 Province of the

EASTERN CAPE

EDUCATION

**DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)**

**HOME SCHOOLING SELF-STUDY**

**NOTES AND ACTIVITIES**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SUBJECT** | ACCOUNTING | **GRADE** | 10 | **DATE** |  | | | |
| **TOPIC** | BOOKKEEPING OF A SOLE TRADER  COMBINED CASH AND CREDIT TRANACTIONS | | | | **Term** | 2 | **Week** | 3 |
| **TIME ALLOCATION** | One week | |  |  | | --- | --- | | **TIPS TO KEEP HEALTHY** | | |  |  | | 1. | **WASH YOUR HANDS** thoroughly with soap and water for at least 20 seconds. Alternatively, use hand sanitizer with an alcohol content of at least 60%. | |  |  | | 2. | **PRACTICE SOCIAL DISTANCING** – keep a distance of 1m away from other people. | |  |  | | 3. | **PRACTISE GOOD RESPIRATORY HYGIENE**: cough or sneeze into your elbow or tissue and dispose of the tissue immediately after use. | |  |  | | 4. | **WEAR A MASK AND TRY NOT TO TOUCH YOUR FACE.** The virus can be transferred from your hands to your nose, mouth and eyes. It can then enter your body and make you sick. | |  |  | | 5. | **STAY AT HOME.** | | | | | | | |
| **INSTRUCTIONS** | See requirements per activity |
| **RESOURCES** | **USE YOUR TEXTBOOK (S)** | | | | | | | |

**Activity 11: TRADING STOCK AND DEBTORS (32 marks)**

|  |  |  |  |
| --- | --- | --- | --- |
| 11.1 | Mount Cake factory shop sells cakes to different coffee shops in the area. The shop is owned and managed by Mosa Motse. | |  |
|  |  |  |  |
| **REQUIRED:** | | |  |
|  |  |  |  |
|  | 11.1. | Complete the Debtors Control and Trading Stock accounts in the General Ledger. Show folio references. The company uses a 100% mark-up on all its goods. | (32) |
|  |  |  |  |
|  | 11.2. | Complete Deidre Vans' account in the Debtors Ledger. | (16) |
|  |  |  |  |
|  |  | Balances on 1 June 2019:   |  |  | | --- | --- | |  | **R** | | Trading stock | 22 138 | | Debtors Control | 11 120 | |  |
|  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Transactions to complete the Trading stock and Debtors control accounts:** | | | | | |
|  |  | | |  | | |
|  | **Junie 2019** | | | | | |
|  |  | | |  | | |
|  | | | Goods to the value of R15 360 were purchased for cash during the month. | |  |
|  | |  |  | |  |
|  | | | Goods to the value of R15 408 were purchased on credit. | |  |
|  | |  |  | |  |
|  | | | Credit sales for the month amounts to R10 616. The cost of the goods sold on credit is R5 308. | |  |
|  | |  |  | |  |
|  | | | The selling price of the goods sold for cash was R6 436. | |  |
|  | |  |  | |  |
|  | | | Returns from debtors for the month amounts to R ?. The cost price of the goods returned by debtors amounted to R196. There were no overcharges or forgotten discounts. | |  |
|  | |  |  | |  |
|  | | | The total amount received from the debtors, amounts to R12 208.  Discounts given to debtors amounts to R310. | |  |
|  | |  |  | |  |
|  | | | The owner took goods with a cost price of R300 for personal use. | |  |
|  | |  |  | |  |
|  | | | Gave a debtor a refund of R200 out of petty cash. | |  |

|  |  |  |
| --- | --- | --- |
|  | **Transactions to complete Deidre Vans' account:** | |
|  |  | |
|  | **June 2019** | |
|  |  |  |
|  | **Day** | |
|  |  |  |
|  | 1 | Amount owed by Deidre Vans to Mount Cake factory shop, R3 560. |
|  |  |  |
|  | 7 | Goods sold o  n credit to Deidre Vans R980 as per invoice no. 220. |
|  |  |  |
|  | 10 | Received a cheque from Deidre Vans in full settlement of amount owing on  1 June and gave R89 discount. Issued receipt no. 712. |
|  |  |  |
|  | 16 | Deidre Vans returned damaged goods to the value of R400. Credit note 36 was issued. |
|  |  |  |
|  | 18 | Goods sold for cash to Deidre Vans, R900. |
|  |  |  |
|  | 21 | Merchandise sold to Deidre Vans for R700 was wrongly posted to the account of Linda Vans. The error must be corrected. |
|  |  |  |
|  | 24 | The bank informed Mount Cake factory shop that Deidre Vans cheque, which was received on the 10th, had been dishonoured due to insufficient funds. The discount must be cancelled. |
|  |  |  |
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|  |  |  |

