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MY LEGACY

ECONOMIC AND MANAGEMENT SCIENCES GRADE 9

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!!!

MY LEGACY

ECONOMIC AND MANAGEMENT SCIENCES (EMS)

GRADE 9



KOKOI T.L. (SA - TMED)

INTRODUCTION

This manual provides Grade 9 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 parents.
- Transactions of the same type especially in Financial Literacy, have not been repeated. E.g. giving learners five credit sales transactions for Debtors Journal recordings in five informal activities is time consuming.
- 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.
- **Informal activities** have been provided at the end of the manual to supplement activities by teachers. For answers to activities, reference must be made on discussions on content.

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.
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- 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.
- The management of Golden Gate Hotels for the photo used in marketing function.
- All people who made the necessary contributions but not mentioned.
- Free State Department of Education for the emblem used on the cover page.
- Adam Smith's book: '... Wealth of Nations' mentioned in economic systems is also not traceable.
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TERM 1
WEEK
ECONOMIC SYSTEMS

INTRODUCTION

- **Economic systems try to answer four basic important economic questions to alleviate the problem of scarcity for people of the world:**
 1. Which goods and services will be produced from resources?
 2. How many goods and services will be produced?
 3. How will goods and services be produced?
 4. For whom will goods and services be produced?

NOTE:

- **Global economy (globalization) a means sharing resources amongst people of the whole world, no matter where they originate from.**

Example: Raw material from South Africa processed in England and those products sold in Brazil.

1. PLANNED ECONOMY

1.1 DEFINITION

- **It is an economic system in which the government makes decision on what, how and for whom to produce for its citizens.**
- This system is used by countries practicing communism and socialism as political systems.

1.2 ORIGIN

- **During the self-sufficient stage, people produced for their own needs only and there was no trade between people taking place.**
- **Everything was owned collectively by the people as community resources.**
- **Heads of tribes and heads of states were responsible for protection of these resources.**
- **Heads of states and other leaders from the community therefore plan and decide how these resources will be acquired, processed and distributed to the community.**
- **Karl Marx, the German philosopher, ‘The father of communism’, was the great supporter of this system.**
- **Centrally planned economy was common before and during the 1930s with countries like China and Japan practicing it.**
- **It began to collapse after the World War II when most countries decided to trade with each other because of depression (extremely low productivity) caused by the war.**
- **Countries which applied this system were later through the years regarded as undeveloped or under-developed countries.**

1.3 CHARACTERISTICS

- 1. All economic activities of production, distribution and consumption are controlled by the government.**
 - The government decides what must be produced for the people, how goods produced will be shared (distributed) to the people and who will consume those goods and services.
- 2. There is price control.**
 - The government decides on prices of all goods and services in the country. Prices only increase and/or decrease only as the government wish to do so.
- 3. There is wage control.**
 - Payments of workers are decided by the government. Workers cannot enter into negotiation for better wages.
- 4. Nationalisation is the key strategy in the economy.**
 - All business and factors of production are owned, controlled and managed by the government.
- 5. There is no competition.**
 - The government controls and directs demand and supply of goods and services.
- 6. There is no profit motive.**
 - Government-owned businesses do not operate to earn profits but to offer public goods and services at no profits.
- 7. No freedom of choice.**
 - The government decides what people will consume by controlling production.

1.4 CONTRIBUTION TOWARDS GLOBAL ECONOMY

- Centrally planned economy is a system which does not support globalization (international trade) because in a global economy, prices are determined by interaction of demand and supply, whereas in a planned economy prices are determined by the government.

2. MARKET ECONOMY

2.1 DEFINITION

- It is an economic system in which economic problems of what, how and for whom to produce are solved by the interaction of demand and supply (market forces).
- The other name for this system is **capitalism**.

2.2 ORIGIN

- This system was formulated by a group of economic philosophers who had a common view with regard to the government's role in the working of the economy.
- They were reacting to the government's intervention in the working of the economy.
- They argued that the interference of the government in production and distribution of goods and services prevents the economy from improving.

- **The Scottish philosopher Adam Smith, described in his book: “... Wealth of Nations”, how the economy will work without interference by the government.**
- **He explained that “The ‘invisible hand’ determines an equilibrium price in the market”.**

2.3 CHARACTERISTICS

1. Private ownership.

- Factors of production belong to private individuals not to the government. Businesses and the government buy production factors from the households.

2. Freedom of choice.

- People are free to choose where to work and what to consume. There is a variety of jobs and goods and services to choose from.

3. Profit motive.

- Producers produce for profits and consumers consume for maximum satisfaction of their needs.

4. Market forces.

- When demand increases more than supply, prices increase and when supply is greater than demand prices decrease and where they are equal, market price is formed.

5. Free competition.

- Buyers compete for low prices so that they buy more and sellers compete for high prices in order to get more profits.

6. No government intervention in the working of the economy.

- Production and consumption of goods and services is left in the hands of the people.

2.4 CONTRIBUTION TOWARDS GLOBAL ECONOMY

- **Capitalism strongly supports globalization (international/foreign trade).**
- **It maintains that goods and services must be traded without government restrictions.**
- **Under capitalism, goods and services are traded all over the world and that is global economy.**

3. ‘MIXED’ ECONOMY

3.1 DEFINITION

- **It is an economic system in which both private sector (individuals) and the public sector (government) take part in production, distribution and consumption of goods and services.**
- Usually the government produces those goods which cannot be produced by private sector for some reasons.

3.2 ORIGIN

- **Mixed economy as an economic system was introduced in Europe and USSR after the collapse of communism.**
- **Countries like China changed from communism and privatised some industries, i.e. sell state-owned industries to private businesses.**

3.3 CHARACTERISTICS

- 1. Private initiative is combined with some government control.**
 - People are free to run businesses but must abide to certain laws set by the government.
- 2. Factors of production are owned by both private businesses and the government.**
 - Other labourers work for private businesses and others work in government owned businesses.
- 3. Prices of products from state-owned businesses are determined by the government.**
 - Prices from private businesses are determined by demand and supply.
- 4. Businesses in the private sector aim to make profits.**
 - State-owned businesses do not necessarily aim for profits.
- 5. The government interferes in the working of the economy through:**
 - Running businesses which need large capital, which private individuals cannot afford.
 - Running businesses which has very little profits and the private sectors is not interested.
 - Running businesses which cater the people's basic human rights.
 - Formulating laws that control activities in production, distribution and consumption.
 - Charging tax in order to get money to provide free public services and offer subsidies.

