




# EMS: PLANNING & PREPARATION



GRADE	7	8	9	*	TERM	1	2	*	3	4	DISCIPLINE	Financial Literacy	*	Entrepreneurship	The Economy	
<b>DATE: 31 March – 3 April 2020</b>																
<b>TEACHERS</b>  	<b>Topic / Content / Concepts / Skills</b> (WHAT I am going to teach/guide/support...)					<b>Teaching Methodologies &amp; Classroom Management Skills</b> (HOW I am going to teach/guide/support...)					<b>Resources / LTSM</b> (WHAT I am going to use to teach/guide/support...)					
	Credit Sales - Debtors <ul style="list-style-type: none"> <li>New concepts - credit sales, debtors, invoice and creditworthy</li> <li>Cycle of credit sales</li> <li>Source document - Invoice and information involved</li> <li>Debtors Journal - meaning and format</li> <li>Cash Receipts Journal - income received from debtors</li> <li>Effect of credit sales on the Accounting Equation</li> </ul>					Learner completes revision activity on the Accounting equation of cash sales Parent explains new concepts Read notes on credit sales, cycle and a new journal, Debtors Journal. CRJ - monies received from debtors Effect of credit sales on accounting equation Learners complete activities.					Textbooks and ePortal & TAPs Teaching tips					
<b>PARENTS</b>  	This is a self-study period for your learner and therefore your help is needed to make sure your child spends at least one hour a day on EMS. New topic: Credit sales, the role of debtors and the effect of credit sales on Accounting Equation					Your child should complete revision activity. Explain to your child the new concepts involved in credit sales Have the learner use his textbook or notes below to read more about this topic.					Refer to the ePortal and the TAPs Teaching tips					
	Use your textbook if you do not remember certain information. Short notes also added to help you if you do not have your textbook with you. Complete Revision Test - Accounting Equation - Cash Sales. Remember there are 4 accounts involved: Sales and Banking / Cost of Sales and Trading Stock. Read in your textbook or notes below on credit sales and Debtors journal. Also, read about the CRJ and receipt of money from debtors. Effect of Credit Sales on Accounting Equation - Now remember four accounts involved Complete activities on completing an invoice Complete activities on the CRJ and DJ Please draw all columns in your answer book. Read in your textbook on the next topic - Credit sales and posting.															
<b>LEARNERS' ACTIVITIES</b>  	Activity 4 - Revision test - Accounting comparison - Cash sales Activity 5 - Invoice Activity 6 - Complete CRJ and DJ Activity 7 - Complete KOJ and DJ															
<b>Informal Assessment</b>																



## REVISION ON ACCOUNTING EQUATION

### Activity 4

Analyse the following transactions correctly according to the accounting equation. Study the example: *Received a cheque from S. Kgaga for an office she is renting at the undertaking, R1 500.*

### TRANSACTIONS

- The owner deposited R350 000 in the current bank account of the undertaking as his capital contribution.
- The owner withdrew R5 000 cash for an emergency in the family.
- Issued a cheque to Glen Furnishers for the purchase of office furniture, R227 000.
- Paid R2 200 by cheque to The Phone Company for the installation of additional telephone cables.
- Issued a cheque to the municipality for the necessary trading licence, R1 800.
- Applied for a loan at FNB, R100 000 and deposited the money in the current banking account.
- Purchased goods and paid by cheque, R83 000.
- Cash sales of goods, R25 000. The profit mark-up is 100% on the cost price.

ADD A + SIGN FOR AN INCREASE AND A – SIGN FOR A DECREASE AT THE TOP OF EACH DR AND CR COLUMN OF THE OWNERS EQUITY, ASSETS AND LIABILITIES

No.	GENERAL LEDGER		REASON						
			Owner's equity		Assets		Liabilities		
	Account dr	Account cr	Dr	Cr	Dr	Cr	Dr	Cr	
Eg.	Bank	Rent income		1 500	1500				
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									
11.									

Draw the table in your notebook.

Explain the following new concepts to your child.



Credit sales	
Debtor	
Invoice	
Creditworthy	



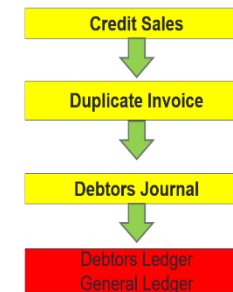
Learners read the following notes and complete the activities.



### CREDIT SALES

- Goods are sold on credit to creditworthy customers.
- These customers are usually given a period to pay the money owing to the business.
- Any person owing money to a business is called a **DEBTOR**.
- The source document used to record goods sold on credit is called an **INVOICE**.

### JOURNALS – CREDIT SALES



### Source Document

**Invoice**

INVOICE

No. 455

24 School Street  
Cravenburg  
7493

Date: \_\_\_\_\_

To: \_\_\_\_\_

Bought from: \_\_\_\_\_

QUANTITY	DESCRIPTION	PRICE	AMOUNT

E. & O.E.

### Journals

**DEBTORS JOURNAL OF ABC TRADERS – JANUARY 2019 DJ1**

Doc	D	Details	Fol	Sales	Cost of sales

**Debtors Journal:** To increase your turnover, a business can decide to sell goods on credit. All credit sales will be entered in the Debtors' Journal. An original invoice will be issued to the debtors and the duplicate invoice will be used to enter the transactions in the Debtors Journal.

