

# Simplified Accounting

Workbook & Activities | Learner's Book

Grade 9 | CAPS



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Also by same authors:

- Financial Literacy For All Grade 8 (Activities & Workbook)
- Financial Literacy For All Grade 9 (Activities & Workbook)
- Simplified Accounting Grade 8 (Activities & Workbook)

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Economic and Management Sciences (EMS) can be divided into three main sections: Economy, Entrepreneurship, and Financial Literacy.

Most learners tend to struggle with the Financial Literacy section. They particularly find difficulty in identifying differences between various exercise books (8 Money Column, Creditors Journal, Double Ledger, etc.) which results in transactions being incorrectly placed. These mistakes have a discouraging effect on learners and often cause them to develop a negative view of the section of finance altogether.

The **Simplified Accounting** workbook was created with guidance from EMS CAPS policy documents that focus on Accounting content, and offers the following:

- Relevance to the technological development brought about by the Fourth Industrial Revolution (4IR).
- An age-appropriate layout that is designed to attract and hold learners' interest throughout the duration of the academic year.
- Content that is applicable to both real life contexts and next-grade content that relate Finance-related matters.
- A variety of exercises that consolidate knowledge and skills, while also providing ample practise to ensure successful completion of assessment tasks.
- Appropriate language used to make content accessible and encourage independent learning and revision.
- Activities that accommodate different paces of learning, which (in addition to support from educators) aims to build confidence in learners.
- Graphics and images that serve as reminders and guidelines for important concepts, making it easier for learners to conceptualise content.
- End-of-term tests designed to prepare learners for Formal Assessment Tasks.

# Table of Contents

## Term 1

Accounting Equation	6
Cost, Selling Price & Profit	12
Journals of Sole Trader	22
Journals of a business	28
Combined Cash Journals	34
General Ledger	54
Trial Balance	66
Class Test	76

## Term 2

Credit Transactions	83
Returns by debtors	95
Receipts from debtors	98
Class Test	107

## Term 3

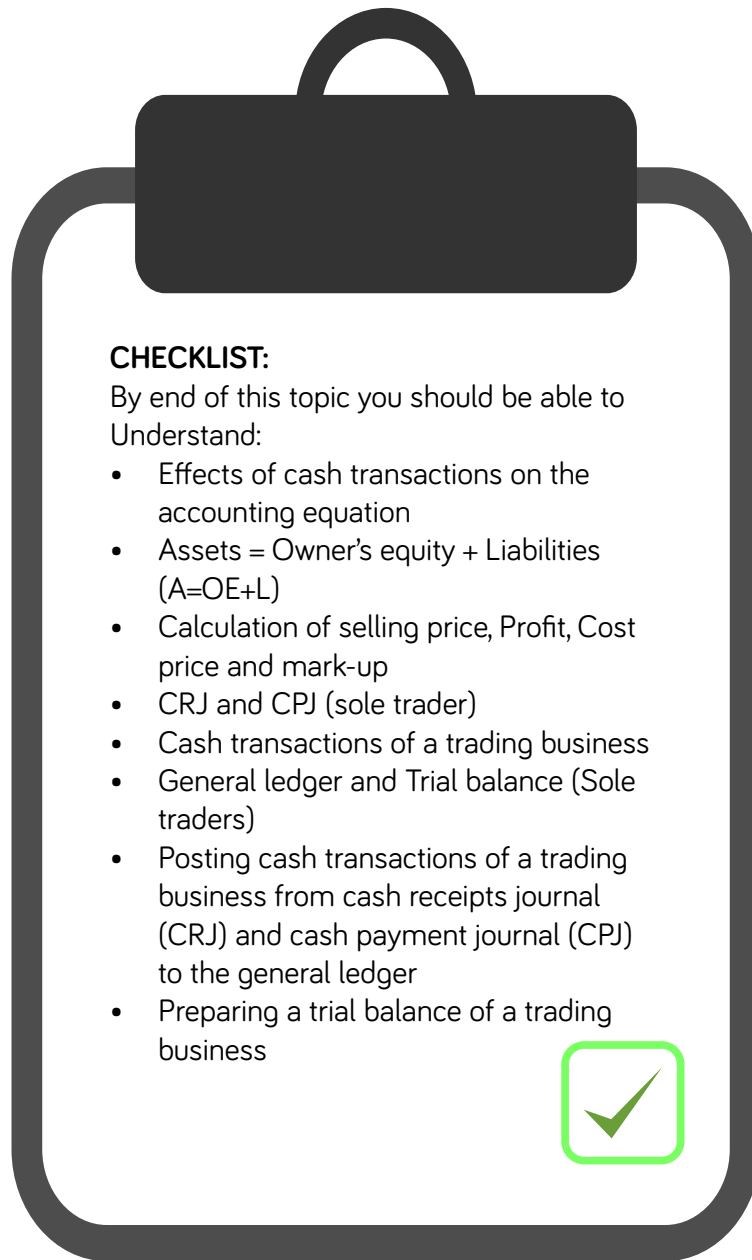
Journal to general ledger	114
Effects of credit transactions	123
Creditor's Journal	129
Double Entry System	150
Class Test	163