3.4 CONTRIBUTION TOWARDS GLOBAL ECONOMY.

- 'Mixed' economy supports globalization (international trade) because governments, private businesses and private individuals can trade from different countries.

WEEK

CIRCULAR FLOW

- It is a flow of resources, money and goods and services from economic sector to the other.

1. INTRODUCTION

- Nature has provided people with resources which they will use to produce goods and services which they will use to satisfy their needs.
- This means one economic sector will be responsible for production of goods and services and the other one be responsible for consumption of goods and services.
- Between these economic sectors, there are markets which will determine payment of factors of production and prices of goods and services.

NOTE:

- 'Closed' economy means production and consumption takes place inside the country.
- Activities of trade with other countries (foreign trade) are not included.

1. PARTICIPANTS IN A 'CLOSED' ECONOMY

1.1 HOUSEHOLD SECTOR

- **They are made up of people living at home, they include people living alone, as families, as groups, in hostels, etc.**
- They are the owners of factors which will be used to produce goods and services.
- They supply businesses with factors of production and after goods and services are produced, households demand them from businesses.
- They finally consume these goods and services for the satisfaction of their needs and wants.
- This sector is also called the **consumption sector**.

1.2 BUSINESS SECTOR

- **They are made up of industries which acquire resources, process them and distribute goods and services to consumers.**
- They include businesses in the primary, secondary and tertiary industries.
- They buy factors of production from households.
- They are responsible for supplying households and the government with finished goods and services.
- This sector is also called the **production sector**.

1.3 GOVERNMENT SECTOR

- **This sector is made up of the local, provincial and national government.**
- It only intervenes in the working of the economy if the country applies the 'mixed' economy.
- It intervenes in buying goods and services from the business sector, supply households with public goods and services, charge taxation on both households and businesses.
- Its main role is to maintain order and stability in the economy.
- It is also called the **public sector**.

2. **FLOW OF FACTORS OF PRODUCTION**

- The household sector owns factors of production, namely natural resources/raw materials, labour, capital and entrepreneurship.
- **Households supply these factors to the factor market and businesses demand them from the factor market.**
- The aim is to produce goods and services.
- Factors of production therefore flow from households to businesses.

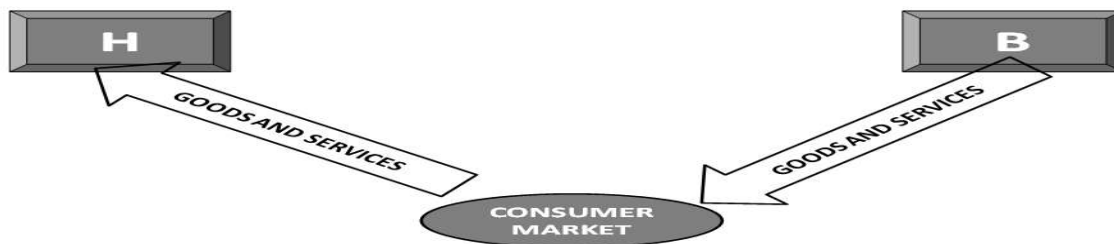
NOTE: Factor market is the market in which factors of production are bought and sold.



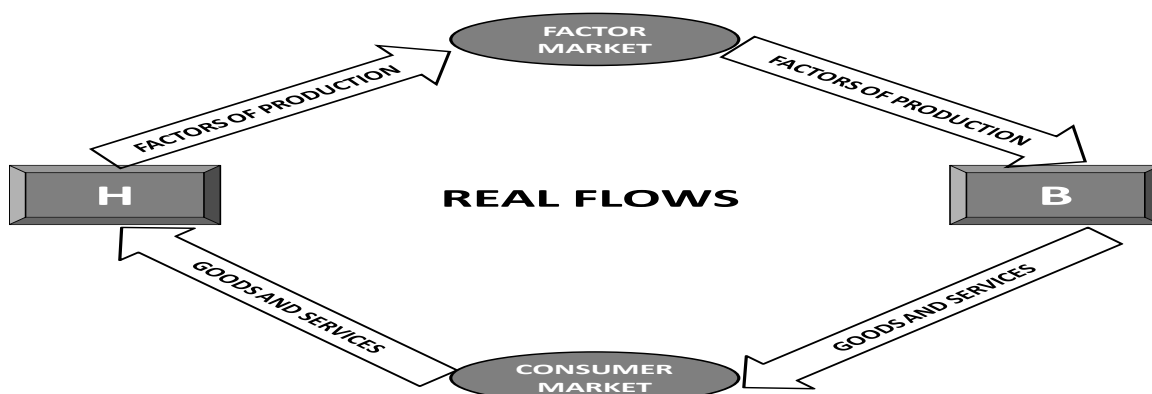
3. FLOW OF GOODS AND SERVICES

- The business sector uses natural resources or raw material to produce goods and services.
- They are being produced as durable, semi-durable, non-durable goods and services.
- These goods and services are produced in large quantities to meet the needs of many consumers.
- **The business sector supply these goods and services to the consumer market to be demanded by consumers.**
- In this way, goods and services flow from businesses to households.

NOTE: Consumer market is the market in which goods and services are bought and sold.



NOTE: The flows of factors of production and goods and services are called real flows.

