |    |                    |     | 18 500 |  |  |  |  |

| Date        |    | Details                   | Fol  | Debit | Credit | Balance |
|-------------|----|---------------------------|------|-------|--------|---------|
| 20_1<br>Sep | 1  | Balance                   | b/d  |       |        | 7 000   |
|             | 7  | Invoice 161               | CJ5  |       | 5 000  | 12 000  |
|             | 12 | Invoice 162               | CJ5  |       | 12 000 | 24 000  |
|             | 20 | Electronic funds transfer | CPJ5 | 5 000 |        | 19 000  |

|             |    |               |      |         |  |  |  |
|-------------|----|---------------|------|---------|--|--|--|
| 20_1<br>Sep | 1  | Balance       | b/d  | 100 000 |  |  |  |
|             | 30 | Trading stock | CRJ5 | 24 000  |  |  |  |
|             |    | Trading stock | DJ5  | 23 000  |  |  |  |
|             |    |               |      | 147 000 |  |  |  |

|  | Fol | Debit   | Credit  |
|--|-----|---------|---------|
| <b>Statement of Financial Position section</b> |     |         |         |
| Capital  | B1  |         | 129 500 |
| Drawings                                       | B2  | 30 000  |         |
| Vehicles                                       | B3  | 140 000 |         |
| Trading stock                                  | B4  | 1 500   |         |
| Debtors' control                               | B5  | 37 500  |         |
| Bank   | B6  |         | 500     |
| Creditors' control                             | B7  |         | 20 500  |
| <b>Nominal accounts section</b>                |     |         |         |
| Sales  | N1  |         | 220 500 |
| Cost of sales                                  | N2  | 147 000 |         |
| Rent income                                    | N3  |         | 12 000  |
| Vehicle expenses                               | N4  | 8 500   |         |
| Administrative costs                           | N5  | 18 500  |         |
|  |     | 383 000 | 383 000 |

|             |    |         |      |         |  |  |  |
|-------------|----|---------|------|---------|--|--|--|
| 20_1<br>Sep | 1  | Balance | b/d  | 125 000 |  |  |  |
|             | 23 | Bank    | CPJ5 | 15 000  |  |  |  |
|             |    |         |      | 140 000 |  |  |  |

|             |    |                 |      |        |             |    |                 |      |        |
|-------------|----|-----------------|------|--------|-------------|----|-----------------|------|--------|
| 20_1<br>Sep | 30 | Sundry accounts | CRJ5 | 46 000 | 20_1<br>Sep | 1  | Balance         | b/d  | 4 500  |
|             |    | Balance         | c/d  | 500    |             | 30 | Sundry accounts | CPJ5 | 42 000 |
|             |    |                 |      | 46 500 |             |    |                 |      | 46 500 |
|             |    |                 |      |        | Oct         | 1  | Balance         | b/d  | 500    |

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Creditors' journal of Rikki Retail – September 20\_1CJ5

**General ledger of Rikki Retail**

|                  |    |
|------------------|----|
| Capital          | B1 |
| Drawings         | B2 |
| Vehicles         | B3 |
| Trading stock    | B4 |
| Debtors' control | B5 |

**(Please turn over)**

Bank

B6

Creditors' control

B7

Sales

N1

Cost of sales

N2

Rent income

N3

Vehicle expenses

N4

Administrative costs

N5

**Debtors' ledger of Rikki Retail**

L Biyana

D1

L Monze

D2

K Moyo

D3

**Creditors' ledger of Rikki Retail**

Coleman Traders

C1

Matt's Mobiles

**C2**

Shaun's Stationers

C3

**(Please turn over)**

**Rikki Retail**

**Trial balance on 30 September 20\_1**

|    |
|----|
|    |
| 25 |



## 6.11. Summative assessment

(60 marks, 45 minutes)

### Question 1

Theory

(5 marks, 5 minutes)

The credit invoice below was received by our business.

| INVOICE  |                                |       |               |        |                   |
|--|--------------------------------|-------|---------------|--------|-------------------|
|  |                                |       |               |        | No. <u>34583</u>  |
| To   | <u>Mamello's Munchies Co.</u>  |       | <u>3 July</u> |        | <u>20<u>0</u></u> |
|  | <u>P O Box 45</u>              |       |               |        |                   |
|  | <u>Morningside</u>             |       |               |        |                   |
| Purchased from <b>Lusanda's Super Suppliers</b> 8871 Warwick Street, Gonubie |                                |       |               |        |                   |
| Quantity   | Description                    | Price |               | Amount |                   |
| 300 cans   | Vegetable soup                 | 1     | 55            | 465    | 00                |
|  |                                |       |               |        |                   |
|  | <i>Less 20% trade discount</i> |       |               | 93     | 00                |
|  |                                |       |               | 372    | 00                |
| <b>E&amp;OE</b>  |                                |       |               |        |                   |

