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MY LEGACY

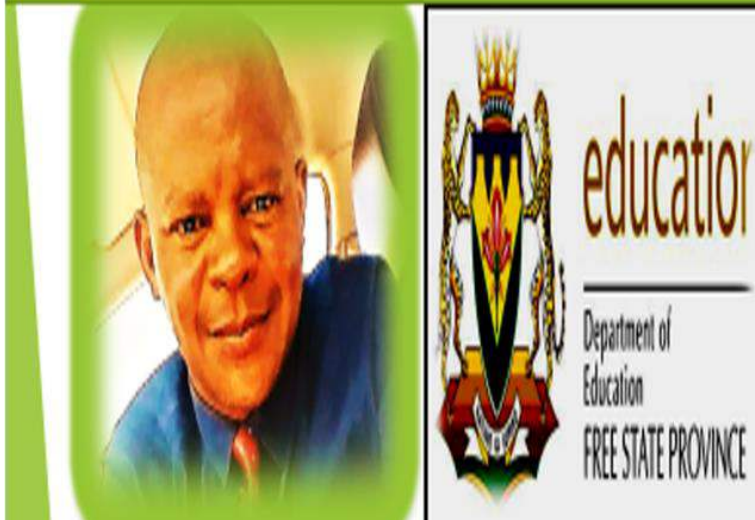
STUDY GUIDE

ECONOMIC AND MANAGEMENT SCIENCES

GRADE 8

AS PER AMENDED CAPS DOCUMENT

BY KOKOI T.L. (SA – TMED)



If learners cannot learn the way teachers teach, teachers must teach the way learners learn!!!

ECONOMIC AND MANAGEMENT SCIENCES (EMS)

GRADE 8



KOKOI T.L. (SA - TMED)

INTRODUCTION

This manual provides Grade 8 teachers and learners with the followings benefits:

- It has been developed using the amended EMS CAPS Document which is supposed to be implemented at the beginning of the year 2020.
- It provides a clear structure with regard to time frames within which topics and content must be covered and topics and content explained are in line with the amended Annual Teaching Plan.
- Both amendments of Annual Teaching Plan and Programme of Assessment are provided.
- Topics and content in this manual follow each other as in the amended Teaching Plan.
- The manual provides definitions of concepts, discussions, tables, graphs and pictures where necessary.
- It is user-friendly for teachers, learners and selected parents.
- Transactions of the same type especially in Financial Literacy, have not been repeated to avoid fruitless time consumption.
- It also caters for learners who are 'not so intelligent'.
- Both knowledge to be gained and skills to be developed have been catered for.
- **Glossary** (definitions of concepts) has been provided at the end of the manual, arranged per term and per topic.

ACKNOWLEDGEMENTS

- My father (J.H. Kokoi) who 'forced' me to take the teaching profession and be where and what I am to date.
- My former commercial subjects teachers and lecturers.
- My wife (Mantshadi/Mahlaetsi) who encouraged me to develop this manual.
- My colleagues in curriculum facilitation for their support and advises.
- National Government and National Department of Education for providing legislation and Annual Teaching Plan and Programme of Assessment followed in this manual respectively.
- All people who made the necessary contributions but not mentioned.
- Free State Department of Education for the emblem used on the cover page.
- If any copyright infringements have been made, the author is more than prepared to correct any errors after being notified, even though that, that has been avoided at all costs.

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PHOTOCOPYING SELECTED PAGES FOR EDUCATIONAL PURPOSES IS HIGHLY ACCEPTABLE AND ENCOURAGED FOR LEARNERS' NOTES AND ASSESSMENT.

TOPICS and CONTENT

TERM 1

- GOVERNMENT (ECON) 7
- NATIONAL BUDGET (ECON) 9
- STANDARD OF LIVING (ECON) 14
- ACCOUNTING CONCEPTS (FIN. LIT.) 16
- SOURCE DOCUMENTS 18

TERM 2

- ACCOUNTING CYCLE (FIN. LIT.) 22
- ACCOUNTING EQUATION – Incomes (FIN. LIT.) 25
- CASH RECEIPTS JOURNAL (Service businesses) (FIN. LIT.) 26
- FACTORS OF PRODUCTION (ECON) 30
- MARKETS (ECON) 32

TERM 3

- ACCOUNTING EQUATION – Payments (FIN. LIT.) 34
- CASH RECEIPTS JOURNAL 35
- CASH PAYMENTS JOURNAL (Service businesses) (FIN. LIT.) 35
- COMBINED CRJ AND CPJ (FIN. LIT.) 37
- FORMS OF OWNERSHIP (ENTREP) 39

TERM 4

- GENERAL LEDGER (FIN. LIT.) 44
- TRIAL BALANCE (FIN. LIT.) 51
- MANAGEMENT FUNCTIONS (ENTREP) 52

ADDITIONAL

- NON-EXAMINABLE CONTENT 55
- GLOSSARY 57

TERM 1
WEEK
GOVERNMENT

1. DEFINITION

- **It is the group of people with supreme powers to manage, run and control the country at different levels.**
- If this group of people is elected by citizens, it is called a democratic government.
- The one that is not elected is called an autocratic government (dictatorship).

2. LEVELS OF THE GOVERNMENT

2.1 National /Central government

It is the highest level of the government in the country.

- It drafts laws (Acts) of the country and is responsible for the overall running of the whole country.
- It is led by the State President, Deputy President and Ministers.

2.2 Provincial/Regional government

It is the second level of the government after the national government.

- It is responsible for the running of the province and is funded by the national government.
- It is led by the Premier and Members of Executive Committees (MECs).

2.3 Local government

It is the third level of the government.

- It is responsible for the running of the municipality and is funded by the provincial government.
- It is led by the Major and Councillors.

3. ROLES OF THE GOVERNMENT

NOTE:

- **The Legislative draft and passes laws**
- **The Executive implement laws**
- **The Judiciary make decisions according to the law (independent of the government)**

3.1 GOVERNMENT ROLE IN ASSISTING HOUSEHOLDS:**As consumers of goods and services**

- Provide public goods (food parcels) & service (electricity) to satisfy community needs.
- Provide goods and services that are not provided by the business sector, e.g. Post office as it does not generate high income for businesses.
- Provide subsidies for production of basic foodstuff like bread and milk because they are of necessity not luxury, consumers will pay less for those goods.
- Provide social grants to the disadvantaged (old aged, disabled, orphans, etc) to enable them to buy goods and services.

3.2 GOVERNMENT ROLE IN ASSISTING HOUSEHOLDS:**As producers of goods and services**

- Employ workers from households as civil servants in different government departments such as teachers, police, nurses, municipal workers, etc.
- Employ workers from households in public corporations (government-owned businesses/ state-owned enterprises) such as ESKOM, SABC, TRANSNET, etc.
- Provide households with business skills and knowledge of starting and running the business.
- Offer financial assistance to households for those intending starting new businesses.

3.3 GOVERNMENT ROLE IN ASSISTING BUSINESSES:**As consumers of goods and services**

- Provide infra-structure (transport) in a form of roads, bridges, harbours, airports, etc, for businesses to use in their business activities.
- Provide infra-structure (services) in a form of traffic control, police control, fire brigade, hospital medical assistance, etc.
- Provide infra-structure (water, electricity, sanitation) to create conducive environment for business to operate.
- Protect natural resources which will be used by businesses in production of goods and services, e.g. protection of forestry-businesses use it produce furniture.

3.4 GOVERNMENT ROLE IN ASSISTING BUSINESSES:**As producers of goods and services**

- Offer financial assistance to new businesses, developing businesses and other exporting businesses.
- Offer support and advice to businesses in the form of workshops, manuals, training, etc.
- Pass laws that protect the rights of employers in their business activities, e.g. Labour relations act, competition act, companies act, etc.
- Produce goods and services which businesses cannot produce, e.g. Broadcasting (SABC), electricity (ESKOM), transport (TRANSNET), etc.

SPENDING BY DIFFERENT LEVELS OF THE GOVERNMENT

NATIONAL GOVERNMENT

HEALTH, EDUCATION, FINANCE, PUBLIC WORKS, SAFETY AND SECURITY, PROVINCIAL GOVERNMENTS, SOCIAL DEVELOPMENT, PUBLIC WORKS, etc.

PROVINCIAL GOVERNMENT

PROVINCIAL HOSPITALS, PROVINCIAL ROADS, LOCAL GOVERNMENTS, etc.

LOCAL GOVERNMENT/MUNICIPALITIES

REFUSE REMOVAL, LAND USAGE, MUNICIPAL ROADS, PARKS, LIBRARIES, ELECTRICITY SUPPLY, WATER SUPPLY, SEWERAGE, SANITATION, FIRE BRIGADE, etc.

WEEK

NATIONAL BUDGET

1. DEFINITION

- It is a plan of how the government intend to spend its income/revenue.
- Drawn by Department of Finance: National treasury through inputs from ministers of different government departments
- Presented to the parliament and the nation by the Minister of Finance
- Used From 1 April to 31 March the following year
- National budget drawn to be used for a period of three years is called Medium Term Expenditure Framework (MTEF)

NATIONAL BUDGET

01 APR – 31 MAR

GOVERNMENT REVENUE		RXX XXX XXX
TAXATION	RXX XXX XXX XXX	
LOANS	RX XXX XXX XXX	
INCOMES	R XXX XXX XXX	
DONATIONS	RXX XXX XXX	
GOVERNMENT EXPENDITURE		RXX XXX XXX
EDUCATION	RXX XXX XXX XXX	
SOCIAL PROTECTION	RX XXX XXX XXX	
ECONOMIC AFFAIRS	RX XXX XXX XXX	
PUBLIC SERVICES	RX XXX XXX XXX	
HOUSING	RXXX XXX XXX	
HEALTH		
PUBLIC ORDER AND SAFETY	RXX XXX XXX	
DEFENSE	RXX XXX XXX	
OTHER	R XXX XXX	
SURPLUS/DEFICIT		R XXX XXX

2. GOVERNMENT REVENUE

- This refers to all money received by the government at all its levels in the form of taxes, loans and donations.

2.1 TAXATION

- This refers to compulsory payment from citizens of the country to the government.
- This is the main source of income received by the government.
- South African Reserve Bank (SARS) is an institution used by the government to collect taxes.

TYPES OF TAXES

2.1.1 Direct tax

- It is tax which cannot be shifted to next person. People who pay it to the government cannot collect that money from other people after paying it.

Personal Income tax

- This refers to tax paid directly by people from the households who receive incomes.

Corporate/Company income tax

- This refers to tax paid directly by businesses when they earn profits.

Capital gain tax

- This refers to tax paid directly by individuals or institutions which receive income from the sale of properties.

2.1.2 Indirect tax

- It is tax which can be shifted. People pay it to the government but collect that money from the next person.

Value-added tax (VAT)/Sales tax

- This refers to tax paid by people who buy goods and services for consumption.

Fuel levy/Petrol tax

- This refers to tax paid by individuals and businesses which buy petrol and diesel.