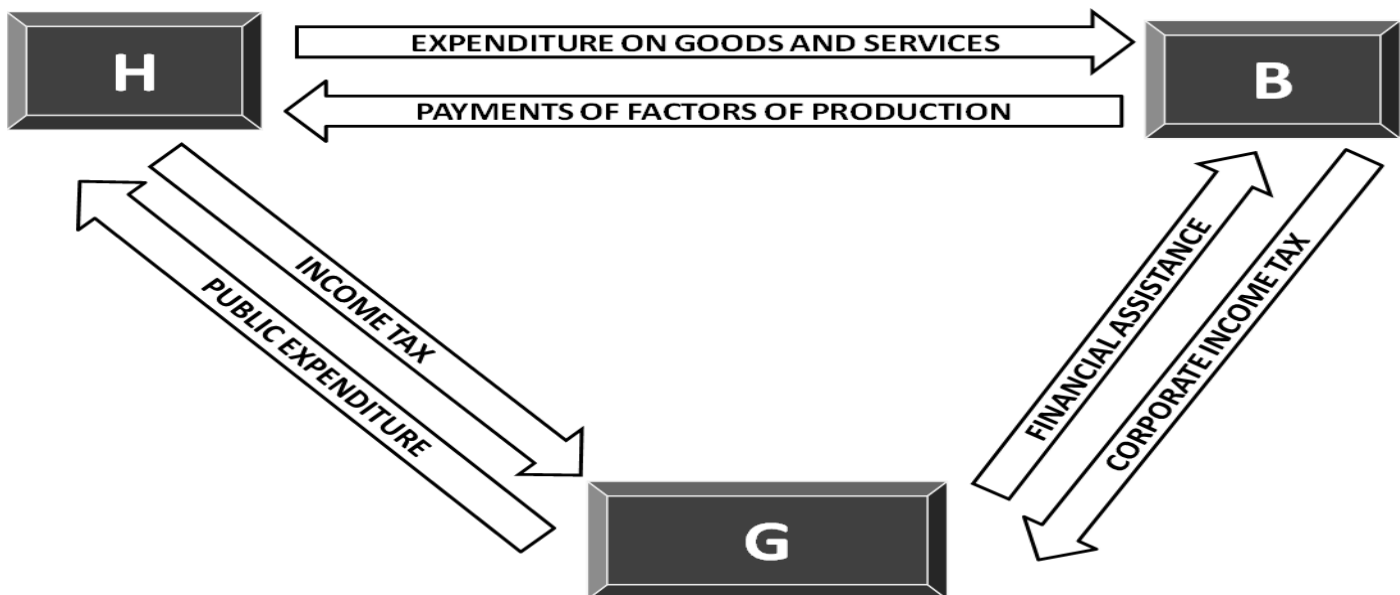


4. FLOW OF MONEY

Money in the circular flow is used to buy and to pay.

- **Businesses** use it to pay factors of production from households which will produce goods and services. Those payments are rent for natural resources, wages and salaries for labour, interest for capital and profit for entrepreneur. They also use to pay corporate income tax from their profits to the government.
- **Households** use it to buy goods and services from businesses to satisfy their needs. They also pay income tax to the government from incomes of factors of production.
- **The government** uses it to pay for public goods and services for community needs. It spends money on education, health, social services, security, etc. It also uses it to offer financial assistance to new, developing and 'important' businesses. Basic foodstuffs like bread and milk are also subsidised.

NOTE: The flows of money in the circular flow are called money flows.

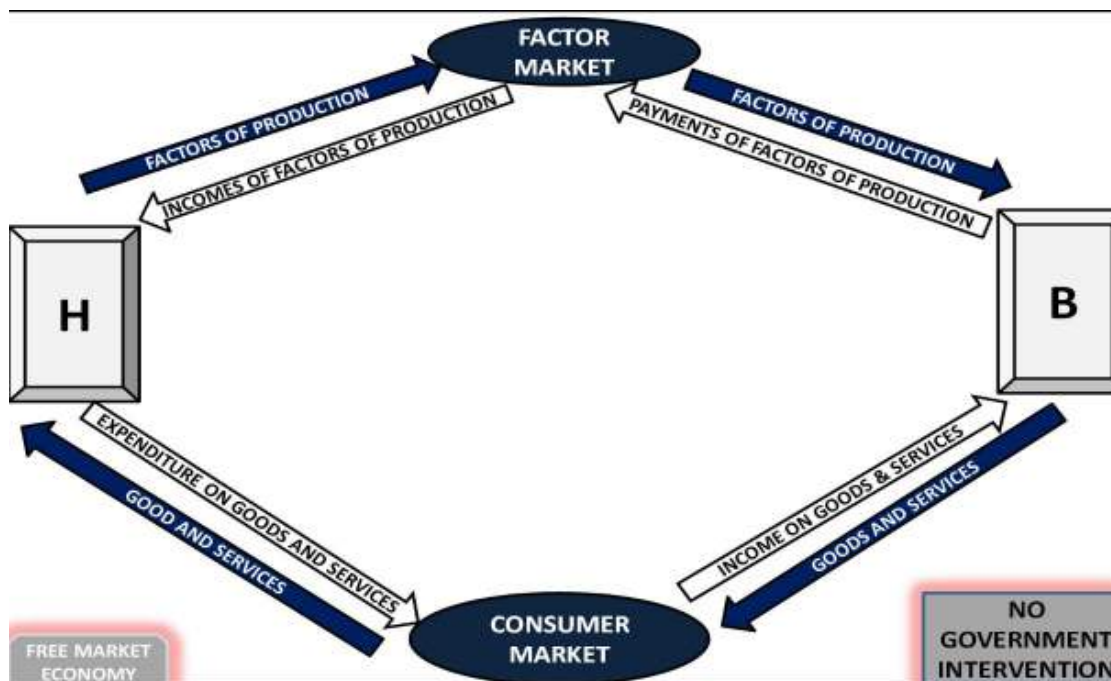


NOTE:

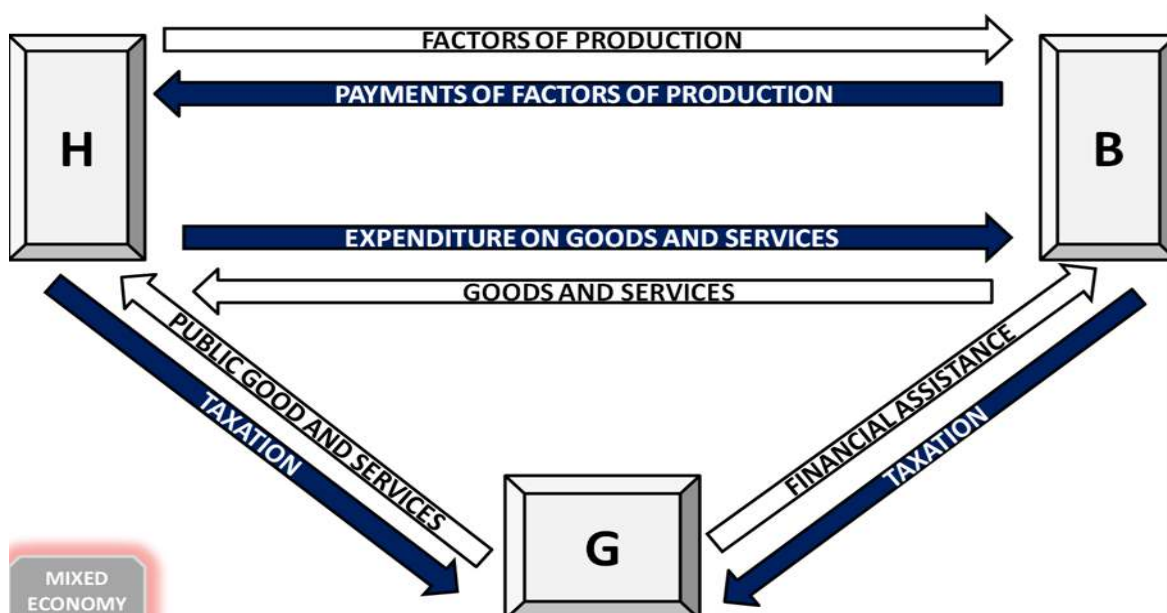
- Income tax refers to a compulsory payment from incomes of workers to the government.
- Public expenditure refers to spending the government to provide public goods and services.
- Financial assistance refers to money spend by the government it assisting the businesses to progress.
- Corporate income tax refers to tax charged on profits of businesses.