**Activity 11: Answer Book**

**11.1 GENERAL LEDGER OF MOUNT CAKE FACTORY SHOP**

**BALANCE SHEET ACCOUNTS SECTION**

**Dr TRADING STOCK B3 Cr**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **DATE** | | **DETAILS** | **FOL** | **AMOUNT** | **DATE** | | **DETAILS** | **FOL** | **AMOUNT** |
| **2019**  **June** | **1** | **Balance** | **b/d** |  | **2019**  **June** | **30** |  |  |  |
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| **17** |

**Dr DEBTORS CONTROL B4 Cr**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **DATE** | | **DETAILS** | **FOL** | **AMOUNT** | **DATE** | | **DETAILS** | **FOL** | **AMOUNT** |
| **June** | **1** |  |  |  |  |  |  |  |  |
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| **15** |

**11.1.2 DEBTORS LEDGER OF MOUNT CAKE FACTORY SHOP**

**D. VANS DL1**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **DATE** | | **DETAILS** | **FOL** | **DEBIT** | **CREDIT** | **BALANCE** |
| June |  |  |  |  |  |  |
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**QUESTION 12**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **REQUIRED:** | | |
|  |  | | |
|  | 12.1. | Briefly explain the following terms:  (a) Credit limit  (b) Credit terms  (c) Screening of debtors | (6) |
|  |  |  |  |
|  | 12.2. | State ONE advantage for a business to sell goods on credit (on account) to its customers. | (2) |
|  |  |  |  |
|  | 12.3. | State TWO disadvantages for a business to sell their goods on credit to customers. | (4) |

**Activity 12: Answer Book 12 marks**

|  |  |  |
| --- | --- | --- |
| **12.1.1** | **Briefly explain the following terms:**  **(a) Credit limit**  **(b) Credit terms**  **(c) Screening of debtors** |  |
|  | |  | | --- | |  | | **6** | |

|  |  |  |
| --- | --- | --- |
| **12.1.2** | **State ONE advantage for a business to sell goods on credit (on account) to its customers.** |  |
|  | |  | | --- | |  | | **2** | |

|  |  |  |
| --- | --- | --- |
| **12.1.3** | **State TWO disadvantages for a business to sell their goods on credit to their customers.** |  |
|  | |  | | --- | |  | | **4** | |

**ACTIVITY 13 – Concepts, Reconciliation**

|  |  |  |
| --- | --- | --- |
| 13.1 | **Explain the meaning of the term “Credit terms”.** | (2) |
|  |
| 13.2 | **Explain why the Debtors Control balance should correspond with the Debtors List total at the end of each month.** | (2) |
|  |
| 13.3 | **Explain TWO processes the bookkeeper should follow if he/she discovers a difference between the Debtors Control account and the Debtors List from the Debtors Ledger.** |  |
|  |  | (4) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 13.4. | **Debtors Reconciliation is part of an internal control process that the accountant needs to introduce into a business.** | |  | |
| 13.4.1. | **Briefly explain what is meant by internal control.** | | (2) | |
|  | |
| 13.4.2. | **Explain how the debtors Reconciliation fulfils this internal control.** | | (4) | |
|  | |
| 13.5. | **Name the documents that are used to record the following transactions that appear in the Debtors Control.** | | (5) | |
| **TRANSACTION** | | **DOCUMENT** | |
| Credit sales | |  | |
| Allowance given to a debtor | |  | |
| Payment received from a debtor | |  | |
| Dishonoured cheque of a debtor | |  | |
| Charge interest on an overdue account | |  | |

|  |  |  |
| --- | --- | --- |
| 13.6. | Name THREE places that the bookkeeper needs to refer to if the balance on the Debtors control account and the total on the Debtors List do not agree in the reconciliation process. | (3) |
|  |