Excise duty

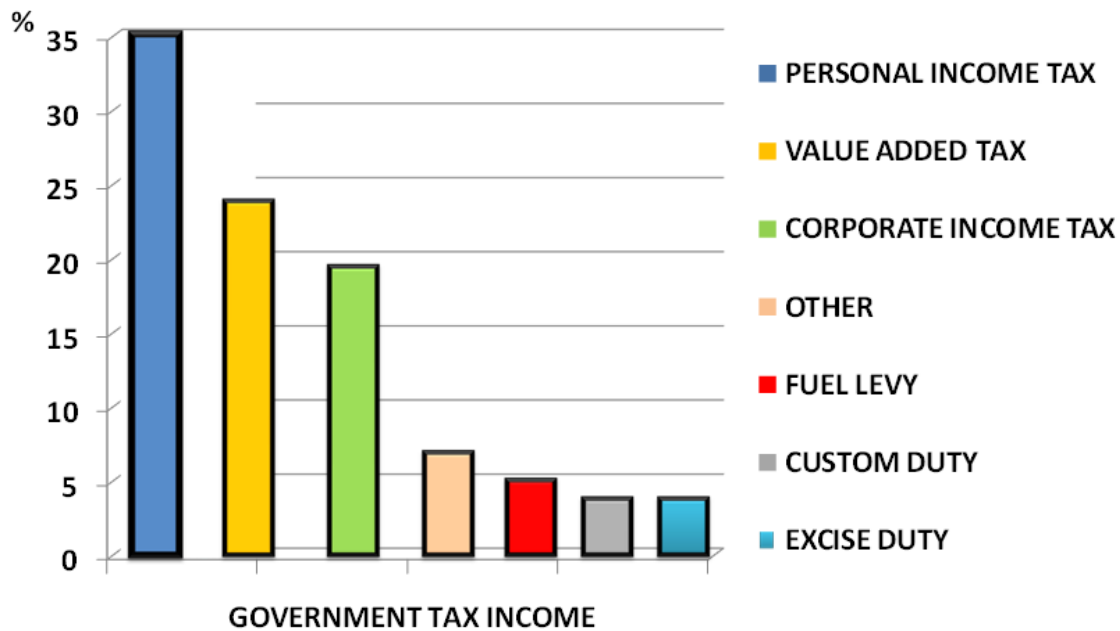
- This refers to tax charged on certain goods to discourage their consumption, e.g. tax on tobacco and alcohol.

Airport tax

- This refers to tax paid by people who use airplanes.

Import duty

- This refers to tax paid by people who import goods and services.



3. GOVERNMENT EXPENDITURE

This refers to spending of government revenue by different government departments for the benefit of its citizens.

On education

- This is spending on building and upgrading schools, pay salaries of teachers and officials, buying furniture for schools, buying equipment for schools laboratories, buying government vehicles, buying textbooks for learners, training and workshops for teachers, paying transport for education government officials, etc.

On health

- This is spending on building and upgrading hospitals and clinics, buying medical equipment vehicles, pay salaries of doctors and nurses, buying medicine for sick people, spent on combating epidemics like AIDS, TB, cancer, ebola, etc.

On housing

- This is spending on building RDP houses for the poor, the disadvantaged, the old-aged and the unemployed. It is also used to upgrade informal settlements.

On social welfare

- This is spending on grants and food parcels the poor, disadvantaged, old-aged, orphans, disabled and war veterans. It is also used to provide infra-structure, i.e. improve roads, water and electricity supply, sanitation, etc.

On transport

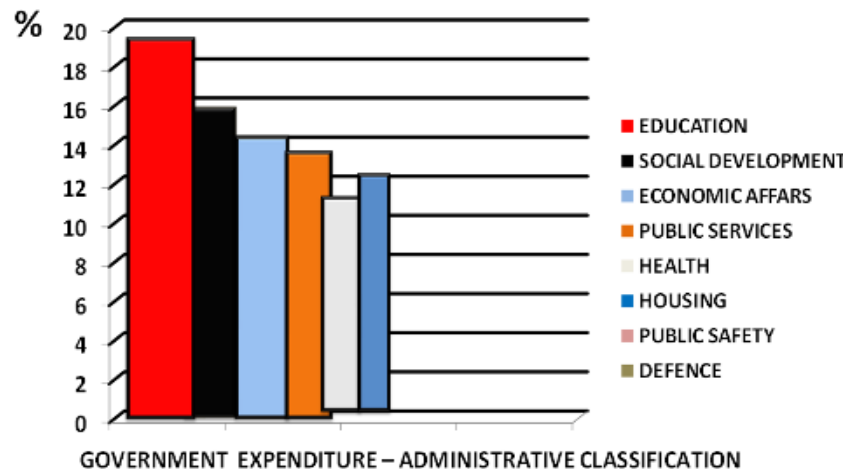
- This is spending on road accident fund, constructing bridges, railways, airports, harbours, etc.

On safety and security

- This is spending on building and maintaining prisons, courts, police stations, paying salaries of police and soldiers, buying war and forensic equipment, maintaining crime intelligence, etc.

On economy

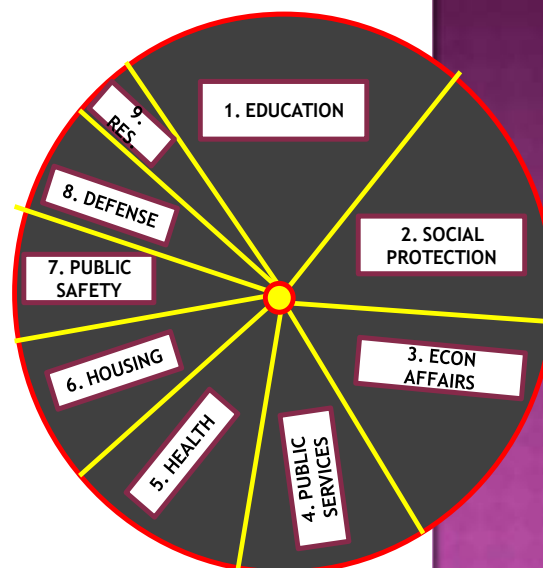
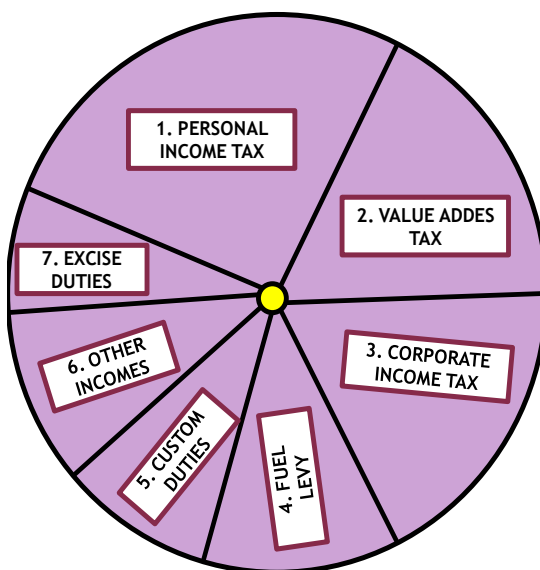
- This is spending on financial assistance to new and developing businesses, funding businesses which export, producing goods and services that are not produced by the business sector, etc.



NATIONAL BUDGET

GOVERNMENT REVENUE

GOVERNMENT SPENDING



4. HOW DOES THE GOVERNMENT USE NATIONAL BUDGET TO ACHIEVE:

4.1 ECONOMIC GROWTH

NOTE: This means how the government can spend its revenue to increase the quantity of goods and services produced inside the country.

- Lower market prices of consumers and production costs of businesses through subsidies to production costs.
- Spend money on infra-structure for consumers and business to interact.
- Create employment opportunities for citizens through the funding of community work programmes.
- Provide quality education and training for all sections of population to improve productivity.
- Support new and developing businesses through finance and advices.
- Encourage entrepreneurship by funding programmes that will provide people with business skills and knowledge.
- Offer tax reliefs (reduce tax payments) and/or tax exemptions (not pay tax) for small and micro businesses to enable them to produce more
- Run programmes that will encourage both households and businesses to save and invest.

4.2 ECONOMIC INEQUALITIES

NOTE: This means how can the government spend its revenue to alleviate poverty and improve the standard of living of the poor as economic inequalities refers to the gap of the levels of wealth and incomes between the rich and the poor.

- Free health care for children
- Nutrition programmes for school learners
- Build low costs housing
- Rural development and informal settlements
- Provide social grants
- Improve infra-structure
- Employ people in community work programmes and public works programmes
- Quality education and training
- Redistribute land which taken away by apartheid government to rightful owners
- Enforce laws that give the disadvantaged equal access to capital to start businesses.

WEEK**STANDARD OF LIVING****DEFINITION**

- This refers to the people's way of living. Lifestyles of people differ from place to place, from time to time and from one community to another.

1. SELF-SUFFICIENT SOCIETIES

- This refers to people who produced for their own needs only.

1.1 Lifestyle of self-sufficient societies

- They depended entirely on agriculture and the level of processing natural resources was very low.
- Only the basic needs of people are satisfied, no luxuries.
- People who produced goods are the people who consume them.
- They did not have permanent place to live and education is informal.
- They depended on animals, birds, plants and fruits for food, used animal skins for clothing and caves for shelter and bones of animals to make tools.
- The standard of living is very low
- What is being produced and consumed is repeated every year.

2. RURAL SOCIETIES

- This refers to people from self-sufficient societies who decided to settle permanently in small villages.

2.1 Lifestyle of rural societies

- They engage in barter trade by exchanging surpluses they may have produced.
- They located near the river banks and cultivate land.
- Today they live in houses; they buy food and clothes and engage in local trade.
- They have quality agricultural products which they sell to secondary industries.
- Some areas lack public services (clinics) and infra-structure, i.e. running water, electricity.
- The community is characterised by poor health due to lack of medical services.
- The standard of living is low due to poor infra-structure.
- Low level of employment and people rely on social grants.

3. MODERN (URBAN) SOCIETIES

- This refers to people who produce goods and services in large quantities for consumption by different people.

3.1 Lifestyle of modern societies

- There is high level of economic activities as businesses specialise in production of goods and services.
- They satisfy all types of needs, i.e. primary, secondary and tertiary needs.
- Consumers do not always know producers of what is being consumed
- They have made life easier through electricity, water taps, all kinds of transport, etc.
- Education of their children is formalised through schools, teachers, textbooks, etc.
- They trade in the country and across the borders of the country.
- They live in big cities and towns because they earn high incomes.

4. IMPACT OF DEVELOPMENT ON THE ENVIRONMENT

NOTE: This means how does economic changes affect all living and non-living things in life

Positive impact

- Productive activities by modern societies increase consumption of goods and services, more needs are satisfied on daily basis.
- Goods and services are traded in the whole country and around the world.
- Standard of living of people improves as people have access to different goods and services.
- Public services contribute towards increased life-span of people.
- Resources are not left unused or under-used but used effectively and efficiently.

