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SUBJECT:	GRADE:			DATE:	WEEK:	CAPS SECTION:
EMS	7	☒ 8	9	Term 1: Lesson 3	Term 1: Lesson 3	Financial Literacy
AIMS OF LESSON:	<u>Learners must be able to understand:</u> 1. The accounting concepts					
RESOURCES	<u>PAPER BASED RESOURCES:</u> • Textbooks				<u>DIGITAL RESOURCES:</u> • wcedportal.co.za	
INTRODUCTION	Prior content knowledge: Grade 7 content about accounting concepts Link with the next lesson: Source documents By the end of the lesson learners will be able to: • Understand the meaning of the accounting concepts					  
CONTENT: CONCEPTS and/or SKILLS	Introduction IMPORTANT CONCEPTS AND DEFINITIONS					
	CONCEPT		DEFINITION			
	SOLE TRADER/SOLE PROPRIETOR		A business owned by one person, who usually manages it too.			
	DEBIT		The left-hand side of the ledger account is called the debit side.			
	CREDIT		The right-hand side of the ledger account is called the credit side.			
	CAPITAL		Money or other property that the owner invested in his business so that the business can start, for example, money he saved, vehicles (e.g. a truck) or even equipment (e.g. a computer).			
	OWNER'S EQUITY		The owner's monetary interest in the business.			

	CONCEPT	DEFINITION
	INCOME	Money earned by the business e.g. selling products or for the rendering of a service.
	EXPENSES	These are costs that the business incurs to be able to do business. It can be paid for services that the business needs or costs when buying items that are used up in the business.
	PROFIT	When income is MORE than expenses.
	LOSS	When expenses are MORE than income.
	TRANSACTIONS	A transaction is an occurrence or action of which the monetary value is recorded in the journals of an enterprise.
	LIABILITIES	The money the business owes (debt) to other people or other businesses, e.g. a bank loan
	ASSETS	Property owned by a business that can be converted to cash (money) and that lasts a very long time, for example, land and buildings, vehicles, equipment and money (bank).
	BANKING	Banks operate in the banking sector. Banks are financial institutions that safeguard the money of businesses or lend money to businesses.

CONCEPT	DEFINITION
CASH RECEIPTS	All amounts of money received by a business and deposited in the business's bank account are called receipts.
CASH PAYMENTS	All cheques drawn on a current bank account of a business are called payments.
SUBSIDIARY JOURNALS	Cash Receipts Journal (CRJ) and the Cash Payments Journal (CPJ) Subsidiary journals are journals where the different transactions are recorded before they are entered in General Ledger.
ACCOUNTING EQUATION	Assets (A) = Owner's equity (OE) + Liabilities (L)



CONSOLIDATION ACTIVITIES

Activity 1:



Indicate on the next table which
Only write down the correct letter next to the appropriate concept.

definition best fits the concept.

Concept	Answer		Definition
Asset		A	Book of first entry.
Debit		B	When income is more than expenses.
Credit		C	A business with one owner.
Capital		D	Transactions that generate cash for the business, e.g. sales.
Liabilities		E	Happening between two parties where ownership exchanges take place.
Cash Payments		F	The business's assets are always equal to the owner's equity plus the liabilities.
Profit		G	The share of the owner in the business.
Cash receipts		H	Amounts directly or indirectly involved in the operation of the business e.g. telephone, stationery
Owner's equity		I	Money that the owner contributes to starting the business.

	Transactions		J	When expenses exceed the income.
	Sole Trader		K	An entry on the left-hand side of the ledger.
	Income		L	Retained or undrawn income for future use.
	Expenses		M	The depositing of cash received for safekeeping.
	Accounting equation		N	All payments that are summarised in the bank account.
	Loss		O	Possessions of the business.
	Bank		P	All receipts are summarised in the bank account.
	Subsidiary journal		Q	All amounts are due to the business from other parties.
			R	An entry on the right-hand side of the ledger.

Informal assessment:

Classify each of the following items whether it is an Asset, Owners' accounts, Liability, Income or Expense:

Nr	Accounting name	Asset	Liability	Owners' accounts	Expense	Income
E.g.	Wages				X	
1	Advertisements					
2	Capital					
3	Salaries					
4	Current income					
5	Rent income					
6	Vehicles					
7	Bank overdraft					
8	Drawings					
9	Cash float					
10	Insurance					
11	Stationery					
12	Land and buildings					
13	Equipment					
14	Debtors					
15	Personal income tax					
16	Creditors					
17	Telephone					
18	Bank					
19	Trading licence					
20	Consumable goods					



Memorandum: Activity 1



MEMORANDUM OF ACTIVITIES

Concept	Answer		Definition
Asset	O	A	Book of first entry.
Debit	K	B	When income is more than expenses.
Credit	R	C	A business with one owner.
Capital	I	D	Transactions that generate cash for the business, e.g. sales.
Liabilities	Q	E	Happening between two parties where ownership exchanges take place.
Cash Payments	N	F	The business's assets are always equal to the owner's equity plus the liabilities.
Profit	B	G	The share of the owner in the business.
Cash receipts	P	H	Amounts directly or indirectly involved in the operation of the business e.g. telephone, stationery
Owner's equity	G	I	Money that the owner contributes to starting the business.

Transactions	E	J	When expenses exceed the income.
Sole trader	C	K	An entry on the left-hand side of the ledger.
Income	D	L	Retained or undrawn income for future use.
Expenses	H	M	The depositing of cash received for safekeeping.
Accounting equation	F	N	All payments are summarised in the bank account.
Loss	J	O	Possessions of the business.
Bank	M	P	All receipts are summarised in the bank account.
Subsidiary journal	A	Q	All amounts are due to the business from other parties.
		R	An entry on the right-hand side of the ledger.

Memorandum: Informal assessment:

Nr	Accounting name	Asset	Liability	Owners' accounts	Expense	Income
E.g.	Wages				X	
1	Advertisements				X	
2	Capital			X		
3	Salaries				X	
4	Current income					X
5	Rent income					X
6	Vehicles	X				
7	Bank overdraft		X			
8	Drawings			X		
9	Cash float	X				
10	Insurance				X	
11	Stationery				X	
12	Land and buildings	X				
13	Equipment	X				
14	Debtors	X				
15	Personal income tax		X			
16	Creditors		X			
17	Telephone				X	
18	Bank	X				
19	Trading licence				X	
20	Consumable goods				X	

1 mark each