**Cash Receipts Journal**

Doc	D	Details	Fol	Analysis of receipts	Bank	Debtors Control	Sales	Cost of sales	Sundry Accounts			
									Amount	Fol	Details	

**Cash Receipt Journal:** When a debtor pays his account, it is recorded in the CRJ and an original receipt is issued to the debtor and the duplicate receipt will be used to enter the transactions in the Cash Receipt Journal.

**EXAMPLE:**

**Prepare a Debtors Journal**

**Required:**

- Record the following transactions of Alma Suppliers in the Debtors Journal for May 2019. Close off the journal at the end of the month.
- Analyse transactions for days 6 and 10.

Date	Invoice No	Name of client	Selling Price	Cost Price
May 6	C56	B Blignaut	R520	R260
10	C57	BB Fashions	R1 300	R650
16	C58	C. Mokoena	R1 040	R520
23	C59	BB Fashions	R1 560	R780

**Possible answer**

**Debtors Journal of Alma Suppliers for May 2019**

**DJ1**

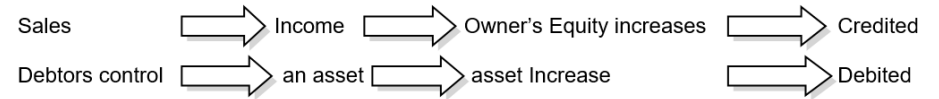
Doc	Day	Details	Fol	Sales	Cost of Sales
56	6	B Blignaut	D1	520	260
57	10	BB Fashions	D2	1 300	650
58	16	C. Mokoena	D3	1 040	520
59	23	BB Fashions	D2	1 560	780
				4 420	2 210

**Effect on the accounting equation:**

No	Account Debited	Account Credited	A =	OE +	L
6	Debtors Control	Sales	+ 520	+ 520	0
	Cost of sales	Trading stock	- 260	- 260	0
10	Debtors Control	Sales	+ 1 300	+ 1 300	0
	Cost of sales	Trading stock	- 650	- 650	0

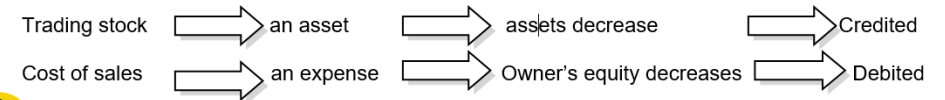
When we sell goods on credit we do not get any money therefore an account is opened called Debtors control. Therefore the accounts affected will be:

**Sales and Debtors control**



Remember every time you sell goods your trading stock account decreases, therefore a double entry is made for the cost of the goods sold.

The accounts affected will be:



**Activity 5**

INVOICE			
			No. 455
			24 School Street
			Cravenby
			7493
			2 March 2014
To: DL Themba			
121 Rissik Street			
Parow East			
7501			
Bought from: <b>AK TRADERS</b>			
QUANTITY	DESCRIPTION	PRICE	AMOUNT
2	Dresses	R445	910
5	Skirts	R125	625
			1 535
E. & O.E.			

**QUESTIONS**

- Someone that owes the business money is called a \_\_\_\_\_
- The business records the transaction from (original/duplicate) sales invoice.
- What does E. & O.E. stand for? \_\_\_\_\_



### Activity 6

Prepare the CRJ and DJ from the transactions which were extracted from the books of Red Ochre Traders for January 2019.

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

#### Transactions

##### JANUARY 2019

- 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
- 8 Sold goods on credit to C Crimson, R1 200 (invoice 401)
- 12 Cash sales as per CRT 201, R9 000.
- 15 Receive payment from V Violet, R400. Issue receipt 301
- 18 C Crimson paid his account in full, R1 200. Issue receipt 302
- 21 Received rent from tenant P Pink for premises sub-let, R4 500. Issued receipt 303.
- 25 Sold merchandise on credit to V Violet, R1 800. Issued invoice no 402.
- 27 Cash sales as per CRT 202, R4 800

CASH RECEIPTS JOURNAL OF RED OCHRE TRADERS FOR JANUARY 2019

CRJ1

Doc. No.	D	DETAILS	F	Analysis Of Receipts	Bank	Sales	Cost Of Sales	Debtors Control	Sundry Accounts			
									Amount	F	Details	

DEBTORS JOURNAL OF RED OCHRE TRADERS FOR JANUARY 2019 DJ1

Doc. No.	D	DETAILS	F	SALES	COST OF SALES

Draw Journals in your notebook



### Activity 7

Prepare the CRJ and DJ from the transactions which were extracted from the books of Mickey Traders for May 2019

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

#### Transactions

##### MAY 2019

- 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.
- 12 Receive a payment from M Minnie for R9 000. Issue receipt 601
- 17 Received rent from tenant P Panther, R15 000 for premises sublet. Issued receipt 602
- Sold goods on credit to L Lulu, R8 400, as per invoice 501.
- 20 Receive the second payment from M Minnie, R6 000. Issue receipt 603
- 22 Cash sales as per CRT 401, R25 400
- 25 Sold merchandise to M Minnie on credit as per invoice 502, R7 000

CASH RECEIPTS JOURNAL OF MICKEY TRADERS FOR MAY 2019

CRJ2

Doc. No.	D	DETAILS	F	Analysis Of Receipts	Bank	Sales	Cost Of Sales	Debtors control	Sundry Accounts			
									Amount	F	Details	

DEBTORS JOURNAL OF MICKEY TRADERS FOR MAY 2019

DJ2

Doc. No.	D	DETAILS	F	SALES	COST OF SALES

Draw Journals in your notebook