1.1. What is the name of our business? (1)

1.2. Into which journal would the information from this invoice be entered? (1)

1.3. What amount would be entered in the journal? (1)

1.4. When we post to the general ledger, which account would be debited? (1)

1.4.2. Credited? (1)

Question 2

Accounting equation

(25 marks, 15 minutes)

Complete the table below for each of the following transactions. Show which journal would be used to record the transaction, the effect on the accounting equation (show + or – and the amount), and which accounts are debited and credited in the general ledger.

- 2.1. Credit sales to debtors R1 220,00 (cost price R770)
- 2.2. Cash sales, R1 500,00 (mark up is 50% on cost)
- 2.3. Credit purchases of stationery, R410.
- 2.4. Vehicle purchased on credit, R20 000.

| No   | Journal | Assets | Owners' equity | Liabilities | Account debit | Account credit |
|------|---------|--------|----------------|-------------|---------------|----------------|
| 2.1. |         |        |                |             |               |                |
|      |         |        |                |             |               |                |
| 2.2. |         |        |                |             |               |                |
|      |         |        |                |             |               |                |
| 2.3. |         |        |                |             |               |                |
| 2.4. |         |        |                |             |               |                |

**Question 3**

## Ledgers

(30 marks, 25 minutes)

The bookkeeper has been taken ill and you have been appointed to complete the books of Saunders & Saunders for December 20\_1. The business uses a mark-up of 25% on cost price. All the journals have been completed and you are required only to post to the given ledger accounts.

**Saunders & Saunders - Trial Balance on 30 November 20\_1**

|  | Fol | Debit   | credit  |
|--|-----|---------|---------|
| <b>Statement of Financial Position section</b> |     |         |         |
| Capital  | B1  |         | 166 047 |
| Drawings                                       | B2  | 6 320   |         |
| Land and buildings                             | B3  | 140 000 |         |
| Equipment                                      | B4  | 26 800  |         |
| Trading stock                                  | B5  | 8 860   |         |
| Debtors' control                               | B6  | 5 224   |         |
| Bank   | B7  | 8 510   |         |
| Cash float                                     | B8  | 400     |         |
| Creditors' control                             | B9  |         | 9 000   |
| <b>Nominal accounts section</b>                |     |         |         |
| Sales  | N1  |         | 88 951  |
| Cost of sales                                  | N2  | 54 804  |         |
| Rent income                                    | N3  |         | 3 200   |
| Telephone                                      | N4  | 640     |         |
| Water and electricity                          | N5  | 760     |         |
| Salaries                                       | N6  | 8 900   |         |
| Wages  | N7  | 1 100   |         |
| Postage  | N8  | 120     |         |
| Stationery                                     | N9  | 680     |         |
| Packing material                               | N10 | 1 280   |         |
|  |     | 257 198 | 257 198 |

List of debtors on 30 November 20\_1

|             |    |       |
|-------------|----|-------|
| A Leopold   | D1 | 1 620 |
| S Burscough | D2 | 995   |
| M Finlayson | D3 | 2 609 |
|             |    | 5 224 |

List of creditors on 30 November 20\_1

|                |    |       |
|----------------|----|-------|
| Bhemnarayan CC | C1 | 1 500 |
| Ismail Ltd     | C2 | 1 000 |
| Brodie Traders | C3 | 6 500 |
|                |    | 9 000 |