DIFFERENT CIRCULAR FLOW MODELS

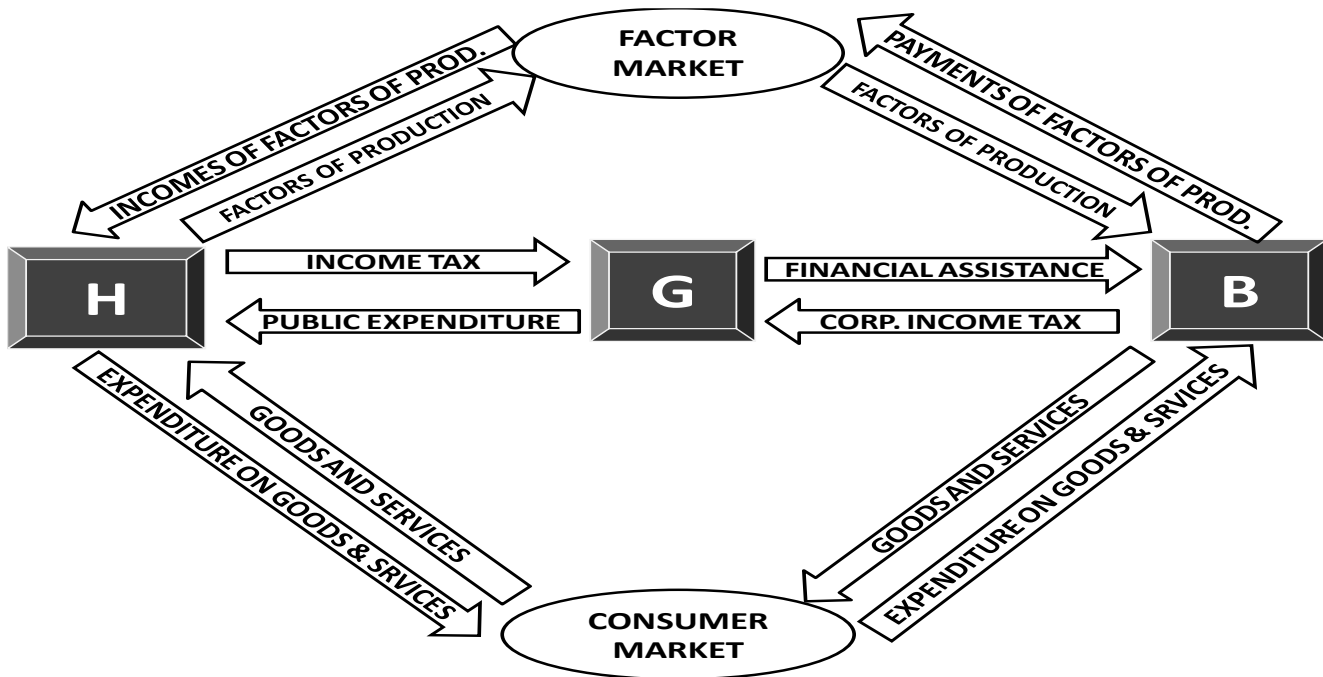
1. TWO ECONOMIC SECTORS WITH MARKETS



2. THREE ECONOMIC SECTORS WITHOUT MARKETS



3. THREE ECONOMIC SECTORS WITH MARKETS



NOTE:

- Whether the household sector is on top and business sector is on the bottom, whether the household sector is on the right hand side and the business sector is on the left hand side, as long as the government sector is in the middle, flows will stay the same.

WEEK

ACCOUNTING EQUATION

1. INTRODUCTION

- **Assets** are properties of the business, others are there to be sold and others are not to be sold.
- **Owner's equity** refers to properties of the owner invested in the business.
- **Liabilities** are the debts of the business (not of the owner).

2. ACCOUNTS

ASSETS	OWNER'S EQUITY	LIABILITIES
Building, Vehicle, Equipment	Capital, Drawings	Cash loan, Mortgage bond
Bank, Trading stock, Debtors	Sales, Cost of sales	Creditors
	Incomes	
	Expenses	

3. FORMAT

<u>ACCOUNTING EQUATION:</u>		ASSETS	=	OWNER'S EQUITY	+	LIABILITIES
		OWNER'S EQUITY	=	ASSETS	-	LIABILITIES
		LIABILITIES	=	ASSETS	-	OWNER'S EQUITY

3.1 INCREASES AND DECREASES (EFFECTS)

ASSETS		= OWNER'S EQUITY		+	LIABILITIES	
Increase (+)	Decrease (-)	Increase (+)	Decrease (-)		Increase (+)	Decrease (-)
account	account	account	account		account	account

3.2 EFFECTS OF CASH TRANSACTIONS

CASH RECEIPTS JOURNAL

- Receipts increase Owner's equity (Capital account and Incomes)
- Receipts increase Assets (Bank account)
- Sales account increase Owner's equity
- Cost of sales account decrease Owner's equity

CASH PAYMENTS JOURNAL

- Payments decrease Owner's equity (Drawings account and Expenses)
- Payments decrease Assets (Bank account)
- Payments increase Assets (Fixed assets and Trading stock)

NOTE:

- For cash transactions, Bank account is always involved (increase or decrease).
- Cash sales involves 4 accounts (Sales and Bank and Cost of sales and Trading stock).
- Liabilities accounts are not affected.
- Minimum of two accounts must always be affected.

WEEK

1. CASH RECEIPTS JOURNAL (Goods)

1.1 INTRODUCTION

- Every business receives money in one way or another during its operations.
- This represents the inflow of money into the business and receipts are issued out.
- Retail businesses receive money for selling goods as their main operations.
- They also receive money as income at some point.
- When money is received immediately when the transaction takes place, that transaction is called a cash transaction.
- All cash transactions of money received must be recorded on daily basis.