**ACTIVITY 14 – RECONCILING DEBTORS CONTROL WITH DEBTORS LIST**

|  |  |  |
| --- | --- | --- |
| The following information has been taken from the books of Makhosa Traders who sell goods for cash and on credit. | | |
| **REQUIRED:** | | |
| 14.1 | The bookkeeper does not see the need to draw up a Debtors Control account and the Debtors Ledger as she believes this is a duplication of her work and she does not have the time. Explain to her why it is essential as part of the internal control process. Discuss TWO points | (6) |
| 14.2 | Draw up the corrected Debtors Control account on 31 July 2019. show working in the brackets to earn part marks. | (16) |
| 14.3 | Prepare the corrected Debtors List on 31July 2019. | (14) |
| 14.4 | The owner has noticed that the returns by debtors are very high and has asked you for advice. List TWO strategies that you would recommend to decrease the returns in the future. | (4) |
|  |  | |

**INFORMATION**

1. **GENERAL LEDGER OF MAKHOSA TRADERS**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **BALANCE SHEET/STATEMENT OF FINANCIAL POSITION ACCOUNT SECTION**  **DEBTORS CONTROL** | | | | | | | | | |
| 2019  July | 1 | Balance | b/d | 18 500 | 2019  July | 31 | Debtors allowances | DAJ | 8 320 |
|  | 31 | Sales | DJ | 67 456 |  |  | Bank | CRJ | 49 600 |
|  |  | Bank | CPJ | 1 440 |  |  | Discount allowed |  | 4 120 |
|  |  | Sundry accounts | GJ | 3 150 |  |  | Sundry account | GJ | 1 560 |
|  |  |  |  |  |  |  | Balance | c/d | 26 946 |
|  |  |  |  | 90 546 |  |  |  |  | 90 546 |
| Aug | 1 | Balance | b/d | 26 946 |  |  |  |  |  |

**B. DEBTORS’ LIST 30 JULY 2019**

|  |  |  |
| --- | --- | --- |
|  | **DEBIT** | **CREDIT** |
| G. Green | 6 426 |  |
| N. Nadal | 5 040 |  |
| F. Federer | 12 060 |  |
| R. Rooney |  | 480 |
| M. Messi | 4 020 |  |
| T. Qalinge | 0 |  |
|  | 27 546 | 480 |

|  |  |  |
| --- | --- | --- |
| **C. Errors and omissions discovered:** | |  |
|  | |  |
|  | The R480 credit on the account of R. Rooney was an amount received from him after his account had been written off as a bad debt. It was recorded in the CRJ as a receipt from a debtor. |  |
|  | Interest of R120 must still be charged on the overdue account of debtor, F. Federer. |  |
|  | The Debtors Journal was overcast by R600. |  |
|  | M. Messi complained that he was not allowed a cash discount of 10% to which he was entitled when he paid his account of R2 760. This was verified and must be brought into account. |  |
|  | The bank returned a cheque of R1 878 marked ‘R/D: Insufficient funds. This cheque was received from T. Qalinge. He had been allowed a discount of R100. |  |
|  | An invoice for R3 840 for N. Nadal was incorrectly entered in the Debtors’ Journal as R8 430 and posted accordingly. |  |
|  | Merchandise, R360, returned by G. Green was recorded correctly in the relevant journal. It was, however, posted to the wrong side of her account in the Debtors Ledger. |  |

**ACTIVITY 14– DEBTORS RECONCILIATION**

|  |  |  |
| --- | --- | --- |
| 14.1 | Explain to her why it is essential as part of the internal control process. Discuss TWO points | (6) |
|  | | |

**14.2 GENERAL LEDGER OF MAKHOSA TRADERS**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **STATEMENT OF FINANCIAL POSITION ACCOUNTS SECTION**  **DEBTORS CONTROL** | | | | | | | | | | |
| 2019  July | 1 | Balance | b/d |  | 2019  July | 31 | Debtors allowances | CRJ |  |
|  | 31 | Sales | DJ |  |  |  | Bank | DAJ |  |
|  |  | Bank | CPJ |  |  |  | Discount allowed | GJ |  |
|  |  | Sundry accounts |  |  |  |  | Sundry accounts |  |  |
|  |  |  | GJ |  |  |  | Balance | c/d |  |
|  |  |  |  |  |  |  |  |  |  |
| 2020  Aug | 1 | Balance | b/d |  |  |  |  |  |  |