Negative impact

- Manufacturing businesses cause all kinds of pollution e.g. air pollution, water pollution, etc. which negatively affects health problems for people around.
- Productivity decreases because of pollution, workers get sick, fish in the rivers die, etc.
- Development of business caused people from rural areas to migrate to cities and towns and that created over-population, which leads to high crime rate.
- Uncontrolled use of natural resources by businesses leads to depletion (finished off) of resources

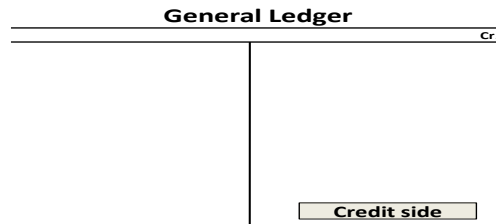
5. UNEMPLOYMENT

This refers to the condition or situation in which people who are actively looking for work and able to work, cannot find work for an income.

- This means people who are not looking for work and people who cannot work are not part of unemployed people.
- Unemployed people are a part of labour force that is not being used in production of goods and services.

◎ **Credit**

- This refers to the right hand side in the General ledger (Cr).



◎ **Capital**

- This refers to money used to start or expand the business.

◎ **Owner's equity**

- This refers to possessions of the owner invested in the business.

◎ **Income**

- Money earned by retail business not from normal business operations OR money received by service business from their normal business operations.

◎ **Expenses**

- Money spent by the business on items that will support the normal running of the business.

◎ **Profit**

- This is the positive difference between incomes and expenses.

◎ **Loss**

- This is the negative difference between incomes and expenses.

◎ **Transaction**

- This refers to the buying of goods and services for cash, the selling of goods and services for cash; the buying of goods and services on credit; the selling of goods and services on credit; a payment made; cash received; money deposited into or withdrawn from the bank account of the business.

◎ **Liabilities**

- They mean short-term and long-term debts of the business.

◎ **Assets**

- They are the properties or possessions of the business used to run the business.

◎ **Banking**

- This refers to services offered by banks like deposits, withdrawals, loans, transfers, etc.

◎ **Cash receipts**

- This is cash money received by the business from sales, services, debtors' payments, etc.

◎ **Cash payments**

- This is cash money paid by the business for consumables, expenses, assets, liabilities, etc.

◎ **Subsidiary journals**

- These accounting books in which the first recordings of transactions from source documents are recorded.

◎ **Accounting equation: Assets = Owner's equity + Liabilities (A = OE + L)**

- It is a mathematical statement that shows the effects (increase or decrease) of transactions on Assets, Owner's equity and Liabilities.

WEEK

SOURCE DOCUMENTS

1. RECEIPT

- **It is the source document that serves a proof that the business has received a certain amount of money.**
- It is issued for money received from the owner (capital), money received as income and money received in payment of a debt (debtor).
- It is completed in duplicate and the business issues out the original receipt and keep the duplicate receipt for recordings and future reference.
- It can be completed manually (by hand and pen) or can be computerised (by computers).

RECEIPT	NO. 001
RECEIVED from _____	Date _____
For _____	
The sum of: _____	
	Rand
	cents
For TAU TRADERS	

2. DEPOSIT SLIP

- It is the source document that serves as a proof that money has been received by the bank or that money has been deposited into the bank account.
- It is used to deposit cash money and cheques into the bank account.
- It is completed in duplicate, the bank teller puts the bank stamp, issues the duplicate deposit slip to the depositor and keep the original.

 OCEAN BANK		DEPOSIT SLIP	Reg. No. 00000
Credit: _____		Date: _____	
Acc. No.		NOTES COINS SUB TOTAL	
REF No.			
NAME OF DRAWER	BANK	BRANCH	
		SUB TOTAL	
		TOTAL DEPOSITED	
SIGNATURE OF THE DEPOSITOR: _____			

3. CASH REGISTER SLIP

- It is the source document which shows money has been received for goods or services bought from the business and paid for by the customer.
- The cash register print the cash received and goods purchased on the register tape.
- The cash register slip is released for the customer and business keeps the cash register roll for daily total sales.
- It is used by businesses which sell a large variety of goods or services on daily basis like supermarkets.
- It can be used to return goods bought that are faulty to the business.
- It is also called till slip and cash slip.

4. CHEQUE

- It is a source document which instructs the business bank to pay on the business' behalf, an amount of money to the person or business whose name appears on the it.
- The person or business which signs the cheque is the drawer, the person or business which will receive money is the payee and the bank which will make a payment is the drawee.
- Cheques are cut from the cheque book to be issued out and the cheque counterfoil is kept for evidence.

DATE: _____ TO: _____ FOR _____ AMOUNT: _____ Cheque no. 001	 OCEAN BANK Pay SETSING QWAQWA The sum of _____ _____ R _____ 001 : 673 08675 6753 000811 76543 For : KOKOI STORES	389 - 097 - 347 Date: _____ 20____ _____
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5. CHEQUE COUNTERFOIL

- It is a source document that is kept by the drawer of the cheque to prove that the cheque has been drawn.
- It has the same information as the one written on the cheque.
- It is separated from the cheque when the cheque is issued out and remains in the cheque book.
- The cheque counterfoil and the cheque are separated by the *perforated line*.



DATE: _____ TO: _____ FOR _____ AMOUNT: _____ Cheque no. 001	 OCEAN BANK Pay SETSING QWAQWA The sum of _____ _____ R _____ 001 : 673 08675 6753 000811 76543 For : KOKOI STORES	389 - 097 - 347 Date: _____ 20____ _____
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6. ELECTRONIC FUNDS TRANSFERS (EFT)

- Money transferred electronically from one person or institution to another, as a payment or buying goods and services, using computers, cellphones, etc.
- Buyers and sellers do not meet physically and may not know each other.

7. BANK STATEMENTS

- **The statement that prepared by the bank which shows a list of all the transactions of the business with the bank.**
- It is prepared on monthly basis but it can also be prepared on request at any time.
- The business is always charged a certain amount when the bank statement is prepared.
- It has the following money columns: Debit, Credit and Balance.
- Debit column is for withdrawals and bank charges, credit column is for deposits and the balance is for money available in the business account.
- The bank statement begins with the opening balance at the beginning of the month and ends with the closing balance at the end of the month.
- Businesses use the bank statement to compare with the business journals (cash receipts and cash payments), reconcile the differences and send those differences to the bank.

Tel. No.: 058 111 1111

54 Setsing Complex
Phuthaditjhaba
9866

Account Name: _____ Account No. _____
Branch No. _____ Statement Date: _____

BANK STATEMENT

Date	Details	Debit	Credit	Balance
02/01/201	Balance brought forward			5 000.00
02/01/201	Deposit		1 000.00	6 000.00
05/01/201	Cheque no. 001	400.00		5 600.00
09/01/201	ATM Withdrawal	1 600.00		4 000.00
15/01/201	Service fee	20.00		3980.00

8. CASH INVOICE

- **It is the source document that shows goods or services have been paid for.**
- It is normally printed from the computer.
- The original cash invoice is given to the customer and the business keep the duplicate.
- It serves the same purpose as the cash register slip but the cash invoice explains the goods being bought in detail than the cash register slip.

KOKOI STORES
Tel/Fax: 058 000 000
www.kokoistores@gmail.com
TAX INVOICE NO. 2334467

TO: P. Mokoena
100 Mokoena Street
Phuthaditjhaba 9866

CASH INVOICE Date: _____

Quantity	Items	Price	Total Price
01	2kg Corn flakes	24.99	24.99
01	2kg Brown sugar	17.99	17.99
		SUBTOTAL	42.98
		VAT@ 14%	6.02
		TOTAL	49.00

Cashier's signature: _____

TERM 2
WEEK
ACCOUNTING CYCLE

- **Accounting cycle is the process of recording financial transactions up until they are summarised in financial statements.**
 - It helps keep the track record of financial activities of businesses.
 - This process is made up of seven steps or stages.

1. TRANSACTIONS

- **These refer to the agreement between two parties to exchange goods and services for money.**
- Those two parties can be a customer and the business or the business and the other business.
- If money is paid immediately, it is a cash transaction. If money is paid later, it is a credit transaction.
- All transactions must be recorded in the financial records of the business to create evidence or proof.

Examples of transactions are:

- a) buying goods or services for cash
- b) selling goods or services for cash
- c) buying goods or services on credit
- d) selling goods or services on credit
- e) depositing money into the business bank account
- f) Withdrawing money from the business bank account
- g) receiving money
- h) paying money

2. SOURCE DOCUMENTS

- **This refers to a written proof or evidence that the transaction has taken place and shows the origin of the transaction.**
- Every source document must have its own number.
- It must contain the date of the transaction, the reason for the transaction, people / business involved and the price / payment of the transaction.
- All transactions must be recorded on the source documents before they can be recorded in any accounting books.

Examples of source documents are, amongst others:

- original and duplicate **receipts**
- original and duplicate **deposit slips**
- original and duplicate **credit invoices**
- original and duplicate **cash invoices**
- cash register slip and **cash register roll**
- cheques and **cheques counterfoil**
- **bank statements**

3. SUBSIDIARY JOURNALS

- **These are books of business used to record transactions of the business for the first time, i.e. books of first entry.**
- Subsidiary journals are used to transfer information from source documents.
- All subsidiary journal have columns to provide for information from source documents, i.e. columns for numbers of source documents, dates of transactions, the person or business involved, reasons of transactions (accounts) and different money columns.

4. GENERAL LEDGER

- **It is used to record totals of all accounts from the subsidiary journals.**
- It serves as a summary of subsidiary journals.
- A term used to transfer totals of subsidiary journals to the General Ledger is called 'posting'.
- **The General Ledger is divided into two sections:**
 - **Balance Sheet Section** for Assets accounts, some Owner's equity accounts and Liabilities accounts.
 - **Nominal Accounts Section** for Sales, Cost of sales, Incomes and Expenses.
- **It is divided into two sides, namely the debit side (Dr.) and credit side (Cr.)**
- The amounts on the debit side must always be equal to the amounts on the credit side.

5. TRIAL BALANCE

- **It is a list of all balances and totals of all accounts in the General Ledger, from both debit side and credit side.**
- Balances are from the Balance Sheet Accounts Section and totals are from the Nominal accounts Section.

- Other accounts are recorded on the debit money column and others on the credit money column according to accounting principles.
- It is used to check whether the double entry system has been applied correctly, i.e. debit and credit entries have been done correctly.
- The total of the debit side must always be equal to the total of the credit side.

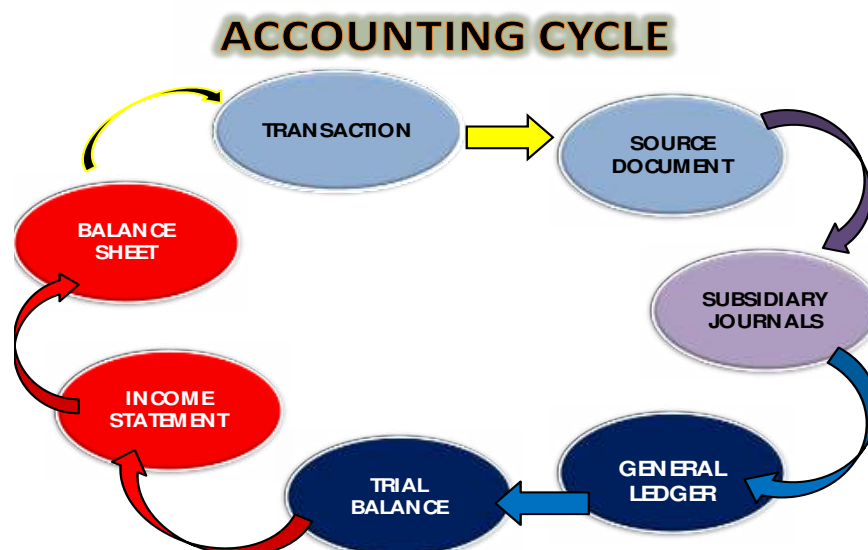
6. INCOME STATEMENT

- **It is used to record all incomes and expenses from the Trial Balance, to determine the financial results of the business.**
- It is called a financial statement because it is prepared only at the end of the financial period, usually a year.
- Expenses are deducted from incomes to determine whether the business has made profit or loss.
- When incomes are greater than expenses, profit is made. When expenses are greater than incomes, loss is made.