1.2 DEFINITION

Cash Receipts Journal is the Subsidiary Journal used to record all amounts of money received by the business (receipts):

- Money deposited in the bank account of the business (**Capital**).
- Money received from goods sold (**Sales**).
- Money received from **incomes**.

1.3 FORMAT

Cash Receipts Journal of (business name) - (month and year)

Folio. CRJ (no.)

Doc. No.	Day	Details	Fol.	Analysis of rec.	Bank	Sales	Cost of sales	Amount	Sundry accounts	Fol.

EXPLANATION OF COLUMNS

- Doc. No. > Source document used in that specific transaction.
- Day > Day of the transaction
- Details > What money was received for or name of person who made payment.
- Analysis of receipts > Record all amount before transferring them to bank column.
- Bank > Record the total of all amounts received in a day.
- Sales > Record all amounts received for goods sold to customers.
- Cost of sales > Record all amounts of the cost of goods sold.
- Amount > Record amounts received for sundry accounts.
- Sundry accounts > Record accounts which do not have analysis columns.
- Fol. > Folio number of a specific sundry account.

1.4 RECORDING OF TRANSACTIONS (Grade 9 - only three types of transactions)

Record the following transactions in the Cash Receipts Journal of Tau Traders with analysis columns for Analysis of receipts, Bank, Sales, Cost of sales and Sundry accounts.

• CAPITAL TRANSACTION

2020

Jan 02 The owner T. Tau, deposited R100 000,00 in the bank account of the business as capital contribution. Receipt no. 001 issued.

Cash Receipts Journal of Tau Traders

Folio. CRJ 1

Doc. No.	Day	Details	Fol.	Analysis of rec.	Bank	Sales	Cost of sales	Amount	Sundry accounts	Fol.
001	02	T. Tau		<u>100 000</u> <u>00</u>	100 000 00			100 000 00	Capital	

NOTE:

- Always underline amounts in Analysis column before transferring them to Bank column at the end of the day.
- Accounts without money columns are recorded in the Sundry accounts columns.

ACCOUNTING EQUATION

ASSETS		=	OWNER'S EQUITY		+	LIABILITIES	
Increase (+)	Decrease (-)		Increase (+)	Decrease (-)		Increase (+)	Decrease (-)
Bank R100 000			Capital R100 000				

- SALES TRANSACTION**

2020

Jan 14 Goods sold for cash R5 000,00 as per cash register roll. Profit mark-up is 25%.

CALCULATING THE COST PRICEExample: Calculate the Cost price if the Selling Price is R5 000 and the Mark-Up is 25%.Step 1

$$\begin{array}{rcl} \text{Cost Price} & + & \text{Mark-up \%} & = & \text{Selling Price} \\ 100\% & + & 25\% & = & 125\% \quad (\text{Law: Cost price is always at 100\%}). \end{array}$$

Step 2

$$= \frac{\% \text{ CP}}{\% \text{ SP}} \times \text{SP}$$

$$= \frac{100\%}{125\%} \times \text{R5 000}$$

$$= \text{R4 000 (Cost Price)}$$

Cash Receipts Journal of Tau Traders – Jan 2020

Folio. CRJ 1

Doc. No.	Day	Details	Fol.	Analysis of rec.	Bank	Sales	Cost of sales	Amount	Sundry accounts	Fol.
CRR	14	Sales		5 000 00	5 000 00	5 000 00	4 000 00			

NOTE:

- Only the Sales amount is recorded in Analysis column.

ACCOUNTING EQUATION

ASSETS		=	OWNER'S EQUITY		+	LIABILITIES	
Increase (+)	Decrease (-)		Increase (+)	Decrease (-)		Increase (+)	Decrease (-)
Bank R5 000			Sales R5 000				
	Trading stock R4 000			Cost of sales R4 000			

NOTE:

- Cash sales transaction always involve four accounts.
- Trading stock is affected because it represents the cost of goods sold.

- INCOME TRANSACTION**

2020

Jan 31 Received R400,00 from L. Lion as rent on building leased to him. Receipt no. 02 issued.

Cash Receipts Journal of Tau Traders – Jan 2020

Folio. CRJ 1

Doc. No.	Day	Details	Fol.	Analysis of rec.	Bank	Sales	Cost of sales	Amount	Sundry accounts	Fol.
02	30	L. Lion		400 00	400 00			400 00	Rent income	—

ACCOUNTING EQUATION

ASSETS		=	OWNER'S EQUITY		+	LIABILITIES	
Increase (+)	Decrease (-)		Increase (+)	Decrease (-)		Increase (+)	Decrease (-)
Bank R 400			Rent income R400				

- TWO TRANSACTIONS IN ONE DAY**

2020

Jan 25 Goods sold for cash R7 500,00 as per cash register roll. Cost price R6 000,00.

Received R800,00 from Nedbank as interest on positive business bank balance.

Cash Receipts Journal of Tau Traders

Folio. CRJ 1

Doc. No.	Day	Details	Fol.	Analysis of rec.		Bank		Sales		Cost of sales		Amount		Sundry accounts	Fol.
CRR	25	Sales		7 500	00			7 500	00	6 000	00				
BS		Nedbank		<u>800</u>	<u>00</u>	8 300	00					800	00	Interest income	—

NOTE:

- The first transaction is not transferred to Bank column and therefore not underlined.
- Two transactions of the day are added in Analysis column and total recorded in the Bank column.
- Each transaction is recorded in a separate line.

- ALL TRANSACTIONS COMBINED**

2020

Jan 02 The owner T. Tau, deposited R100 000,00 in the bank account of the business as capital contribution. Receipt no. 001 issued.

14 Goods sold for cash R5 000,00 as per cash register roll. Profit mark-up is 25%.

25 Goods sold for cash R7 500,00 as per cash register roll. Cost price R6 000,00.

Received R800,00 from Nedbank as interest on positive business bank balance.

