

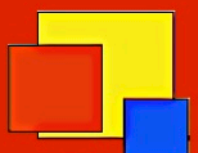
EMS GRADE 9



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.

Debtors' ledger of (name of business)

(Name of debtor) D1

Date	Details	Fol	Debit (+)	Credit (-)	Balance
	Balance	b/d			XXX
	Invoice No.	DJ	XXX		XXX
	Receipt No.	CRJ		XXX	XXX

Creditors' ledger of (name of business)

(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
045	3	J Green	D1	1 100				1 100			
CRR		Cash sales		800	1 900	800	400				
CRR	10	Cash sales		900		900	450				
046		B Vundla	D2	1 200	2 100			1 200			
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.					4 800	2 500	1 250	2 300			

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
064	6	Soapy Traders	C1	500			500			
065	12	Bubble Shop		2 230	2 000	230				
066	18	Stationery Suppliers	C2	1 100			1 100			
067	25	Super Stores		610	400	210				
				4 450	2 400	450	1 600			

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

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

J Green	D1	1 460
B Vundla	D2	1 560
		3 020

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

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.

Soapy Traders	C1	1 540
Stationery Suppliers	C2	550
		2 090



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		

Required:

Draw up the Debtors' and Creditors' Ledgers of JJ Stores for June 20_1.

Debtors Ledger of JJ Stores

Z Alli

D1

Date	Details	Fol	Debit	Credit	Balance

C Brooke

D2

Date	Details	Fol	Debit	Credit	Balance

P Ntobeng

D3

Date	Details	Fol	Debit	Credit	Balance

R Strous

D4

Date	Details	Fol	Debit	Credit	Balance

List of debtors on 30 June 20_1

Creditors Ledger of JJ Stores

Altona Ltd

C1

Date	Details	Fol	Debit	Credit	Balance

Dudkin & Co

C2

Date	Details	Fol	Debit	Credit	Balance

Smith Suppliers

C3

Date	Details	Fol	Debit	Credit	Balance

List of creditors on 30 June 20_1



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.



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. Example²



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	Credit note 33	DAJ		100	250
	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	Debit note 24	CAJ	50		900

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. |

² 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.

**Debtors Ledger of Seller Stores
B. Mullany D5**

Date	Document	F	Debit	Credit	Balance

6.9. Formative assessment

(10 marks, 7 minutes) 

Required

Draw up the account of K. Seller in the books of Bulelwa's Bookshop from the following documents drawn up during August 20_4. On 1 August K. Seller owed R340.

Duplicates of receipts issued

No.	Date	To whom issued	Amount	For
29	4	K. Seller	R340	settlement of account
30	11	A. Ismail	R2300	rent
31	18	A. Leopold	R500	on account
32	25	K. Seller	R395	settlement of account

Duplicate of invoices issued

No.	Date	To whom issued	Amount
53	6	A. Leopold	R890
54	11	K. Seller	R420
55	23	E. Hadjitheodosiou	R565
56	29	A. Du Toit	R410

Duplicates of credit notes issued

No.	Date	To whom issued	Amount
15	7	A. Leopold	R370
16	15	K. Seller	R25
21	31	A. Du Toit	R41

**Debtors Ledger of Bulelwa's Bookshop
K. Seller D3**

Date	Document	F	Debit	Credit	Balance

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

(pull out page)

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

(pull out page)

Part 2: Introduction to accounting

Date		Details	Fol	Debit	Credit	Balance
20_1 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 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 Sep	18	Invoice 163	CJ5		1 500	1 500

					20_1 Sep	1	Balance	b/d	8 000
						21	Bank	CRJ5	4 000
									12 000

					20_1 Sep	1	Balance	b/d	129 500
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Date		Details	Fol	Debit	Credit	Balance
20_1 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

(pull out page)

Part 2: Introduction to accounting

20_1 Sep	1	Balance	b/d	15 000					
	30	Creditors' control	CJ5	3 500					
				18 500					

Date		Details	Fol	Debit	Credit	Balance
20_1 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 Sep	1	Balance	b/d	100 000					
	30	Trading stock	CRJ5	24 000					
		Trading stock	DJ5	23 000					
				147 000					

	Fol	Debit	Credit
Statement of Financial Position section			
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
Nominal accounts section			
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 Sep	1	Balance	b/d	125 000					
	23	Bank	CPJ5	15 000					
				140 000					

20_1 Sep	30	Sundry accounts	CRJ5	46 000	20_1 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

(pull out page)

Creditors' journal of Rikki Retail – September 20_1 CJ5

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

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

1.4.1. 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
Statement of Financial Position section			
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
Nominal accounts section			
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			

- 3.1. Open the following general ledger accounts with the opening balances given, and post the relevant entries from the journals.

Dr **General ledger of Saunders & Saunders** **Cr**
Trading stock B5

Debtors' control B6

Creditors' control B9

- 3.2. Post to the account of M. Finlayson ONLY in the Debtors Ledger.

Debtors' ledger of Saunders & Saunders

M Finlayson D5

Date	Details	Fol	Debit	Credit	Balance