7. BALANCE SHEET

- **It is used to record all Assets, some Owner's equity and all Liabilities accounts from the Trial Balance, to determine the financial position/status of the business.**
- It is also called a financial statement because it is prepared only at the end of the financial period, usually a year.
- Assets are grouped on one side and Owner's equity plus Liabilities on the other side, the totals of both sides must be equal.
- When preparing the Balance Sheet, Profit from the Income Statement must be added to Capital account.

8. ACCOUNTING CYCLE



CASH JOURNALS OF A SERVICE BUSINESS

- **Service business is a business which sells anything that cannot be touched or seen.**
- Examples are hairdressers, doctors, dry cleans, car washers, electricians, internet cafes, taxis, travel agencies, etc.
- Their cash transactions are recorded in the Cash Receipts Journal and Cash Payments Journal.
- They use Cash Receipts Journal to record money received and Cash Payments Journal to record money paid out.

PURPOSE OF CASH JOURNALS

- **Service businesses use Cash Journals to record their daily transactions of cash nature.**

IMPORTANCE OF CASH JOURNALS

- **Totals of Cash Journals at the end of the month are posted to the General Ledger.**
- **Cash Journals are compared with bank statements to correct errors.**

WEEK

ACCOUNTING EQUATION

EFFECTS OF CASH TRANSACTIONS (CRJ) ON THE ACCOUNTING EQUATION

NOTE:

- **“Effect” means an INCREASE or DECREASE**
- **Assets account in CRJ for service businesses is Bank and it increases Assets on the debit side.**
- **Owner’s equity accounts are Capital and Current income and other Incomes and they all increase Owner’s equity on the credit side.**
- **The total on the debit side must be equal to the total on the credit side.**

1. Received R50 000,00 from the owner, Kokoi T.L. as capital contribution.

Accounts affected: Capital (Owner's equity) and Bank (Asset)

ASSETS		=	OWNER'S EQUITY		+	LIABILITY	
INCREASE	DECREASE		INCREASE	DECREASE		INCREASE	DECREASE
Bank			Capital				
50 000			50 000				

2. Cash received for services rendered, R954,00.

Accounts affected: Current income (Owner's equity) and Bank (Asset)

ASSETS		=	OWNER'S EQUITY		+	LIABILITY	
INCREASE	DECREASE		INCREASE	DECREASE		INCREASE	DECREASE
Bank			Current income				
954			954				

3. Received R500,00 for rent from M.A. Moloi. .

Accounts affected: Capital (Owner's equity) and Bank (Asset)

ASSETS		=	OWNER'S EQUITY		+	LIABILITY	
INCREASE	DECREASE		INCREASE	DECREASE		INCREASE	DECREASE
Bank			Rent income				
500			500				

4. Interest received from Ocean Bank for favourable bank balance, R190,00.

Accounts affected: Interest income (Owner's equity) and Bank (Asset)

ASSETS		=	OWNER'S EQUITY		+	LIABILITY	
INCREASE	DECREASE		INCREASE	DECREASE		INCREASE	DECREASE
Bank			Interest income				
190			190				

WEEK

CASH RECEIPTS JOURNAL – Service businesses

1. DEFINITION

- It is a Subsidiary Journal of the service business is used to record money received for services rendered by the business.
- Only transactions of services rendered by the business are recorded and not sales transactions.
- Those transactions are recorded on daily basis for the period of a month.
- At the end of the month the CRJ must be closed off, i.e. totals be added up.
- These totals will then be posted to the General Ledger

2. FORMAT

CASH RECEIPTS JOURNAL of -----							Fol. CRJ 1		
Doc. No.	Day	Details	Fol	Analysis of receipts	Bank	Current	Sundry Accounts		
							Amount	Fol.	Details

NB. The following must always be written on top of the Cash Receipts Journal:

- ✓ The name of the Journal, i.e. CRJ
- ✓ The name of the business
- ✓ The month and year of the Journal
- ✓ The Folio number of the Journal.

COLUMNS

Doc. No. – used to record the numbers of receipts and deposit slips. For services rendered, only the cash register roll (CRR) is written and not the numbers.

Day - used to the day of the transaction.

Details - used to record the name of the person from whom the business received money. For money received for services rendered, only 'Services rendered' must be written in this column.

Folio - used for ledger purposes (to be discussed later)

MONEY COLUMNS

Analysis of receipts – money column to used to record each money received in a day. At the end of the day the total is added up, underline the last amount and write the total in the bank column.

Bank - used to record totals of money received in each day of the month.

Current income - used to record all money received for services rendered.

Sundry accounts - used to record money received for account which do not have money columns AND the account affected..

3. SOURCE DOCUMENTS USED

3.1 Duplicate deposit slips

- The bank keeps the original and issue out a duplicate when the business deposit money into its bank account.

3.2 Cash register rolls

- Cash register slips are issued to customers when goods are sold.

3.3 Duplicate receipts

- Original receipts are issued to customers when payments are received

3.4 Bank statements

- They are received to show interest earned on positive bank balance.

4. RECORDINGS OF TRANSACTIONS

Record the following transactions in the Cash Receipts Journal of Kokoi Electricians with analysis columns for Analysis of receipts, Bank, Current income and Sundry accounts

January 2015

10 Received R50 000,00 from the owner, Kokoi T.L. as capital contribution. Issued receipt no. 001.

20 Cash received for services rendered, R954,00.

25 Received R500,00 for rent from M.A. Moloi. Issued receipt no. 002.

30 Cash received for services rendered, R2 900,00.

Interest received from Ocean Bank for favourable bank balance, R190,00.

CASH RECEIPTS JOURNAL of Kokoi Electricians – Jan 2015 Fol. CRJ 1

Doc. No.	Day	Details	Fol	Analysis of receipts	Bank	Current income	Sundry Accounts		
							Amount	Fol.	Details
001	10	T. L. Kokoi		50 000 00	50 000 00		50 000 00		Capital
CRR	20	Services render.		954 00	954 00	954 00			
002	25	M.A. Moloi		500 00	500 00		500 00		Rent income
CRR	30	Services render.		2 900 00		2 900 00			
BS		Ocean bank		190 00	4 090 00		190 00		Interest inc

5. CLOSING OFF the Cash Receipts Journal

CASH RECEIPTS JOURNAL of Kokoi Electricians – Jan 2015 Fol. CRJ 1

Doc. No.	Day	Details	Fol	Analysis of receipts	Bank	Current income	Sundry Accounts		
							Amount	Fol.	Details
001	10	T. L. Kokoi		50 000 00	50 000 00		50 000 00		Capital
CRR	20	Services render.		954 00	954 00	954 00			
002	25	M.A. Moloi		500 00	500 00		500 00		Rent income
CRR	30	Services render.		2 900 00		2 900 00			
BS		Ocean bank		190 00	4 090 00		190 00		Interest inc
					54 544 00	3 854 00	50 690 00		

NOTE:

- Sundry accounts column is only closed off for accuracy purposes, its total is not to be recorded anywhere.

WEEK**FACTORS OF PRODUCTION****1. CAPITAL**

- **This refers to money, building, machinery and vehicles that are invested in the business to produce goods and services.**
- Capital in the form of money is called monetary capital /working capital and capital in the form of goods is called fixed capital/ real capital.

1.1 Kinds of capital

- **Borrowed capital**

This is capital provided by the owner but borrowed from financial institutions like banks.

- **Own capital**

This is capital provided by the owner from own personal savings.

2. LABOUR

- **This refers to all physical or mental efforts used in the business for the production of goods and services.**
- Examples of physical efforts in the business include drivers, factory workers, construction workers, etc.
- Examples of mental efforts in the business include managers, supervisors, accountants, etc.

2.1 Classification of labour

- **Unskilled labour**

This is labour that is mainly manual (physical) and does not require any form of skill, education or training in order to be performed. Example is labour provided by farm workers, garbage collectors, domestic workers, etc.

- **Semi-skilled labour**

This is labour that is manual and requires some form of training but less education in order to be performed. Example is labour provided by cashiers, trucks drivers, miners, etc.

- **Skilled labour**

This is labour that is manual and mental and requires a specific form of training, education and skill in order to be performed. Example is labour provided by motor mechanics, electricians, artisans, plumbers, office clerks, etc.

- **Highly skilled labour**

This is labour that is mainly mental and requires a high form of training, education and skill in order to be performed. Example is labour provided by engineers, accountants, teachers, etc.

2.2 Role of workers in the business

- Produce goods and services from raw materials.
- Work towards increasing quantities of goods and services during a specific period.
- Contribute to the total production in the whole country.
- Perform duties as per contract agreement
- Pay income tax to the authorities to provide for public services.
- Adhere to labour laws which govern the workplace.

2.3 Fair employment practices

All businesses are expected by law, to apply these fair labour practices in their workplaces.

- **Basic Conditions of Employment Act (BCEA)**
 - **This Act aims at improving working conditions in a workplace.**
 - It is used to protect all parties involved in a workplace, i.e. employers, employees, unions, government and all relevant parties.
 - It sets conditions with regard to leaves, working hours, overtimes, weekends and holidays, employment contract, minimum wage and service termination.
- **Employment Equity Act (EEA)**
 - **This Act aims at preventing unfair labour discrimination in a workplace.**
 - It is used the process of employing of workers by the employers.
 - It also promote affirmation action (corrective) measures for the previously disadvantaged sections of the population.
 - It ensures that no one is unfairly discriminated on the basis of gender, religion, race, colour, political affiliation, social background, etc.
- **Labour Relations Act (LRA)**
 - **This Act aims at regulating the relationships between employers and employees in a workplace.**
 - It provides rights and responsibilities of employers, employees and unions.
 - These rights include right of an employee to join trade union and the right of an employer to lock employees out of the business premises during strikes and the right of the trade union to enter workplace premises during working hours.

3. NATURAL RESOURCES

- **This refers to all gifts of nature that used in the production of goods and services.**
- Others can be consumed in their natural condition but others need to be processed.
- Others can be renewable (trees) and others are non-renewable (gold).
- Examples are land, fish, water, forestry, minerals and farming products.

4. ENTREPRENEURSHIP

- **This refers to that special human effort which combines the other three factors to produce goods and services.**
- An entrepreneur takes a risk of starting, running and managing the business.
- Entrepreneurship can take the form one person, two partners or a group of people.

