NAME: …… **CLASS ……**

FINANCIAL LITERACY REVISION GRADE 9

TOPICS

1. SUBSIDIARY JOURNALS- CRJ, CPJ, DJ & CJ
2. POSTING TO THE GENERAL, DEBTORS & CREDITORS LEDGERS
3. ACCOUNTING EQUATION
4. ACCOUNTING TERMS

ACCOUNTING RULES

LEDGER - DOUBLE ENTRY PRINCIPLE

For every debit entry there must be an equal and corresponding credit entry.

ACCOUNTING EQUATION

Dr	ASSETS (A)	Cr
Balance b/d XXX +		-

Dr	OWNER'S EQUITY (OE)	Cr
- Drawings Expenses Decreases Equity		Balance b/d XXX + Capital Income Increases Equity

Dr	LIABILITIES (L)	Cr
-		Balance b/d XXX +

Steps when analysing transactions according to the Accounting Equation

1. Identify the accounts
2. Classify the accounts
3. Analyse the effect on the accounting equation by applying the Accounting principles.

TRADING BUSINESS: COST OF SALES CALCULATIONS

Cost Price: The amount the business pays for the goods.
Selling Price: The amount the business charges when the goods are sold.
Mark-up: The percentage the business adds to the cost price.

$$\text{Cost of sales} = \text{Sales} \times \frac{100}{100 + \text{mark-up\%}}$$

$$\text{Sales} = \text{Cost of sales} \times \frac{100 + \text{mark-up\%}}{100}$$

CASH SALES OF TRADING STOCK / INVENTORY

Cost of Sales	100%
Mark-Up	25%
Selling Price	125%

Calculating **Cost of Sales and Sales**:

Cost of sales is always equal to 100%.
The Mark-up percentage represents how much more the item will be sold at.
Selling Price (Sales) is equal to the cost price plus the mark-up percentage.

Selling Price (Sales) is therefore calculated as follows:
e.g. the Cost price of a Chain is R80 and the mark-up percentage is 25%.

Cost of Sales(Cost Price) is calculated as follows:
e.g. The Selling Price (Sale price) of a Beaded Bag is R240 and the mark-up percentage is 50%.

FINANCIAL LITERACY: CASH AND CREDIT TRANSACTIONS

ACTIVITY 1

REQUIRED:
Prepare the following from the transactions which was extracted from the books of Red Ochre Traders for January 2016

1. The CRJ, CPJ, DJ and CJ January 2016.
2. Post to the account of V Violet in the Debtors ledger.
3. Post to Monet Traders in the Creditors ledger**.**

NOTE: Goods are sold at 20% on cost price.

Transactions
JANUARY 2016

1 R Ochre increased his capital contribution to the business, R50 000. Issued receipt no. 300
2 Cash sales as per CRT 200, R8 400.
3 Sold merchandise on credit to V Violet and issued invoice no. 400, R600
7 Paid Lorikeet Trades by EFT 501 in settlement as at 1 January 2015, R500.
8 Sold goods on credit to C Crimson, R1 200 (invoice 401)
9 Bought consumable stores on credit invoice no 901 (renumbered 400) from Monet Traders, R230.
12 Cash sales as per CRT 201, R9 000.
Issued receipt 301 to G Green for part settlement of his account, R800
15 Purchased goods from Parakeet LTD on credit and received invoice 445, R12 500.
16 Drew cash to pay wages, R2 500.
19 Received an EFT from V Violet to settle his account, issued receipt no 302 for R600
Purchased trading stock from Macaw Traders, as per EFT 502, R17 200.
21 Received rent from tenant P Pink for premises sub-let, R4 500. Issued receipt 303.
24 Purchased the following from Monet on credit:
Office equipment, R18 000
Merchandise, R 9 400
Stationery, R555, Received invoice no. 786
25 Sold merchandise on credit to V Violet, R1 800. Issued invoice no 402.
Paid Telkom for the telephone amount for the month. Issued EFT no.503, R990.
27 Cash sales as per CRT 202, R4 800
29 Purchased stationery from Rosella Stationers and paid by EFT 504, R1 600.
30 Withdrew cash to pay wages, R2 500.
31 Owner, R Ochre transferred cash EFT 505 for personal use, R3 400
Purchased merchandise on credit from Parrot Wholesalers and received invoice 333, R 1 400.
Paid salary to B Sienna by EFT 506, R6 800
Sent EFT no. 507 to Monet Traders as part settlement of account, R20 720