31 Received R400,00 from L. Lion as rent on building leased to him. Receipt no. 02 issued.

Cash Receipts Journal of Tau Traders – Jan 2020

Folio. CRJ 1

Doc. No.	Day	Details	Fol.	Analysis of rec.		Bank		Sales		Cost of sales		Amount		Sundry accounts	Fol.
001	02	T. Tau		<u>100 000</u>	<u>00</u>	100 000	00					100 000	00	Capital	—
CRR	14	Sales		<u>5 000</u>	<u>00</u>	5 000	00	5 000	00	4 000	00				
CRR	25	Sales		7 500	00			7 500	00	6 000	00				
BS		Nedbank		<u>800</u>	<u>00</u>	8 300	00					800	00	Interest income	—
02	30	L. Lion		<u>400</u>	<u>00</u>	400	00					400	00	Rent income	—

1.5 CLOSING OFF THE CASH RECEIPTS JOURNAL

Cash Receipts Journal of Tau Traders – Jan 2020

Folio. CRJ 1

Doc. No.	Day	Details	Fol	Analysis of rec.	Bank	Sales	Cost of sales	Amount	Sundry accounts	Fol
001	02	T. Tau		100 000 00	100 000 00			100 000 00	Capital	—
CRR	14	Sales		5 000 00	5 000 00	5 000 00	4 000 00			
CRR	25	Sales		7 500 00		7 500 00	6 000 00			
BS		Nedbank		800 00	8 300 00			800 00	Interest income	—
02	30	L. Lion		400 00	400 00			400 00	Rent income	—
				113 700 00	113 700 00	12 500 00	10 000 00	101 200 00		

NOTE:

- Analysis column and Sundry accounts columns are only added up for accuracy reason.

2. CASH PAYMENTS JOURNAL (Goods)

2.1 INTRODUCTION

- Every business pays money in one way or another during its operations.
- This represents the outflow of money and cheques are issued out.
- Retail businesses pay money for buying assets and goods to be resold as their main operations.
- They also pay money for expenses at some point.

2.2 DEFINITION

The Cash Payments Journal is the Subsidiary Journal used to record all amounts paid by the business (payments):

- Money paid for buying fixed assets.
- Money paid for buying goods to be resold (trading stock).
- Money paid for expenses.
- Money withdrawn by the owner (drawings)

2.3 FORMAT

Cash Payments Journal of (business name) - (month and year)

Folio. CPJ (no.)

Doc. No.	Day	Name of payee	Fol.	Bank	Trading stock	Wages	Amount	Sundry accounts	Fol.

EXPLANATION OF COLUMNS

- Doc. No. > Only cheque counterfoils are used.
- Name of payee > Person or business paid.
- Bank > Record each amount paid per transaction.

2.4 RECORDING OF TRANSACTIONS (Grade 9 - only four types of transactions)

Record the following transactions in the Cash Payments Journal of Tau Traders with analysis columns for Bank, Trading stock, Wages and Sundry accounts.

• FIXED ASSET TRANSACTION

2020

Jan 05 Bought vehicle from AB Motors for R30 000,00. Cheque no. 01 issued

Cash Payments Journal of Tau Traders

Folio. CPJ 1

Doc. No.	Day	Name of payee	Fol.	Bank	Trading stock	Wages	Amount	Sundry accounts	Fol.
01	05	AB Motors		30 000 00			30 000 00	Vehicles	

ACCOUNTING EQUATION

ASSETS		=	OWNER'S EQUITY		+	LIABILITIES	
Increase (+)	Decrease (-)		Increase (+)	Decrease (-)		Increase (+)	Decrease (-)
Vehicle R30 000	Bank R30 000						

• CURRENT ASSET TRANSACTION

2020

Jan 10 Bought trading stock for cash for R15 000,00 Metro Wholesalers. Cheque no. 02 issued.

Cash Payments Journal of Tau Traders

Folio. CPJ 1

Doc. No.	Day	Name of payee	Fol.	Bank	Trading stock	Wages	Amount	Sundry accounts	Fol.
02	10	Metro Wholesalers		15 000 00	15 000 00				

ACCOUNTING EQUATION

ASSETS		=	OWNER'S EQUITY		+	LIABILITIES	
Increase (+)	Decrease (-)		Increase (+)	Decrease (-)		Increase (+)	Decrease (-)
Trading stock R15 000	Bank R15 000						

• EXPENSE TRANSACTION

2020

Jan 25 Paid wages R800,00 by cheque 03

Cash Payments Journal of Tau Traders

Folio. CPJ 1

Doc. No.	Day	Name of payee	Fol.	Bank	Trading stock	Wages	Amount	Sundry accounts	Fol.
03	25	Cash		800 00		800 00			

ACCOUNTING EQUATION

ASSETS		=	OWNER'S EQUITY		+	LIABILITIES	
Increase (+)	Decrease (-)		Increase (+)	Decrease (-)		Increase (+)	Decrease (-)
	Bank R800			Wages R800			

- DRAWINGS TRANSACTION**

2020

Jan 27 Owner withdrew R4 000,00 for personal use. Cheque no. 04

Cash Payments Journal of Tau Traders**Folio. CPJ 1**

Doc. No.	Day	Name of payee	Fol.	Bank	Trading stock	Wages	Amount	Sundry accounts	Fol.
04	27	Owner		4 000 00			4 000 00		

ACCOUNTING EQUATION

ASSETS		=	OWNER'S EQUITY		+	LIABILITIES	
Increase (+)	Decrease (-)		Increase (+)	Decrease (-)		Increase (+)	Decrease (-)
	Bank R4 000			Drawings R4 000			

- TWO TRANSACTIONS IN ONE DAY**

NOTE: Transactions are recorded separately

- TWO ACCOUNTS IN ONE TRANSACTION**

2020

Jan 29 Bought trading stock for R10 000,00 and stationery for R700,00 from Metro Wholesalers.

Cheque no. 05 issued

Cash Payments Journal of Tau Traders**Folio. CPJ 1**

Doc. No.	Day	Name of payee	Fol.	Bank	Trading stock	Wages	Amount	Sundry accounts	Fol.
05	29	Metro Wholesalers		10 700 00	10 000 00		700 00	Stationery	--

ACCOUNTING EQUATION

ASSETS		=	OWNER'S EQUITY		+	LIABILITIES	
Increase (+)	Decrease (-)		Increase (+)	Decrease (-)		Increase (+)	Decrease (-)
Trading stock R10 000	Bank R10 700			Stationery R700			

NOTE:

- For CPJ, Bank is always involved and it always decreases Assets.
- When paying for Assets, Assets increase and decrease at the same time.
- All expenses decrease Owner's equity.