5. REMUNERATION OF THE FACTORS OF PRODUCTION

- Remuneration for the use of natural resources is called **rent**.
- Remuneration for the use of labour is called **wages and/or salaries**.
- Remuneration for the use of capital is called **interest**.
- Remuneration for the efforts of entrepreneur is called **profit**.

WEEK

MARKETS

1. DEFINITION

- **This refers to the situation or condition in which buyers and sellers meet to determine prices and quantities of goods and services to be bought and sold.**

2. TYPES OF MARKETS

2.1 CONSUMER MARKET

- **This is the market in which consumers buy goods and services from businesses/producers.**
- Goods and services bought from this market are used satisfy human needs and wants.

Examples of consumer markets

Goods market

- In this market only goods are sold to consumers, e.g. food market, clothes market, furniture market, cars market, etc.

Services market

- In this market only services are sold to consumers, e.g. plumbers, electricians, dry cleaning, hairdressing, car washing, dentist, lawyers, teachers, etc.

2.2 FACTOR MARKET

- This is the market in which households sell factors of production to producers.
- Factors of production bought from this market are used to produce goods and services.

Examples of factor markets

Labour market

- In this market only labour is sold to producers or businesses.
- This refers to employment of workers by businesses.

Financial market

- This is the market in which money is bought and sold.
- Other people sell money (investors) and other buy money (borrowers).

MARKETS			
CONSUMER MARKET		FACTOR MARKET	
Goods market	Services market	Labour market	Financial market
E.g. market for cars	E.g. market for dry cleaning	E.g. market for auditors	E.g. market for shares

TERM 3
WEEK
ACCOUNTING EQUATION

EFFECTS OF CASH TRANSACTIONS (CPJ) ON THE ACCOUNTING EQUATION

NOTE:

- “Effect” means an INCREASE or DECREASE
- Assets account in CPJ for service businesses is Bank and Bank account decrease Assets on the credit side.
- Owner’s equity accounts are expenses and they all decrease Owner’s equity on the debit side.

1. Paid R5 000.00 to WW Wholesale for electrical materials for cash cheque no. 01

Accounts affected: Material costs (Owner’s equity) and Bank (Asset)

ASSETS		=	OWNER’S EQUITY		+	LIABILITY	
INCREASE	DECREASE		INCREASE	DECREASE		INCREASE	DECREASE
	Bank 5 000			Material costs 5 000			

2. Paid cheque no. 02 to Excel Garage for fuel, R300.00

Accounts affected: Fuel (Owner’s equity) and Bank (Asset)

ASSETS		=	OWNER’S EQUITY		+	LIABILITY	
INCREASE	DECREASE		INCREASE	DECREASE		INCREASE	DECREASE
	Bank 300			Fuel 300			

3. Paid wages by cheque no. 03, R1 600.00

Accounts affected: Wages (Owner’s equity) and Bank (Asset)

ASSETS		=	OWNER’S EQUITY		+	LIABILITY	
INCREASE	DECREASE		INCREASE	DECREASE		INCREASE	DECREASE
	Bank 1 600			Wages 1 600			

4. Bought stationery from STATS by cheque no. 04, R500.00

Accounts affected: Stationery (Owner’s equity) and Bank (Asset)

ASSETS		=	OWNER’S EQUITY		+	LIABILITY	
INCREASE	DECREASE		INCREASE	DECREASE		INCREASE	DECREASE
	Bank 500			Stationery 500			

WEEK CASH RECEIPTS JOURNAL – Service business

REVISION

WEEK CASH PAYMENTS JOURNAL – Service businesses1. DEFINITION

- The Cash Payments Journal of the service business is used to record money paid for items that will run the business.
- It can be payments for assets or expenses.
- Those transactions are recorded on daily basis for the period of a month.
- At the end of the month the CPJ must be closed off, i.e. totals be added up.
- These totals will then be posted to the General Ledger.

2. FORMATCash Payments Journal of Kokoi Electricians – Jan 2015 Fol. CPJ 1

Doc. No.	Day	Name of Payee	Fol	Bank	Wages	Stationery	Material costs	Sundry accounts		
								Amount	Fol.	Details

- **Doc no. – the number of the receipt or cash invoice**
- **Day – the day of the transaction**
- **Name of payee – the person/business to whom the cheque is addressed.**
- **Folio – (for Ledger purposes)**
- **Bank**
 - enter all amounts received per day.
 - if there are two amounts received in one day, each amount is entered separately.
- **Money columns**
- **Sundry accounts – Enter amounts and accounts with no columns provided**

3. SOURCE DOCUMENT USED

- Cheque is used to make payments

4. RECORDINGS OF TRANSACTIONS

Cash Payments Journal of Kokoi Electricians – Jan 2015 **Fol. CPJ 1**

Doc. No.	Day	Name of Payee	Fol	Bank	Wages	Stationery	Material costs	Sundry accounts		
								Amount	Fol.	Details
01	10	WW W.sale		5 000 00			5 000 00			
10 Paid R5 000.00 to WW Wholesale for electrical materials for cash cheque no. 01										

Cash Payments Journal of Kokoi Electricians – Jan 2015 **Fol. CPJ 1**

Doc. No.	Day	Name of Payee	Fol	Bank	Wages	Stationery	Material costs	Sundry accounts		
								Amount	Fol.	Details
01	10	WW W.sale		5 000 00			5 000 00			
02	24	Excel Garage		300 00				300 00	—	Fuel
03	28	Cash		1 600 00	1 600 00					
04	31	STATS		500 00		500 00				
05		WW W.sale		7 000 00			7 000 00			

10 Paid R5 000.00 to WW Wholesale for electrical materials for cash cheque no. 01

24 Paid cheque no. 02 to Excel Garage for fuel, R300.00

28 Paid wages by cheque no. 03, R1 600.00

31 Bought stationery form STATS by cheque no. 04, R500.00

Bought electrical materials by cheque no. 05 from WW Wholesale, R7 000.00

5. CLOSING OFF the Cash Payments Journal

Cash Payments Journal of Kokoi Electricians – Jan 2015 Fol. CPJ 1

Doc. No.	Day	Name of Payee	Fol.	Bank	Wages	Stationery	Material costs	Sundry accounts		
								Amount	Fol.	Details
01	10	WW W.sale		5 000 00			5 000 00			
02	24	Excel Garage		300 00				300 00		Fuel
03	28	Cash		1 600 00	1 600 00					
04	31	STATS		500 00		500 00				
05		WW W.sale		7 000 00			7 000 00			
				14 400 00	1 600 00	500 00	12 000 00	300 00		

6. ENTERING COMBINED TRANSACTIONS IN THE CRJ AND CPJ

Record the following cash transactions in the Cash Receipts Journal and Cash Payments Journal of Kokoi Electricians – Jan 2015

10 Received R50 000,00 from the owner, Kokoi T.L. as capital contribution. Issued receipt no. 001.

Paid R5 000.00 to WW Wholesale for electrical materials. Issued cheque no. 01

20 Cash received for services rendered, R954,00.

24 Paid cheque no. 02 to Excel Garage for fuel, R300.00

25 Received R500,00 for rent from M.A. Moloi. Issued receipt no. 002.

28 Paid wages by cheque no. 03, R1 600.00

30 Cash received for services rendered, R2 900,00.

Interest received from the bank balance at Ocean Bank, R190,00.

31 Bought stationery form STATS by cheque no. 04, R500.00

Bought materials by cheque no. 05 from WW Wholesale, R7 000.00

Cash Payments Journal of Kokoi Electricians – Jan 2015**Fol. CPJ 1**

Doc. No.	Day	Name of Payee	Fol.	Bank	Wages	Stationery	Material costs	Sundry accounts		
								Amount	Fol.	Details
01	10	WW W.sale		5 000 00			5 000 00			
02	24	Excel Garage		300 00				300 00	N_	Fuel
03	28	Cash		1 600 00	1 600 00					
04	31	STATS		500 00		500 00				
05		WW W.sale		7 000 00			7 000 00			
				14 400 00	1 600 00	500 00	12 000 00	300 00		

Cash payments Journal of Kokoi Electricians – Jan 2015**Fol. CPJ 1**

Doc. No.	Day	Name of Payee	Fol.	Bank	Wages	Stationery	Material costs	Sundry accounts		
								Amount	Fol.	Details
01	10	WW W.sale		5 000 00			5 000 00			
02	24	Excel Garage		300 00				300 00	—	Fuel
03	28	Cash		1 600 00	1 600 00					
04	31	STATS		500 00		500 00				
05		WW W.sale		7 000 00			7 000 00			
				14 400 00	1 600 00	500 00	12 000 00	300 00		

7. EFFECTS ON ACCOUNTING EQUATION**1. Received R50 000,00 from the owner, Kokoi T.L. as capital contribution.**

Accounts affected: Capital (Owner's equity) and Bank (Asset)

ASSETS		=	OWNER'S EQUITY		+	LIABILITY	
INCREASE	DECREASE		INCREASE	DECREASE		INCREASE	DECREASE
Bank			Capital				
50 000			50 000				

2. Cash received for services rendered, R954,00.

Accounts affected: Current income (Owner's equity) and Bank (Asset)

ASSETS		=	OWNER'S EQUITY		+	LIABILITY	
INCREASE	DECREASE		INCREASE	DECREASE		INCREASE	DECREASE
Bank			Current income				
954			954				

3. Received R500,00 for rent from M.A. Moloi. .

Accounts affected: Capital (Owner's equity) and Bank (Asset)

ASSETS		=	OWNER'S EQUITY		+	LIABILITY	
INCREASE	DECREASE		INCREASE	DECREASE		INCREASE	DECREASE
Bank			Rent income				
500			500				

4. Interest received from Ocean Bank for favourable bank balance, R190,00.

Accounts affected: Interest income (Owner's equity) and Bank (Asset)

ASSETS		=	OWNER'S EQUITY		+	LIABILITY	
INCREASE	DECREASE		INCREASE	DECREASE		INCREASE	DECREASE
Bank			Interest income				
190			190				

1. Paid R5 000.00 to WW Wholesale for electrical materials for cash cheque no. 01

Accounts affected: Material costs (Owner's equity) and Bank (Asset)

ASSETS		=	OWNER'S EQUITY		+	LIABILITY	
INCREASE	DECREASE		INCREASE	DECREASE		INCREASE	DECREASE
	Bank 5 000			Material costs 5 000			

2. Paid cheque no. 02 to Excel Garage for fuel, R300.00

Accounts affected: Fuel (Owner's equity) and Bank (Asset)

ASSETS		=	OWNER'S EQUITY		+	LIABILITY	
INCREASE	DECREASE		INCREASE	DECREASE		INCREASE	DECREASE
	Bank 300			Fuel 300			

WEEK

FORMS OF OWNERSHIP

1. SOLE TRADER/PROPRIETORSHIP

1.1 Ownership

- The business that is owned, managed and run by one person

1.2 Characteristics

- Owner provides capital alone.
- Owner takes all profits alone, suffers losses alone.
- The owner has unlimited liability.
- Has a limited continuity.
- Owner must pay income tax on business profit.