POSTING TO THE GENERAL LEDGER

ACTIVITY 3

Post to the following ledger accounts

1. Trading Stock Account (Balance, R7 000)
2. Debtors Control Account (Balance, R4 500)
3. Bank (Balance, R23 456 – Dr)
4. Creditors Control Account (Balance R6 200)
5. Sales (Balance, 48 000)
6. Cost of Sales (Balance, R36 000)
7. Stationery account (Balance, R900)

The following is an extract from the subsidiary journals of Bluebells Stores for March 2017

CASH RECEIPTS JOURNAL CRJ3

BANK	SALES	COST OF SALES	Debtors Control	SUNDRY ACCOUNT
14 608	4 800	3 600	8 160	1 648

CASH PAYMENTS JOURNAL CPJ3

BANK	TRADING STOCK	STATIONERY	Creditors Control	SUNDRY ACCOUNT
12 000	2 100	700	3 610	5 590

DEBTORS JOURNAL DJ 3

SALES	COST OF SALES
13 800	11 200

CREDITORS JOURNAL CJ3

CREDITOR CONTROL	TRADING STOCK	EQUIPMENT	STATIONERY	SUNDRY ACCOUNT
16 882	8 600	4 000	400	3 882

POSTING TO THE GENERAL LEDGER

ACTIVITY 4- Posting

Prepare the following from the transactions that were extracted from the books of Mickey Traders for May 2017

NOTE: Goods are sold at 25% above **the cost price**.

1. Post from the Journals: **CRJ, CPJ, DJ and CJ**
2. Post to the following accounts in the Subsidiary Ledgers and draw up the debtors and creditors list:

Debtors ledger		**Creditors ledger**	
M Minnie	4 000	Barney Traders	2 460
L Lulu	8 600	Telly Tubies	6 900
		Queeny Traders	5 840

3 Post to the general ledger accounts
Balances on the 1 May 2017

Balance sheet accounts section		**Nominal accounts section**	
Capital	600 000	Sales	960 000
Drawings	12 000	Cost of sales	?
Land and Building	400 000	Rent Income	150 000
Vehicles	300 000	Telephone	9 300
Equipment	40 000	Wages	122 000
Trading Stock	24 000	Stationery	950
Debtors Control	?	Consumable stores	930
Bank (Dr)	35 420		
Creditors control	?		

Transactions

May 2017

01 M Mickey increased his capital contribution by R80 000. Issued receipt 600

02 Sold merchandise on credit for R15 000 to M Minnie as per invoice 500.

07 Cash sales as per CRT 400, R8 000.

09 Bought consumable stores on credit, R450 from Barney Traders.
(Number invoice 250)

12 Issued receipt 601 to L Lulu for part payment of her account, R3 500.

15 Purchased goods from Telly Tubies on credit and received invoice 586, R7 500.

16 Drew cash to pay wages, R12 200

19 Received an EFT from M Minnie to settle her account, R18 000. Issued receipt 602
Sent EFT no 802 to Barney Traders as part settlement of our account, R2 000

21 Received rent from tenant P Panther, R15 000 for premises sublet. Issued receipt 603
Sold goods on credit to L Lulu, R8 400, as per invoice 50.

22 Cash sales as per CRT 401, R25 400

24 Purchased the following from Queeny Traders on credit: Received invoice 427
Equipment, R15 000; Merchandise, R34 200; Stationery, R855

25 Sold merchandise to M Minnie on credit as per invoice 502, R7 000
Paid Telkom by EFT 803, R2 840

29 Purchased Stationery from Goofy Stationers and paid by EFT 804, R455

30 Withdrew Cash to pay wages, R12 200
Owner transferred cash EFT no 805, R2 900 for personal use.

31 Purchased merchandise from Teddy Bear Wholesalers and by cheque 807, R13 200.
Paid Queeny Traders as part payment, R40 000. Issued EFT 806.