- ALL TRANSACTIONS COMBINED**

2020

Jan 05 Bought vehicle from AB Motors for R30 000,00. Cheque no. 01 issued

10 Bought trading stock for cash for R15 000,00 Metro Wholesalers. Cheque no. 02 issued.

25 Paid wages R800,00 by cheque 03

27 Owner withdrew R4 000,00 for personal use. Cheque no. 04

29 Bought trading stock for R10 000,00 and stationery for R700,00 from Metro Wholesalers.
Cheque no. 05 issued

Cash Payments Journal of Tau Traders**Folio. CPJ 1**

Doc. No.	Day	Name of payee	Fol.	Bank	Trading stock	Wages	Amount	Sundry accounts	Fol.
01	05	AB Motors		30 000 00			30 000 00	Vehicle	
02	10	Metro Wholesalers		15 000 00	15 000 00				
03	25	Cash		800 00		800 00			
04	27	Owner		4 000 00			4 000 00	Drawings	
05	29	Metro Wholesalers		10 700 00	10 000 00		700 00	Stationery	

2.5 CLOSING OFF THE CASH PAYMENTS JOURNAL**Cash Payments Journal of Tau Traders****Folio. CPJ 1**

Doc. No.	Day	Name of payee	Fol.	Bank	Trading stock	Wages	Amount	Sundry accounts	Fol.
01	05	AB Motors		30 000 00			30 000 00	Vehicle	
02	10	Metro Wholesalers		15 000 00	15 000 00				
03	25	Cash		800 00		800 00			
04	27	Owner		4 000 00			4 000 00	Drawings	
05	29	Metro Wholesalers		10 700 00	10 000 00		700 00	Stationery	
				60 500 00	25 000 00	800 00	34 700 00		

WEEK**GENERAL LEDGER and TRIAL BALANCE****1. POSTING FROM Cash Receipts Journal TO GENERAL LEDGER****1.1 POSTING ORDER:****Balance Sheet Section**

- Owner's equity accounts (Capital)
- Assets accounts (Bank and Trading stock)

Nominal Accounts Section

- Sales (Income)
- Cost of sales (Expense)
- Incomes accounts

1.2 DEBITS and CREDITS**Balance Sheet Section****Owner's equity**

- Capital increase Owner's equity on the credit side

Assets

- Bank and Trading stock increase Assets on the debit side *and* decrease it on the credit side

Nominal Accounts Section**Sales**

- Is regarded as an income therefore increase Owner's equity on the credit side

Cost of sales

- Is regarded as an expense therefore decrease Owner's equity on the debit side

Incomes

- They all increase Owner's equity on the credit side

1.3 RELATIONSHIP BETWEEN Trading stock and Cost of sales

- Trading stock refers to goods bought to be resold
- Cost of sales is Trading stock which has been sold

GIVEN

Cash Receipts Journal of Tau Traders – Jan 2020

Folio. CRJ 1

Doc. No.	Day	Details	Fol	Analysis of rec.		Bank		Sales		Cost of sales		Amount		Sundry accounts	Fol
001	02	T. Tau		100 000	00	100 000	00					100 000	00	Capital	B1
CRR	14	Sales		5 000	00	5 000	00	5 000	00	4 000	00				
CRR	25	Sales		7 500	00			7 500	00	6 000	00				
BS		Nedbank		800	00	8 300	00					800	00	Interest income	N3
02	30	L. Lion		400	00	400	00					400	00	Rent income	N4
				113 700	00	113 700	00	12 500	00	10 000	00	101 200	00		

B2

N1

B3/N2

POSTING

NOTE: Balance Sheet Section have three accounts (Capital, Bank and Trading stock - sold).

Dr. General Ledger of Tau Traders Cr.

DATE	DETAILS	FOL.	AMOUNT		DATE	DETAILS	FOL.	AMOUNT
Balance Sheet Accounts Section								
Capital Account								Fol. B1
					2020			
					Jan 31	Bank	CRJ1	100 000 00

NOTE:

- Capital increases Owner's equity on the credit side

Dr. Balance Sheet Accounts Section Cr.

Balance Sheet Accounts Section								
Bank Account								Fol. B2
2020								
Jan 31	Total receipts	CRJ1	113 700	00				

NOTE:

- Bank increase Assets on the debit side
- It is debited with Total receipts

Dr.						Cr.					
DATE	DETAILS	FOL.	AMOUNT		DATE	DETAILS	FOL.	AMOUNT			
Balance Sheet Accounts Section											
Trading stock Account										Fol. B3	
					2020						
					Jan	31	Cost of sales	CRJ1	10 000	00	

NOTE:

- Trading stock is credited because Assets decrease as it is being resold not bought
- It is credited with Cost of sales not Bank

NOTE: Nominal Accounts Section have three accounts (Sales, Cost of sales and incomes)

Dr.												<u>General Ledger of Tau Traders</u>		Cr.	
Nominal Accounts Section															
Sales Account												Fol. N1			
							2020								
							Jan	31	Bank	CRJ1	12 500	00			

NOTE:

- Sales increase Owner's equity on the credit side

Dr.						Cr.					
Nominal Accounts Section											
Cost of Sales Account										Fol. N2	
2020											
Jan	31	Trading stock	CRJ1	10 000	00						

NOTE:

- Cost of sales is debited because Owner's equity decreases
- Cost of sales is debited with Trading stock to the law of double entry

Dr.												Cr.	
Nominal Accounts Section													
Interest income Account												Fol. N3	
							2020						
							Jan	27	Bank	CRJ1		800	00

NOTE:

- Sundry account are posted using the date of the transaction

Dr.							Cr.						
Nominal Accounts Section													
Rent income Account												Fol. N4	
							2020						
							Jan	30	Bank	CRJ1		400	00

NOTE:

- Incomes increase Owner's equity on the credit side

2. POSTING from Cash Payments Journal to GENERAL LEDGER**2.1 POSTING ORDER:****Balance Sheet Section**

- Owner's equity accounts (Drawings)
- Assets accounts (Fixed and Current assets)

Nominal Accounts Section

- Expenses

2.2 DEBITS and CREDITS**Balance Sheet Section**

- **Drawings** always decrease Owner's equity on the debit side
- **Fixed assets** increase Assets on the debit side and **Current assets** either increase (debit side) or decrease (credit side) Assets

Nominal Accounts Section

Expenses all decrease Owner's equity on the debit side

GIVEN**Cash Payments Journal of Tau Traders****Folio. CPJ 1**

Doc. No.	Day	Name of payee	Fol.	Bank		Trading stock		Wages		Amount		Sundry accounts	Fol.
01	05	AB Motors		30 000	00					30 000	00	Vehicle	B2
02	10	Metro Wholesalers		15 000	00	15 000	00						
03	25	Cash		800	00			800	00				
04	27	Owner		4 000	00					4 000	00	Drawings	B1
05	29	Metro Wholesalers		10 700	00	10 000	00			700	00	Stationery	N1
				60 500	00	25 000	00	800	00	34 700	00		

B3**B4****N2****POSTING**

Dr.						General Ledger of Tau Traders						Cr.		
DATE		DETAILS		FOL.	AMOUNT			DATE		DETAILS		FOL.	AMOUNT	
Balance Sheet Accounts Section														
Drawings Account													Fol. B1	
2020														
Jan		27		Bank		CPJ1		4 000		00				

NOTE:

- Drawings decrease Owner's equity on the debit side

Dr.