1.3 Advantages

- No legal requirements when starting the business.
- It is easy to sell and transfer business to the next person.
- Has more access to capital.
- Owner does not share profits.

1.4 Disadvantages

- The business stops when the owner dies or withdraws.
- Difficult to employ specialised labour and capital.
- The owner can lose personal properties when business run at a loss.

2. PARTNERSHIPS

2.1 Ownership

- The business that is owned by two or more people who are called partners.

2.3 Characteristics

- Each partner contributes something.
- Partners share profits and losses as per contributions.
- Partners have unlimited liability.
- Continuity of the business is limited.
- Partners pay tax on their share of profits.

2.4 Advantages

- Easy to get financial assistance from financial institutions.
- Partners combine their capital, skills, knowledge and experience.

2.5 Disadvantages

- When one partner dies or withdraws the business stops
- There may be conflicts during decisions makings.
- Partners can lose personal assets when business losses.

3. CLOSE CORPORATIONS

3.1 Ownership

- People with common interests work together for a common purpose.

3.2 Characteristics

- The letters 'CC' at the end of business name.
- Income divided amongst members as per contributions.
- Founding Statement must be submitted to the Registrar.
- Members have a limited liability.
- Has unlimited continuity.

3.3 Advantages

- Members cannot lose personal properties when business runs at a loss.
- It continues even when a member dies or withdraws.
- It is easy to start and register with authorities.

3.4 Disadvantages

- Members may still be lose personal assets in certain cases.
- Only ten members are required and not more.
- Actions of one member binds other members.

4. COMPANIES

4.1 PRIVATE COMPANY

4.1.1 Ownership

- This is the business which is started by selling shares to its members only to raise capital and is owned by shareholders.

4.1.2 Characteristics

- Proprietary Limited (PTY) Ltd at the end of business name.
- Appoint a minimum of two directors.
- Specific shareholders buy shares to contribute to capital.
- Shares are not freely transferable.
- Profits are shared amongst shareholder as dividends.

4.2 PUBLIC COMPANY

4.2.1 Ownership

- This is the business which is started by selling shares to the public to raise capital and is owned by shareholders.

4.2.2 Characteristics

- Limited (Ltd) at the end of business name.
- Appoint a minimum of seven directors.
- The public buy shares to contribute to capital.
- Shares are freely transferable.
- Shareholders have limited liability.
- Profits are shared amongst shareholder as dividends.

4.3 Advantages (both companies)

- Raise large amounts of capital for the business.
- The business life span is continuous.
- Possessions of shareholders cannot be taken in case of business losses.
- More shares bought mean more dividends to be earned.

4.4 Disadvantages (both companies)

- Expensive and difficult to start.
- Financial statements must be audited annually.
- Public cannot buy shares from the private company.
- Directors of private company may be liable for company losses.

4.5 THEIR ROLE IN JOB CREATION

4.5.1 Sole traders/proprietorship

- **When the sole trader starts and run a business he/she creates job for him/herself.**
- Few workers are mostly employed to do manual labour for the business.

4.5.2 Partnerships

- **When partnership is started two to twenty partners get employed.**
- Other jobs are created for people who will work in the business.

4.5.3 Close corporations

- **When 'CC' is started one to ten members get employment.**
- This will be followed by people who will be employed to work in the business.

4.5.4 Companies

- **When the company is started, millions of people get employment all over the country..**
- This includes employment of unskilled, semi-skilled and skilled workers.

4.6 THEIR ROLE IN THE USE OF NATURAL RESOURCES

4.6.1 Sole traders/proprietorship

- **They must store and save resources that are not used immediately for future production.**
- Example: switch electricity off on Sundays when the business is closed.

4.6.2. Partnerships

- **They must use less expensive operating resources in production.**
- Example: solar system for electricity.

4.6.3 Close corporations

- **Produce by-products from left out resources.**
- Example: produce shoes from car seats leather production left outs.

4.6.4 Companies

- **Distribute of natural resources across the country.**
- Example: distribute sugar canes from KZN to FS for sugar production.

	OWNERSHIP	CHARACTERISTICS	ADVANTAGES	DISADVANTAGES
SOLE TRADER	One person	-Owner provides capital alone. - Owner takes all profits alone, suffers losses alone. -The owner has unlimited liability. -Has a limited continuity. - Owner must pay income tax on business profit.	-No legal requirements when starting the business. - It is easy to sell and transfer business to the next person. - Has more access to capital. - Owner does not share profits.	-The business stops when the owner dies or withdraws. - Difficult to employ specialised labour and capital. - The owner can lose personal properties when business run at a loss.
PARTNERSHIP	Two to twenty partners.	-Each partner contributes something. - partners share profits and losses as per contributions. - Partners have unlimited liability. - Continuity of the business is limited. - Partners pay tax on their share of profits.	- Easy to get financial assistance from financial institutions. - Partners combine their capital, skills, knowledge and experience.	- When one partner dies or withdraws the business stops -There may be conflicts during decisions making. - Partners can lose personal assets when business losses.
CLOSE CORPORATION	One to ten members.	- The letters 'CC' at the end of business name. - income divided amongst members as per contributions. - Founding Statement must be filled and submitted to Registrar. -Members have a limited liability. - Has unlimited continuity.	-Members cannot lose personal properties when business runs at a loss. - It continues even when a member dies or withdraws. - It is easy to start and register with authorities.	-Members may still be lose personal assets in certain cases. - Only ten members are required and not more. - Actions of one member binds other members.
COMPANIES	PRIVATE: One or more shareholders to maximum of fifty.	-Proprietary Limited (PTY) Ltd at the end of business name. - Appoint a minimum of two directors . - Specific shareholders buy shares to contribute to capital. - Shares are not freely transferable. - Profits are shared amongst shareholder as dividends.	- Raise large amounts of capital for the business. - The business life span is continuous.	- Expensive and difficult to start. - Financial statements must be audited annually.
	PUBLIC: Minimum of seven shareholders.	- Limited (Ltd) at the end of business name. - Appoint a minimum of seven directors. - The public buy shares to contribute to capital. - Shares are freely transferable. - Shareholders have limited liability. - Profits are shared amongst shareholder as dividends.	- Possessions of shareholders cannot be taken in case of business losses. - More shares bought means more dividends to be earned.	- Public cannot buy shares from the private company. - Directors of private company may be liable for company losses.

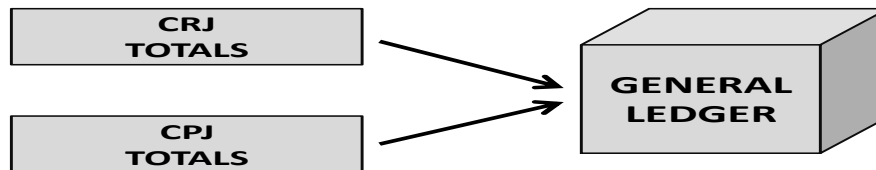
TERM 4
WEEK

GENERAL LEDGER – Service businesses
TRIAL BALANCE – Service businesses

1. GENERAL LEDGER

1.1 DEFINITION

- It is the ledger which is used for posting of totals from money columns of subsidiary journals at the end of each month.
- Accounts are classified into Owner's equity, Assets and Liabilities.



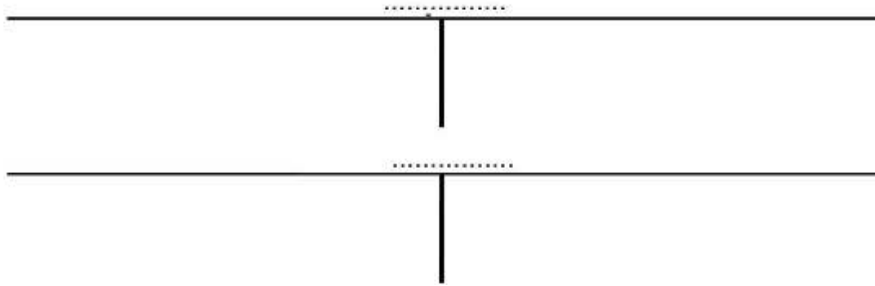
1.2 DOUBLE ENTRY PRINCIPLE

- The principle states that for every entry on the debit side there must be an entry on the credit side with equal amounts, when posting the accounts.

Dr.					Cr.				
Date		Details	Fol.	Amount	Date		Details	Fol.	Amount
							<u>Capital</u>		
					2015				
					Jan	31	Bank	CRJ1	50 000 00
							<u>Bank</u>		
2015									
Jan	31	Bank	CRJ1	50 000 00					

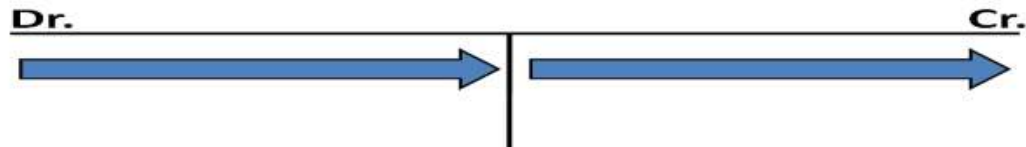
1.3 The "T" accounts

- This means the General Ledger accounts are recorded using a T-form approach.



1.4 COLUMNS

- The General Ledger has two sides: Debit side and Credit side.
- Both sides have equal number of columns.
- Column titles are the same in both sides.
- Some totals will be recorded on the debit side and others on the credit side.
- Dr. is used for debit side and Cr. for credit side.



Dr.				Cr.			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount

1.5 SECTIONS

BALANCE SHEET ACCOUNTS SECTION

- This section is used to record or post totals of all Assets and some Owner's equity accounts.
- All accounts are closed off with balances.

NOMINAL ACCOUNTS SECTION

- This section is used to record or post totals of all Incomes and Expenses.
- All accounts are closed off with totals.

BALANCE SHEET ACCOUNTS SECTION	
Capital Account	
Drawings Account	
Building Account	
Equipment Account	
Vehicles Account	
Bank Account	

NOMINAL ACCOUNTS SECTION	
Current income	
Commission income	
Rent income Account	
Interest income Account	
Wages Account	
Salaries Account	
Water and Electricity Account	(Municipal costs)
Insurance Account	
Stationery Account	
Repairs Account	(Maintenance costs)
Advertising Account	
Rent expense Account	
Interest expense Account	
Fuel account (Transport costs)	
Telephone account	(Communication costs)
Stationery account	
Trading licence account	

1.6 OPENING ACCOUNTS

Dr.				Cr.			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
			<u>Equipment</u>				Fol. B__

- In Accounting when the account is debited, it means it is recorded on the debit side.

Dr.				Cr.			
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
			<u>Equipment</u>				Fol. B__
2015							
Jan 31	Bank	CPJ1	7 000 00				

- When it is credited it means it is recorded on the credit side.

			<u>Current income</u>				Fol. N__
				2015			
				Jan 31	Bank	CRJ1	2 000 00

1.7 INCREASE AND DECREASE IN ACCOUNTS

OWNER'S EQUITY

- When Owner's equity increases, its account is credited.

Dr.	Oe ACCOUNT	Cr.
		XXX

- When Owner's equity decreases, its account is debited.

Dr.	Oe ACCOUNT	Cr.
XXX		

ASSETS

- When Assets increase, their account is debited.