Activity 5: Analysis of transactions

You are provided with transactions from the books of Kenyon Stores for October 2017. Analyse these transactions according to the columns provided.

Example: Bought stationery from PNA and paid R500 by cheque.

TRANSACTIONS:

1. Purchased goods on credit from Sharks Traders for R3 000.
2. Received an EFT from B. Bull, a debtor, in full settlement of his account of R600.
3. Merchandise sold on credit to Y. Tale, R2 400. The business uses a profit mark-up of 33 ⅓ % on cost.
4. Issued an EFT to Whale Stores, a creditor, for payment on their account, R5 800.

NO	ACCOUNT DEBIT	ACCOUNT CREDIT	AMOUNT R	EFFECT ON EQUATION		
				A =	OE +	L
1						
2.						
3.						
4.						
5.						

Activity 6 Journals- DJ, CRJ, CJ, & CPJ

Lucky Star owns a business, Lucky Traders, that buys and sells household appliances. They sell merchandise for cash and on credit and use a profit mark up of 25% on cost price.

Debtors' and Creditors' List on 1 March 2015:

Debtors **Creditors**

S. Sardien	R3 450	Bocom Wholesalers	R8 250
H. Harder	R2 890	Prawn Traders	R4 500

REQUIRED:

4.2.1 Record the following transactions in the DJ, CRJ, CJ, CPJ.

TRANSACTIONS for March 2015

3 Purchased trading stock, R2 400 on credit from Bocom Wholesalers.
Received invoice A533 (renumbered 113) together with the consignment.

5 Bought consumable stores, R320 and trading stock, R2 120 from Bocom Wholesalers and paid by EFT no. 345. These goods are subject to 10% cash discount.

6 Sold goods on credit to S. Sardien, R1 525. Issued invoice 201.

7 Received invoice 908 from Prawn Traders for consumable stores, R470.

10 Withdrew cash to pay wages, R8 200.

13 Issued an invoice to H. Harder for goods sold to her, R840.

14 Received an EFT from H. Harder to settle her account as on 1 March 2015. Issued receipt no 37.

16 The owner increased his capital from R55 000 to R80 000. Issued a receipt.

18 Paid Bocom Wholesalers R900 by EFT in part payment of our account.

19 Issued an EFT to Prawn Traders to settle the amount owing to date

Sold goods for cash to H. Harder, R600. (CRT 9)

22 Purchased a new cash register on credit from Bocom Wholesalers for R6 500, subject to a trade discount of 5%.

27 Bought the following on credit from Prawn Traders:
merchandise, R1 200
consumable stores, R800.

28 S. Sardien paid R1 200 in part payment of his account.

Received an EFT from K Powell for office space let to him for the month. Annual rental amounts to R36 000.

30 H. Harder purchased goods to the value of R1 800 on credit.

Paid electricity by cheque to the municipality, R650.

Activity 7 Post to Ledgers

The information below relates to Sushi Traders, who buy and sell for cash and on credit.

REQUIRED:

Use the relevant information from the journals below to post to the accounts in the General, Debtors' and Creditors' Ledgers. Balance or close off all the accounts in the General Ledger.

INFORMATION

The following journals were taken from the books of Sushi Traders after their first month of trading.

Cash Receipts Journal of Sushi Traders – April 2017 CRJ1

Doc no	D	Details	Fol	Analysis of Receipts	Bank	Debtors Control	Sales	Cost of Sales	Sundry Accounts		
									Amount	Fol	Details
001	1	Mr Nigiri		200 000	200 000				200 000		Capital
CRT1	6	Sales		6 960			6 960	4 640			
002		S. Rose		750	7 710	750					
003	12	Mr Nigiri		70 000	70 000				70 000		Capital
CRT2	14	Sales		18 160	18 160		18 160	12 107			
CRT3	22	Sales		5 360	5 360		5 360	3 573			
004	26	H. Meyer		2 300		2 300					
005		Rita Estates		8 000	10 300				8 000		Rent Income
					311 530	**3 050**	**30 480**	**20 320**	**278 000**		