## Term 4

Combined Journals	168
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<b>Glossary</b>	<b>196</b>
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## Accounting Equation



**CHECKLIST:**

By end of this topic you should be able to Understand:

- Effects of cash transactions on the accounting equation
- $Assets = Owner's\ equity + Liabilities$  ( $A=OE+L$ )
- Calculation of selling price, Profit, Cost price and mark-up
- CRJ and CPJ (sole trader)
- Cash transactions of a trading business
- General ledger and Trial balance (Sole traders)
- Posting cash transactions of a trading business from cash receipts journal (CRJ) and cash payment journal (CPJ) to the general ledger
- Preparing a trial balance of a trading business



**REFLECTION:**

MY KEY NOTES FROM GRADE 8:

List Accounting Concept learned in grade 8 that stood out for you?

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## EFFECTS OF CASH TRANSACTIONS IN THE ACCOUNTING EQUATION.

Summary of the elements of the Accounting equation



<p><b>ASSET ACCOUNTS</b></p> <table border="1" data-bbox="121 376 448 622"> <tr> <td>DR</td> <td>CR</td> </tr> <tr> <td>+</td> <td>-</td> </tr> <tr> <td>Increase</td> <td>Decrease</td> </tr> </table> <p>Assets increase on the debit side and decrease on the credit side</p>	DR	CR	+	-	Increase	Decrease	<p><b>OWNER'S EQUITY ACCOUNTS</b></p> <table border="1" data-bbox="624 376 951 622"> <tr> <td>DR</td> <td>CR</td> </tr> <tr> <td>-</td> <td>+</td> </tr> <tr> <td>Decrease</td> <td>Increase</td> </tr> </table> <p>Owner's equity increases on the credit side and decreases on the debit side</p>	DR	CR	-	+	Decrease	Increase	<p><b>LIABILITY ACCOUNTS</b></p> <table border="1" data-bbox="1134 376 1461 622"> <tr> <td>DR</td> <td>CR</td> </tr> <tr> <td>-</td> <td>+</td> </tr> <tr> <td>Decrease</td> <td>Increase</td> </tr> </table> <p>Liabilities increase on the credit side and decrease on the debit side.</p>	DR	CR	-	+	Decrease	Increase
DR	CR																			
+	-																			
Increase	Decrease																			
DR	CR																			
-	+																			
Decrease	Increase																			
DR	CR																			
-	+																			
Decrease	Increase																			
<p><b>NON-CURRENT ASSETS</b></p> <ul style="list-style-type: none"> <li>• Land</li> <li>• Buildings</li> <li>• Equipment</li> </ul> <p><b>CURRENT ASSETS</b></p> <ul style="list-style-type: none"> <li>• Trading stock</li> <li>• Debtors</li> <li>• Bank</li> <li>• Cash float</li> <li>• Petty cash</li> </ul>	<table border="1"> <tr> <td data-bbox="496 992 818 1962"> <p>Drawings (Dr)</p> <p><b>Expenses(Dr)</b></p> <ul style="list-style-type: none"> <li>• Cost of sales</li> <li>• Rent expense</li> <li>• Telephone</li> <li>• Material costs</li> <li>• Water &amp; electricity</li> <li>• Trading license</li> <li>• Stationery</li> <li>• Advertising</li> <li>• Packing material</li> <li>• Repairs</li> <li>• Wages</li> <li>• Salaries</li> <li>• Donations paid</li> <li>• Insurance</li> <li>• Rates and taxes</li> <li>• Consumable stores</li> <li>• Interest on loan</li> <li>• Postage</li> <li>• Fuel</li> <li>• Etc.</li> </ul> </td> <td data-bbox="818 913 1074 1962"> <p>Capital(Cr)</p> <p><b>Income accounts(Cr)</b></p> <ul style="list-style-type: none"> <li>• Sales</li> <li>• Current income</li> <li>• Rent income</li> <li>• Donations received</li> <li>• Interest on investment</li> <li>• Commission income</li> <li>• Bad debts recovered</li> <li>• Etc.</li> </ul> </td> </tr> </table>	<p>Drawings (Dr)</p> <p><b>Expenses(Dr)</b></p> <ul style="list-style-type: none"> <li>• Cost of sales</li> <li>• Rent expense</li> <li>• Telephone</li> <li>• Material costs</li> <li>• Water &amp; electricity</li> <li>• Trading license</li> <li>• Stationery</li> <li>• Advertising</li> <li>• Packing material</li> <li>• Repairs</li> <li>• Wages</li> <li>• Salaries</li> <li>• Donations paid</li> <li>• Insurance</li> <li>• Rates and taxes</li> <li>• Consumable stores</li> <li>• Interest on loan</li> <li>• Postage</li> <li>• Fuel</li> <li>• Etc.</li> </ul>	<p>Capital(Cr)</p> <p><b>Income accounts(Cr)</b></p> <ul style="list-style-type: none"> <li>• Sales</li> <li>• Current income</li> <li>• Rent income</li> <li>• Donations received</li> <li>• Interest on investment</li> <li>• Commission income</li> <li>• Bad debts recovered</li> <li>• Etc.</li> </ul>	<p><b>NON- CURRENT LIABILITIES</b></p> <ul style="list-style-type: none"> <li>• Long term loan</li> </ul> <p><b>CURRENT LIABILITIES</b></p> <ul style="list-style-type: none"> <li>• Creditors</li> <li>• Bank overdraft</li> <li>• Short term loan</li> </ul>																
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In Accounting we work with a scale to balance the accounting books

- The left hand side is called the debit side
- The right hand side is called the credit side
- An accounting entry can only balance if we follow the Double entry principle
- For every debit entry made there must be a corresponding credit entry.