Dr.	Asset ACCOUNT	Cr.
XXX		

- When Assets decrease, their account is credited.

Dr.	Asset ACCOUNT	Cr.
		XXX

NOTE: Liabilities are not affected as these are cash transactions.

FROM CASH RECEIPTS JOURNAL

CAPITAL ACCOUNT

CASH RECEIPTS JOURNAL of Kokoi Electricians – Jan 2015 Fol. CRJ 1

Doc. No.	Day	Details	Fol.	Analysis of receipts	Bank	Current income	Sundry Accounts		
							Amount	Fol.	Details
001	10	T. L. Kokoi		<u>50 000 00</u>	50 000 00		50 000 00	B1	Capital
CRR	20	Services render.		<u>954 00</u>	954 00	954 00			
002	25	M.A. Moloi		<u>500 00</u>	500 00		500 00	N_	Rent income
CRR	30	Services render.		2 900 00		2 900 00			
BS		Ocean bank		<u>190 00</u>	4 090 00		190 00	N_	Interest inc.
					<u>55 544 00</u>	<u>3 854 00</u>	<u>50 690 00</u>		
					B_	N_			

General Ledger of Kokoi Electricians

Date		Details	Fol.	Amount		Date		Details	Fol.	Amount
				Balance Sheet Accounts Section						
						<u>Capital</u>				<u>Fol. B1</u>
						2015				
						Jan 10		Bank	CRJ1	50 000 00
Owner's equity increases on the credit side										

BANK ACCOUNT

CASH RECEIPTS JOURNAL of Kokoi Electricians – Jan 2015 Fol. CRJ 1

Doc. No.	Day	Details	Fol.	Analysis of receipts	Bank	Current income	Sundry Accounts		
							Amount	Fol.	Details
001	10	T. L. Kokoi		<u>50 000 00</u>	50 000 00		50 000 00	B1	Capital
CRR	20	Services render.		<u>954 00</u>	954 00	954 00			
002	25	M.A. Moloi		<u>500 00</u>	500 00		500 00	N_	Rent income
CRR	30	Services render.		<u>2 900 00</u>		2 900 00			
BS		Ocean bank		<u>190 00</u>	4 090 00		190 00	N_	Interest inc.
					<u>55 544 00</u>	<u>3 854 00</u>	<u>50 690 00</u>		
					B2	N_			

General Ledger of Kokoi Electricians

Date		Details	Fol.	Amount	Date	Details	Fol.	Amount
Balance Sheet Accounts Section								
				<u>Bank</u>				<u>Fol. B2</u>
2015								
Jan	31	Total Receipts	CRJ1	55 544 00				
Bank increases and Assets increase on the debit side								

CURRENT INCOME ACCOUNT**CASH RECEIPTS JOURNAL of Kokoi Electricians – Jan 2015 Fol. CRJ 1**

Doc. No.	Day	Details	Fol.	Analysis of receipts	Bank	Current income	Sundry Accounts		
							Amount	Fol.	Details
001	10	T. L. Kokoi		<u>50 000 00</u>	50 000 00		50 000 00	B1	Capital
CRR	20	Services render.		<u>954 00</u>	954 00	954 00			
002	25	M.A. Moloi		<u>500 00</u>	500 00		500 00	N_	Rent income
CRR	30	Services render.		<u>2 900 00</u>		2 900 00			
BS		Ocean bank		<u>190 00</u>	4 090 00		190 00	N_	Interest inc.
					<u>55 544 00</u>	<u>3 854 00</u>	<u>50 690 00</u>		
					B2	N1			

General Ledger of Kokoi Electricians

Date		Details	Fol.	Amount	Date	Details	Fol.	Amount
Balance Sheet Accounts Section								
				<u>Current income</u>				<u>Fol. N1</u>
2015								
Jan	31	Bank	CRJ1	3 854 00				
Incomes increase Owner's equity on the credit side								

RENT INCOME ACCOUNT

CASH RECEIPTS JOURNAL of Kokoi Electricians – Jan 2015 Fol. CRJ 1

Doc. No.	Day	Details	Fol.	Analysis of receipts	Bank	Current income	Sundry Accounts		
							Amount	Fol.	Details
001	10	T. L. Kokoi		50 000 00	50 000 00		50 000 00	B1	Capital
CRR	20	Services render.		954 00	954 00	954 00			
002	25	M.A. Moloi		500 00	500 00		500 00	N2	Rent income
CRR	30	Services render.		2 900 00		2 900 00			
BS		Ocean bank		190 00	4 090 00		190 00	N3	Interest inc.
					55 544 00	3 854 00	50 690 00		
					B2	N1			

General Ledger of Kokoi Electricians

Date		Details	Fol.	Amount	Date		Details	Fol.	Amount
				Balance Sheet Accounts Section					
				Rent income					
					2015				Fol. N2
					Jan 25	Bank	CRJ1	500 00	
Incomes increase Owner's equity on the credit side									

FROM CASH PAYMENTS JOURNAL**BANK ACCOUNT****Cash Payments Journal of Kokoi Electricians – Jan 2015 Fol. CPJ 1**

Doc. No.	Day	Name of Payee	Fol.	Bank	Wages	Stationery	Material costs	Sundry accounts		
								Amount	Fol.	Details
01	10	WW W.sale		5 000 00			5 000 00			
02	24	Excel Garage		300 00				300 00	N_	Fuel
03	28	Cash		1 600 00	1 600 00					
04	31	STATS		500 00		500 00				
05		WW W.sale		7 000 00			7 000 00			
				14 400 00	1 600 00	500 00	12 000 00	300 00		
				B2	N	N	N			

General Ledger of Kokoi Electricians

Date		Details	Fol.	Amount	Date		Details	Fol.	Amount
				Balance Sheet Accounts Section					
				Bank					Fol. B2
					2015				
					Jan 31	Total Payments	CPJ1	14 400 00	
Bank decreases and Assets decrease on the credit side Bank appears in both CRJ and CPJ and it will be discussed later.									

EXPENSE ACCOUNT

Cash Payments Journal of Kokoi Electricians – Jan 2015 **Fol. CPJ 1**

Doc. No.	Day	Name of Payee	Fol.	Bank	Wages	Stationery	Material costs	Sundry accounts		
								Amount	Fol.	Details
01	10	WW W.sale		5 000 00			5 000 00			
02	24	Excel Garage		300 00				300 00	N4	Fuel
03	28	Cash		1 600 00	1 600 00					
04	31	STATS		500 00		500 00				
05		WW W.sale		7 000 00			7 000 00			
				14 400 00	1 600 00	500 00	12 000 00	300 00		
				B2	N	N	N			

Dr.

Cr.

Date	Details	Fol.	Amount	Date	Details	Fol.	Amount
2015 Jan 25	Bank	CPJ1	300 00		Fuel		Fol. N4
Expenses decrease Owner's equity on the debit side							

1.8 BALANCING OF ACCOUNTS

This is how the account is closed off or balanced:

- Check for the big side; Subtract small side from big side; Put the difference on the small side below the amount deducted, This difference is called the *Balance carried down (c/d)*; Write the total for two sides will now be equal; Write the totals on both sides; Write that difference on the opposite side below the total as the *Balance brought down (b/d)*.

CASH RECEIPTS JOURNAL of Kokoi Electricians – Jan 2015 **Fol. CRJ 1**

Doc. No.	Day	Details	Fol.	Analysis of receipts	Bank	Current income	Sundry Accounts		
							Amount	Fol.	Details
001	10	T. L. Kokoi		50 000 00	50 000 00		50 000 00	B	Capital
CRR	20	Services render.		954 00	954 00	954 00			
002	25	M.A. Moloi		500 00	500 00		500 00	N	Rent Income
CRR	30	Services render.		2 900 00	2 900 00				
B5		Ocean bank		190 00	190 00		190 00	N	Interest Inc.
				55 544 00	55 544 00	3 854 00	50 690 00		
				B2	N	N			

Cash payments Journal of Kokoi Electricians – Jan 2015 **Fol. CPJ 1**

Doc. No.	Day	Name of Payee	Fol.	Bank	Wages	Stationery	Material costs	Sundry accounts		
								Amount	Fol.	Details
01	10	WW W.sale		5 000 00			5 000 00			
02	24	Excel Garage		300 00				300 00	N	Fuel
03	28	Cash		1 600 00	1 600 00					
04	31	STATS		500 00		500 00				
05		WW W.sale		7 000 00			7 000 00			
				14 400 00	1 600 00	500 00	12 000 00	300 00		
				B2	N	N	N			

Dr.

General Ledger of Kokoi Electricians

Cr.

Date		Details	Fol.	Amount	Date		Details	Fol.	Amount		
Balance Sheet Accounts Section											
Bank											
2015					2015					Fol. B2	
Jan	31	Total Receipts	CRJ1	55 544 00	Jan	31	Total Payments	CPJ1	14 400 00		
									c/d	41 144 00	
				55 544 00						55 544 00	
Feb	01	Balance	b/d	41 144 00							

- The Trial Balance is prepared using information from the general Ledger.
- It is only prepared after posting is done to the General Ledger.
- It is having two money columns: Debit and Credit
- It is prepared using only the balances and totals from the General Ledger.
- An account which is having a debit balance will also be debited in the Trial Balance, what is credited will also be credited.
- The total for debit side must always be equal to the total on the credit side.

		Debit	Credit
BALANCE SHEET ACCOUNTS SECTION			
Capital			XX XXX
Drawings		X XXX	
Equipment		X XXX	
Bank		X XXX	
NOMINAL ACCOUNTS SECTION			
Current income			X XXX
Rent income			XXX
Interest income			XX
Material costs		X XXX	
Wages		X XXX	
Stationery		XXX	
		XX XXX	XX XXX

WEEK

MANAGEMENT

1. LEVELS OF MANAGEMENT

1.1 Top level management

- Develop vision and mission statement
- Set goals and policies of the business
- Make central decisions which affect all in the business
- Employ middle level managers to different departments of the business
- Responsible for overall performance of the business
- Examples: Chairman, Board of Directors, Managing Director (MD), Chief Executive Officer (CEO), etc.

1.2 Middle level management

- Carry out goals and objectives set by the top level managers
- Responsible for units, branches or departments of the business
- Set goals for different departments using strategic plans from top level managers
- Employ low level managers and run induction process
- Examples: Administration manager, Finance manager, Human Resource Manager, Marketing manager, Production manager, etc.

1.3 Low level management

- Daily management of employees in the running of the business
- Manage small groups of people within the departments
- Make decisions within the daily performance of activities by employees
- Assign duties to employees on daily basis to perform business activities
- Provide employees with the necessary materials and equipment to perform their duties
- Compile reports about the performance of employees in their sections
- Examples: Supervisors, foreman, Heads of Departments, etc.

2. MANAGEMENT TASKS

2.1 PLANNING

- **This refers to the process of taking decisions about what the business must achieve.**
- Those decisions include when, how, where and by whom will the business operate.