Debtors Journal of Sushi Traders – April 2017 DJ1

Doc no	D	Details	Fol	Sales	Cost of Sales
01	4	S. Rose		1 470	980
02	16	H. Meyer		1 565	1 043
03	25	H. Meyer		1 452	968
				4 487	**2 991**

Cash Payments Journal of Sushi Traders – April 2017 **CPJ1**

Doc no	D	Name of Payee	Fol	Bank	Trading Stock	Wages	Creditors Control	Sundry Accounts		
								Amount	Fol	Details
0001	1	Gordon Traders		8 900				8 900		Equipment
0002	2	PD Wholesalers		12 100	12 100					
0003	5	Municipality		850				850		Rates
0004	10	Shaun Traders		2 400			2 400			
0005	16	Safe Insurance		2 650				1 450		Insurance
								1 200		Drawings
0006		Cash		9 800		9 800				
0007	22	Snowy Traders		600				600		Stationery
0008	24	Cash		9 800		9 800				
0009	26	AB Stores		5 152	5 152					
0010	28	Waqa Stores		1 932			1 932			
0011	30	MJ Simba		12 600				12 600		Salaries
0012		Municipality		3 890				3 890		Electricity
0013		Terry Traders		3 440	3 440					
				74 114	**20 692**	**19 600**	**4 332**	**29 490**		

Creditors' Journal of Sushi Traders – April 2017 **CJ1**

Doc no	D	Details	Fol	Creditors' control	Trading Stock	Stationery	Sundry Accounts		
							Amount	Fol	Details
N1	8	Shaun Traders		4070	4070				
N2	13	Waqa Stores		2 176	2 176				
N3	21	Gordon Traders		4 200			4 200		Equipment
N4	24	Waqa Stores		300		300			
				10 746	**6 246**	**300**	**4 200**		

Activity 7

Posting to selected General Ledger accounts

REQUIRED

Use the given information to post to the following accounts in the General Ledger of Eddy Traders. Close off the accounts in the balance sheet section.

Balances on 1 May 2017:

Trading Stock	B6	10 500
Debtors' Control	B7	6 250
Creditors' Control	B8	8 440
Sales	N1	13 230
Cost of Sales	N2	8 820
Debtors' Allowances	N3	2 300
Stationery	N4	800

Note: Goods are sold at cost plus 50%.

The following totals appeared in the journals as on 31 May 2017:

Cash Receipts Journal of Eddy Traders – May 2017			**CRJ 10**	
Bank	**Sales**	**Cost of Sales**	**Debtors control**	**Sundry accounts**
R14 600	R4 500	?	R2 190	R7 910

Cash Payments Journal of Eddy Traders – May 2017			**CPJ 10**	
Bank	**Trading Stock**	**Stationery**	**Creditors control**	**Wages**
R14 600	?	R240	R7 500	R2 400

Debtors Journal of Eddy Traders – May 2017	**DJ 10**
Sales	**Cost of sales**
?	R2 100

Creditors Journal of Eddy Traders – May 2017			**CJ 10**
Creditors Control	**Trading Stock**	**Stationery**	**Sundry Accounts**
?	R5 000	R350	R2 450

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Activity 8 Final assessment

You are provided with information relating to Easy Traders for July 2017.

REQUIRED:

Analyse the following transactions by completing the table in your workbook.
The first entry has been done for you as an example.

1. Paid the telephone account to Telkom, R2 800.
2. Bought stock on credit from PT Traders, R24 000.
3. Cash sales amounted to R18 000. (Cost of sales, R9 000)
4. D. Dean bought goods on credit from Easy Traders for R3 600. A mark up of 20% on cost applied to these goods.
5. Paid R8 300 to PT Traders as part payment on their account.
6. Paid R240 000 to Moby Motors for a new delivery vehicle.
7. Received an EFT from D. Dean in settlement of his account, R 750.

NO	ACCOUNT DEBIT	ACCOUNT CREDIT	AMOUNT R	EFFECT ON EQUATION		
				A =	OE +	L
1						
2.						
3.						
4.						
5.						
6.						
7.						