## FIVE ACCOUNTING RULES



### **Assets:**

Assets increases on the debit side(DR) and decreases on the credit side(CR)

### **Liabilities:**

Liabilities increases on the credit side (CR) and decreases on the debit side(DR)

### **Equity:**

Equity increases on the credit side(CR) and decreases on the debit side(DR)

### **Income:**

Income increases equity on the credit side(CR) and decreases on the debit side(DR)

### **Expenses:**

Expenses decreases equity on the debit side(DR) and increases on credit side

### **Transaction analysis**

The following questions will help you to analyse the effect of a transaction on the accounting equation (Assets = OE + Liabilities):

- Which **TWO ACCOUNTS** are affected?
- What **TYPES OF ACCOUNTS** are they (A or OE(Income/expense) or L)?
- Will the account **INCREASE** and/or **DECREASE**?
- Which account will be **DEBITED** and which will be **CREDITED**?
- Are Assets = OE + Liabilities?



**Accounting Equation must always Balance**  
Left = Right



## Example

The owner deposits R50 000 in the business account at FNB Bank as a capital contribution. The teller issued receipt 001.

Which TWO ACCOUNTS are affected?

**Answer: Bank and Capital**

What TYPES OF ACCOUNTS are they (A or OE(Income/expense) or L)?

**Answer: Bank – Assets, Capital – Owner's Equity.**

Will the account INCREASE and /or DECREASE?

**Answer: Bank will increase as money is coming into the business.**

Capital will also increase as the owner is investing money into the business.

Which account will be DEBITED and which will be CREDITED? (Refer to the classification of account table and Five rules)

**Answer: Rule one is applied (Assets increases on debit side(DR) and decreases on credit side(CR))**

**Since bank is an (asset) and it increases+ it will therefore be debited.**

**Rule three is also applied (Equity increases on credit side(CR) and decreases on debit side(DR))**

**Since Capital is (equity)and it increases+ it will therefore be credited.**

Is  $Assets = OE + Liabilities$ ?

Account debited	Account credited	Assets	= OE	+ L
Bank	Capital	+50 000	+50 000	0

$Assets(-50\ 000) = OE(-50\ 000) + L(-0)$

**Yes, Assets is equal to owner's equity + Liabilities**





Answer the following question

Define the following concepts:

**1. Asset**

\_\_\_\_\_

**2. Transaction**

\_\_\_\_\_

**3. Current liability**

\_\_\_\_\_

**4. Name two types of assets and give one example of each**

\_\_\_\_\_

\_\_\_\_\_

5. Assets = \_\_\_\_\_

6. Owner's equity = \_\_\_\_\_

7. Cash in small denominations, kept in the cash register and used to give change to the customers:

\_\_\_\_\_

8. Assets increases on the \_\_\_\_\_ side and decrease on \_\_\_\_\_ side.

9. Income increases the equity on \_\_\_\_\_ side and decreases on \_\_\_\_\_ side

\_\_\_\_\_  
Parent/Guardian Signature



The following information was extracted from the records of Muzi Suppliers on March 2021. They sell cleaning materials.

Required:

Record the transactions in the following subsidiary book using the provided answer sheet:

- Debtors Journal
- Cash Receipt Journal
- Show the effect on the accounting equation

Transactions:

3 Cash sales of merchandise according to cash register roll, R4 800(Cost price, R2 600)

4 Issued credit invoice no: 01 to M Nkosi for R1 000 (Cost price R500)

10 Issued receipt no. C02 to M Nkosi in part payment of her account R700.

15 Sold goods on credit to S.Ndlovu, R2 000 (Cost price, R1 000). Invoice 02 was issued.

25 S Ndlovu made a EFT payment with reference EFT0/1 in full settlement of his account.

Answer sheet

DEBTORS JOURNAL OF MUZI SUPPLIERS FOR MARCH 2021 DJ 8

Doc No.	Day	Debtor	Fol	Sales	Cost of Sales



Doc No.	Day	Details	Fol	Analysis of receipts	Bank	Sales	Cost of sales	Debtors 'control	Sundry accounts	
									Amount	Fol

Effect of transactions on the accounting equation:

Date	Source document	Subsidiary journal	Account debited	Account credited	Effect on the accounting equation		
					A	OE	L



\_\_\_\_\_  
Parent/Guardian Signature