- Managers set long term goals and short term objectives of the business.
- Allocate business resources to appropriate people.
- Set overall framework of operations of the business

2.2 ORGANISING

- **This refers to the process of taking decisions about which employees will perform certain duties, how, when, how long to perform them and to whom to report.**
- Set a business atmosphere where every employee knows what is expected.
- Make resources needed by the business available.
- Assign duties to employees, i.e. Job description.

2.3 LEADING

- **This is the process of directing activities by delegating duties to relevant employees.**
- Establish team building through motivation and development of employees.
- Make incentives available for employees who go an extra mile in their activities.
- Arrange induction processes and in-service training workshops.
- Set conflict management strategies

2.4 CONTROLLING

- **This is the process of ensuring that all employees perform their duties as expected.**
- Monitor performance of employees by keeping a track record of their performance.
- Evaluate activities of employees against the set business standards
- If anything is out of plan, corrective measures must be applied before damage is done to the business.

3. CHARACTERISTICS OF GOOD MANAGEMENT

- Working towards a set long term goal of the business.
- Taking initiatives to develop new business ideas and promote the product.
- Having a positive attitude towards business operations and other stakeholders.
- Consulting with other stakeholders for decisions that will affect them.
- Being able to communicate well with employees, customers and suppliers.
- Being able to compete with the business competitors in the market.
- Having confidence in oneself, employees and the business itself.

- Always shows honesty when dealing with all stakeholders.
- Showing flexibility to adapt to different situations.
- Having the ability to manage finances of the business.
- Being prepared to take business risks and be prepared for them.



NON-EXAMINABLE CONTENT

TERM 1**WEEK****1. SELF-SUFFICIENT SOCIETIES**

- **This refers to groups of people who produced for their own needs only.**
- They produced what is sufficient for their consumption.

1.1 Lifestyles of self-sufficient societies

- They depended entirely on agriculture and the level of processing natural resources was very low.
- Only the basic needs of people are satisfied, no luxuries.
- People who produced goods are the people who consume them.
- They did not have permanent place to live and education is informal.
- They depended on animals, birds, plants and fruits for food, used animal skins for clothing and caves for shelter and bones of animals to make tools.
- The standard of living is very low
- There is no development, what is being produced and consumed is repeated every year.

TERM 4**WEEK****1. MANAGEMENT STYLES****1.1 AUTOCRATIC**

- **This management style means the manager makes all business decisions alone without consulting other colleagues.**
- Employees do not have a say in power sharing in the business.
- **This style is *good*** during business emergencies but the manager must be highly informed of the situation.
- **It is *bad*** during business activities as employees feel left out and motivation decreases.

1.2 PERMISSIVE OR FREE-REIGN STYLE (LAISSEZ-FAIR)

- **This management style means the manager allows employees to make all business decisions without granting permission.**
- Employees have all powers over the running of the business.
- **This style is *good*** where employees are expects and highly motivated to carry out their duties.
- **This style is *bad*** as less experienced employees will find it difficult to perform their duties.

1.3 DEMOCRATIC OR PARTICIPATORY STYLE

- **This management style means the manager allows employees to take part in decision making processes of the business.**
- Employees are delegated powers in the running of the business.
- **This style is *good*** as employees feel owning the business and get motivated.
- **This style is *bad*** as time is wasted when going through consulting employees before decisions are made.

GLOSSARY

TERM 1

- **Government** is the group of people with supreme powers to manage, run and control the country at different levels.
- **National /Central government** is the highest level of the government in the country and drafts laws (Acts) of the country and is responsible for the overall running of the whole country.
- **Provincial/Regional government** is the second level of the government and is responsible for the running of the province and is funded by the national government.
- **Local government** is the third level of the government and is responsible for the running of the municipality and is funded by the provincial government.
- **Budget** is a plan of how the government intend to spend its income/revenue.
- **Government revenue** refers to all money received by the government at all levels in the the forms taxes, loans and donations.
- **Taxation** refers to money received by the government from incomes of households and businesses and from the selling of public goods and services
- **Direct tax** is tax which cannot be shifted to next person. People who pay it to the government cannot collect that money from other people after paying it.
- **Personal Income tax** refers to tax paid directly by people from the households who receive incomes.
- **Corporate/Company income tax** refers to tax paid directly by businesses when they earn profits.
- **Capital gain tax** refers to tax paid directly by individuals or institutions which receive income from the sale of properties.
- **Indirect tax** is tax which can be shifted. People pay it to the government but collect that money from the next person.
- **Value-added tax (VAT)/Sales tax** refers to tax paid by people who buy goods and services for consumption.
- **Fuel levy/Petrol tax** refers to tax paid by individuals and businesses which buy petrol and diesel.
- **Excise duty** refers to tax charged on certain goods to discourage their consumption, e.g. tax on tobacco and alcohol.
- **Airport tax** refers to tax paid by people who use airplanes.
- **Import duty** refers to tax paid by people who import goods and services.
- **Government expenditure** refers to spending of government revenue by different government departments for the benefit of its citizens.
- **Self-sufficient societies** refers to people who produced for their own needs only.
- **Rural societies** refers to people from self-sufficient societies who decided to settle permanently in small villages.
- **Modern (urban) societies** refers to people who produce goods and services in large quantities for consumption by different people.
- **Unemployment** refers to the condition or situation in which people who are actively looking for work and able to work, cannot find work for an income.

- **Sole trader** is the person who start, manages and owns the business alone.
- **Debit** refers to the left hand side in the General ledger (Dr).
- **Credit** refers to the right hand side in the General ledger (Cr).
- **Capital** refers to money used to start or expand the business.
- **Owner's equity** refers to possessions of the owner invested in the business.
- **Income** is money earned by retail business not from normal business operations OR money received by service business from their normal business operations.
- **Expenses** is money spent by the business on items that will support the normal running of the business.
- **Profit** is the positive difference between incomes and expenses.
- **Loss** is the negative difference between incomes and expenses.
- **Transactions** refer to the buying of goods and services for cash, the selling of goods and services for cash; the buying of goods and services on credit; the selling of goods and services on credit; a payment made; cash received; money deposited into or withdrawn from the bank account of the business.
- **Liabilities** refers to short-term and long-term debts of the business.
- **Assets** are the properties or possessions of the business used to run the business.
- **Banking** refers to services offered by banks like deposits, withdrawals, loans, transfers, etc.
- **Cash receipts** is cash money received by the business from sales, services, debtors' payments, etc.
- **Cash payments** is cash money paid by the business for consumables, expenses, assets, liabilities, etc.
- **Subsidiary journals** are accounting books in which the first recordings of transactions from source documents are recorded.
- **Accounting equation: Assets = Owner's equity + Liability (A = OE + L)** is a mathematical statement that shows the effects (increase or decrease) of transactions on Assets, Owner's equity and Liabilities.

- **Receipt** is the source document that serves as a proof that the business has received a certain amount of money.
- **Deposit slip** is the source document that serves as a proof that money has been received by the bank or that money has been deposited into the bank account.
- **Cash register slip** is the source document which shows money has been received for goods or services bought from the business and paid for by the customer.
- **Cheque** is a source document which instructs the business bank to pay on the business' behalf, an amount of money to the person or business whose name appears on the cheque.
- **Cheque counterfoil** is a source document that is kept by the drawer of the cheque to prove that the cheque has been drawn.
- **Electronic Funds Transfers** refer to money transferred electronically from one person or institution to another, as a payment or buying goods and services, using computers, cellphones, etc.

- **Bank statement** is the statement that is prepared by the bank which shows a list of all the transactions of the business with the bank.
- **Cash invoice** is the source document that shows goods or services have been paid for.

TERM 2

- **Accounting cycle** is the process of recording financial transactions up until they are summarised in financial statements.
 - **Source document** refers to a written proof or evidence that the transaction has taken place and shows the origin of the transaction.
 - **Subsidiary journals** are books of business used to record transactions of the business for the first time, i.e. books of first entry.
 - **General ledger** is used to record totals of all accounts from the subsidiary journals.
 - **Trial balance** is a list of all balances and totals of all accounts in the General Ledger, from both debit side and credit side.
 - **Income statement** is used to record all incomes and expenses from the Trial Balance, to determine the financial results of the business.
 - **Balance sheet** is used to record all Assets, some Owner's equity and all Liabilities accounts from the Trial Balance, to determine the financial position/status of the business.
-
- **Capital** refers to money, building, machinery and vehicles that are invested in the business to produce goods and services.
 - **Monetary capital /working capital** is capital in the form of money.
 - **Fixed capital/ real capital** is capital in the form of goods.
 - **Borrowed capital** is capital provided by the owner but borrowed from financial institutions like banks.
 - **Own capital** is capital provided by the owner from own personal savings.
 - **Labour** refers to all physical or mental efforts used in the business for the production of goods and services.
 - **Unskilled labour** is labour that is mainly manual (physical) and does not require any form of skill, education or training in order to be performed.
 - **Semi-skilled labour** is labour that is manual and requires some form of training but less education in order to be performed.
 - **Skilled labour** is labour that is manual and mental and requires a specific form of training, education and skill in order to be performed.

- **Highly skilled labour** is labour that is mainly mental and requires a high form of training, education and skill in order to be performed.
- **Basic Conditions of Employment Act (BCEA)** aims at improving working conditions in a workplace.
- **Employment Equity Act (EEA)** aims at preventing unfair labour discrimination in a workplace.
- **Labour Relations Act (LRA)** aims at regulating the relationships between employers and employees in a workplace.
- **Natural resources** refer to all gifts of nature that used in the production of goods and services.
- **Entrepreneurship** refers to that special human effort which combines the other three factors to produce goods and services.

- **Market** refers to the situation or condition in which buyers and sellers meet to determine prices and quantities of goods and services to be bought and sold.
- **Consumer market** is the market in which consumers buy goods and services from businesses/producers.
- **Goods market** means only goods are sold to consumers.
- **Services market** means only services are rendered/sold to consumers.
- **Factor market** is the market in which households sell factors of production to producers.
- **Labour market** means only labour is sold to producers or businesses, i.e. employment of workers.
- **Financial market** is the market in which money is bought and sold.

TERM 3

- **Sole trader/proprietorship** is the business that is owned, managed and run by one person.
- **Partnership** is the business that is owned by two or more people who are called partners.
- **Close corporation** refers to people with common interests work together for a common purpose.
- **Private company** is the business which is started by selling shares to its members only to raise capital and is owned by shareholders.
- **Public company** is the business which is started by selling shares to the public to raise capital and is owned by shareholders.

TERM 4

- **General ledger** is the ledger used to post totals of accounts from different subsidiary journals.
- **Double entry principle** states that for every entry on the debit side there must be an entry on the credit side with equal amounts.
- **Balance sheet accounts section** is the section which is used to record or post totals of all Assets and some Owner's equity accounts. **(Grade 8).**
- **Nominal accounts section** is the section which is used to record or post totals of all Incomes and Expenses. **(Grade 8).**
- **Trial balance** is prepared using only the balances and totals from the General Ledger.

- **Planning** refers to the process of taking decisions about what the business must achieve.

- **Organising** refers to the process of taking decisions about which employees will perform certain duties, how, when, how long to perform them and to whom to report.

- **Leading** is the process of directing activities by delegating duties to relevant employees.

- **Controlling** is the process of ensuring that all employees perform their duties as expected.