**14 MARKS**

**14.3. DEBTORS’ LIST 31 JULY 2019**

|  |  |
| --- | --- |
| G. Green (6 426 |  |
| N. Nadal (5 040 |  |
| F. Federer (12 060 |  |
| R. Rooney (-480 |  |
| M. Messi (4 020 |  |
| T. Qalinge (0 |  |
|  |  |

|  |  |  |
| --- | --- | --- |
| 14.4. | List TWO strategies that you would recommend to decrease the returns in the future. | ( 4) |
|  | | |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **QUESTION 15: RECONCILIATION**  **(22 marks; 20 minutes)** | | | | | | |
|  |  | | |  | |  | |
| 15 | Top Chef Traders sells cookware for cash and on credit. Although their credit terms are 30 days, they budget on the expectation that 80% of debtors will meet these terms. | | | | | | |
|  |  | | |  | |  | |
|  | **REQUIRED:** | | | | | | |
|  |  | | |  | | |  |
|  | 15.1 | | | Referto **Information 3 (e)** below | | |  |
|  |  | | | * + 1. What does the abbreviation R/D stand for | | | (1) |
|  |  | | | * + 1. Provide TWO suggestions to the owner to prevent such cheques in the future. | | | (4) |
|  |  | | |  | | |  |
|  | 15.2 | | | Calculate the following. (Show workings in brackets to earn part marks) | | |  |
|  |  | | | * + 1. The correct closing balance of the Debtors Control Account on 31 March 2019 | | | (5) |
|  |  | | | * + 1. The correct amounts owing by each of the following debtors of Top Chef Traders on 31 march 2019: | | | (12) |
|  | |  | | --- | | * C. Moodley | | * D. Taljaard | | * P. Zulu |   **INFORMATION:** | | | | | |  |
|  |  |  | | | | |  |
|  | **1.** | Balance of the Debtors' Control Account on 31 March 2019 was R200 000 before taking the relevant information in No. 3 below. | | | | |  |
|  |  |  | | | | |  |
|  | **2.** | Balance per Debtors Ledger on 31 March 2019 before taking the relevant information in No. 3 below: | | | | |  |
|  |  | |  |  | | --- | --- | | **DEBTORS** | **AMOUNT** | | T. Perumal | 64 500 | | B. Moodley | 41 200 | | D. Taljaard | 23 000 | | B. Sunder | 51 500 | | P. Zulu | 7 900 | | **TOTAL** | 188 100 | | | | | |  |
|  |  | |  | | | |  |
|  | **3.** | The following errors and omissions were discovered and must be corrected: | | | | |  |
|  |  | (a) | | | The Debtors Journal has been overcast by R2 600. | |  |
|  |  |  | | |  | |  |
|  |  | (b) | | | An invoice issued to D. Taljaard for R1 800 had not yet been recorded in the books of Top Chef Traders. | |  |
|  |  |  | | |  | |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | (c) | Stock sold on credit to P. Zulu was incorrectly charged to the account of C. Moodley, R8 300. |  |
|  |  |  |  |  |
|  |  | (d) | An invoice issued to P. Zulu for R6 000 had been posted to the wrong side of his account. |  |
|  |  |  |  |  |
|  |  | (e) | A cheque of R13 500, originally received from C. Moodley in settlement of an invoice of R15 000, was returned by the bank marked R/D. No entries have yet been made. |  |
|  |  |  |  |  |
|  |  | (f) | Goods sold on credit to D. Taljaard for R5 800 were correctly recorded in the Debtors Journal but incorrectly posted as R8 500 to D. Taljaard’s account in the Debtors’ Ledger. |  |

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| **ACTIVITY 15** | | |  |
|  |  | |  |
| **15.1.** | **15.1.1 What does the abbreviation R/D stand for?** | |  |
| |  | | --- | |  | | **1** | | |
| **15.1.2 Provide TWO suggestions to the owner to prevent such cheques in**  **the future.** | |
|  | |
| |  | | --- | |  | | **4** | | |
|  |  | |  |
| **15.2** | **The correct closing balance of the Debtors Control Account on 31 March 2019.** | | |  | | --- | |  | | **5** | |
|  | | | |
|  | **Calculate the correct amounts owing by debtors.**   |  |  |  | | --- | --- | --- | |  | **Calculations** | **Balance** | | * **C. Moodley** | R41 200 |  | | * **D. Taljaard** | R23 000 |  | | * **P. Zulu** | R7 900 |  | | | |  | | --- | |  | | **12** | |
|  |  |  | |

|  |
| --- |
| **TOTAL MARKS** |
|  |
| **22** |