Cash receipts journal of Saunders & Saunders – December 20\_1

CRJ4

| Doc | Day | Details     | Fol | Analysis of receipts | Bank   | Sales  | Cost of sales | Debtors control | Sundry accounts |             |   |
|-----|-----|-------------|-----|----------------------|--------|--------|---------------|-----------------|-----------------|-------------|---|
|     |     |             |     |                      |        |        |               |                 | Amt             | Details     | F |
| 501 | 1   | Italic Tile |     | 900                  |        |        |               |                 | 900             | Rent income |   |
| 502 |     | K Saunders  |     | 20 000               | 20 900 |        |               |                 | 20 000          | Capital     |   |
| CRR | 4   | Cash sales  |     | 3 690                | 3 690  | 3 690  | 2 952         |                 |                 |             |   |
| 503 | 9   | A Leopold   |     | 1 620                | 1 620  |        |               | 1 620           |                 |             |   |
| CRR | 18  | Cash sales  |     | 4 545                | 4 545  | 4 545  | 3 636         |                 |                 |             |   |
| 504 | 22  | M Finlayson |     | 3 449                |        |        |               | 3 449           |                 |             |   |
| CRR |     | Cash sales  |     | 4 290                | 7 739  | 4 290  | 3 432         |                 |                 |             |   |
| CRR | 31  | Cash sales  |     | 1 500                | 1 500  | 1 500  | 1 200         |                 |                 |             |   |
|     |     |             |     |                      | 39 994 | 15 645 | 12 516        | 5 069           | 20 000          |             |   |

Cash payments journal of Saunders & Saunders – December 20\_1

CPJ4

| Doc | Day | Name of payee      | Fol | Bank   | Trading stock | Wages | Creditors' control | Sundry accounts |                  |   |
|-----|-----|--------------------|-----|--------|---------------|-------|--------------------|-----------------|------------------|---|
|     |     |                    |     |        |               |       |                    | Amount          | Details          | F |
| 200 | 1   | Ramsay Wholesalers |     | 8 880  | 8 880         |       |                    |                 |                  |   |
| 201 | 3   | Michael's Motors   |     | 22 615 |               |       |                    | 22 500          | Vehicles         |   |
|     |     |                    |     |        |               |       |                    | 115             | Vehicle expenses |   |
| 202 | 11  | Bhemnarayan CC     |     | 1 570  |               |       | 1 570              |                 |                  |   |
| 203 | 13  | B Saunders         |     | 765    |               |       |                    | 765             | Drawings         |   |
| 204 | 15  | Cash               |     | 1 322  |               | 1 322 |                    |                 |                  |   |
| 205 | 16  | Cash               |     | 50     |               |       |                    | 50              | Stationery       |   |
| 206 | 18  | Ismail Ltd         |     | 1 260  |               |       | 1 260              |                 |                  |   |
| 207 | 25  | Michael's Motors   |     | 214    |               |       |                    | 214             | Vehicle expenses |   |
| 208 | 27  | Cash               |     | 720    |               | 720   |                    |                 |                  |   |
| 209 |     | Vundla Pharmacy    |     | 80     |               |       |                    | 80              | Drawings         |   |
| 210 | 29  | Ramsay Wholesalers |     | 4 470  | 4 470         |       |                    |                 |                  |   |
| 211 | 31  | Cash               |     | 720    |               | 720   |                    |                 |                  |   |
| 212 |     | Cash               |     | 101    |               |       |                    | 101             | Postage          |   |
|     |     |                    |     | 42 044 | 13 350        | 2 042 | 2 830              | 23 825          |                  |   |

Debtors' journal of Saunders & Saunders – December 20\_1

DJ4

| Doc | Day | Debtor      | Fol | Sales | Cost of sales |
|-----|-----|-------------|-----|-------|---------------|
| 381 | 12  | S Burscough |     | 2 900 | 2320          |
| 382 | 14  | M Finlayson |     | 840   | 672           |
| 383 | 27  | M Finlayson |     | 1 160 | 928           |
| 384 |     | A Leopold   |     | 510   | 408           |
|     |     |             |     | 5 410 | 4 328         |

Creditors' journal of Saunders & Saunders – December 20\_1

CJ4

| Doc | Day | Creditor          | Fol | Creditors' control | Trading stock | Stationery | Sundry accounts |           |   |
|-----|-----|-------------------|-----|--------------------|---------------|------------|-----------------|-----------|---|
|     |     |                   |     |                    |               |            | Amount          | Details   | F |
| 45  | 3   | Speller Suppliers |     | 130                |               | 130        |                 |           |   |
| 46  | 9   | Brodie Traders    |     | 5 760              | 5 760         |            |                 |           |   |
| 47  | 21  | Ismail Ltd        |     | 1 375              | 1 150         | 225        |                 |           |   |
| 48  | 26  | Bhemnarayan CC    |     | 2 985              |               | 643        | 2 342           | Equipment |   |
|     |     |                   |     | 10 250             | 6 910         | 998        |                 |           |   |