Cr.

Balance Sheet Accounts Section

Vehicle Account												Fol. B2
2020												
Jan	05	Bank	CPJ1	30 000	00							

NOTE:

- Vehicle increase Assets on the debit side

Dr.

Cr.

DATE		DETAILS		FOL.		AMOUNT			DATE		DETAILS		FOL.		AMOUNT	
Balance Sheet Accounts Section																
Bank Account															Fol. B3	
							2020									
							Jan	31	Total payment	CPJ1		60 500	00			

NOTE:

- Bank decrease Assets on the credit side and is credited with Total payments

Dr.

Cr.

Trading stock Account												Fol. B4
2020												
Jan	31	Bank	CPJ1	25 000	00							

NOTE:

- Trading stock increase Assets on the debit side (it is being bought not sold)

Dr.

Cr.

Stationery Account												Fol. N1
2020												
Jan	29	Bank	CPJ1	700	00							
Wages Account												Fol. N2
2020												
Jan	31	Bank	CPJ1	800	00							

NOTE:

- Expenses decrease Owner's equity on the debit side

3. ACCOUNTS FROM BOTH CRJ AND CPJ (balancing of accounts)

General Ledger of Tau Traders												Cr.			
Dr.		DATE		DETAILS		FOL.	AMOUNT		DATE		DETAILS		FOL.	AMOUNT	
Balance Sheet Accounts Section															
Bank Account												Fol. B3			
2020							2020								
Jan	31	Total receipts	CRJ1	113 700	00		Jan	31	Total payment	CPJ1		60 500		00	
									Balance	c/d		53 200		00	
				<u>113 700</u>	<u>00</u>							<u>113 700</u>		<u>00</u>	
Feb	01	Balance	b/d	53 200	00										

Balancing the accounts

- The side with larger amount is made the total of both sides
- Smaller amount is deducted from the total
- The difference is called Balance carried down (c/d) and recorded on the side of the smaller amount
- Balance carried down (c/d) is recorded as Balance brought down (b/d) on the side of the larger amount using the first day of the next month
- Balance (b/d) is transferred to Trial Balance

Dr.							Cr.						
Balance Sheet Accounts Section													
Trading stock Account												Fol. B4	
2020							2020						
Jan	31	Bank	CPJ1	25 000	00		Jan	31	Cost of sales	CRJ1	10 000	00	
									Balance	c/d	15 000	00	
				<u>25 000</u>	<u>00</u>						<u>25 000</u>	<u>00</u>	
Feb	01	Balance	b/d	15 000	00								

NOTE:

- From CRJ and CPJ only two accounts appear twice, namely Bank and Trading stock.

TRIAL BALANCE prepared from General Ledger

- It is prepared using balances and totals of accounts from the General Ledger to check the accuracy of double entry system, i.e. debit side entries must be equal to credit side entries.
- It consists of two money columns – Debit and Credit
- Accounts from CRJ and CPJ are combined
- Accounts debited are still debited and those credited are still credited
- Totals of two money columns must be equal

4. ORDER OF ACCOUNTS:**BALANCE SHEET SECTION**

- Owner's equity accounts
- Assets accounts

NOMINAL ACCOUNTS SECTION

- Sales
- Cost of sales
- Incomes
- Expenses

Trial Balance of Tau Traders – Jan 2020

	Fol.	Debit		Credit	
BALANCE SHEET SECTION					
Capital	B			100 000	00
Drawings	B	4 000	00		
Vehicles	B	30 000	00		
Bank	B	53 200	00		
Trading stock	B	15 000	00		
NOMINAL ACCOUNTS SECTION					
Sales	N			12 500	00
Cost of sales	N	10 000	00		
Interest income	N			800	00
Rent income	N			400	00
Stationery	N	700	00		
Wages	N	800	00		
		113 700	00	113 700	00

NOTE:

- There are many expenses which the business have to pay for.
- The value of Trading stock is R15 000,00 and the value of cost of sales is R10 000,00 meaning the value of stock available in the business is R5 000,00.

TERM 2**WEEK****ACCOUNTING EQUATION – Credit sales****NOTE:**

- Credit sales refers to goods sold to customers on credit with the payment being made in future.

TRANSACTION

2020

Jan 15 Goods sold on credit to W. White R900,00. Cost price R750,00.

ACCOUNTING EQUATION

ASSETS		=	OWNER'S EQUITY		+	LIABILITIES	
Increase (+)	Decrease (-)		Increase (+)	Decrease (-)		Increase (+)	Decrease (-)
Debtors R900			Sales R900				
	Trading stock R750			Cost of sales R750			

NOTE:

- Credit sales transaction always involve four accounts
- Debtors account increase Assets because money with debtors belongs to the business.
- Sales account is regarded as an income therefore increase Owner's equity.
- Trading stock decrease Assets because goods are resold.
- Cost of sales is regarded as an expense there decrease Owner's equity.
- For all credit sales transactions, Debtors Control is always involved – not Bank

WEEK**DEBTORS JOURNAL****CASH RECEIPTS JOURNAL – Debtors****1. DEFINITIONS OF CONCEPTS:**

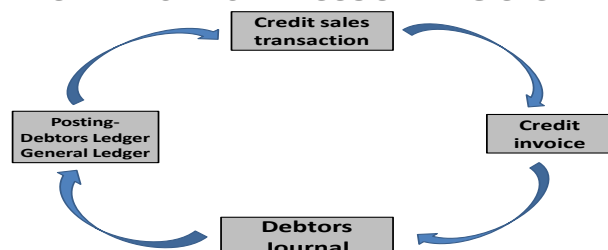
- **National Credit Act**

- This Act was introduced to control and monitor credit transactions between customers and businesses.
- It protects customers against being given credit which they cannot afford.
- It also protect customers from paying abnormal interests on credit taken.

- **Accounting cycle**

- It is an Accounting process starting from the transaction to General Ledger.

CREDIT SALES IN ACCOUNTING CYCLE



- **Profit mark-up**

- Money added to the cost price of goods, usually expressed as in terms of a percentage (%). Example: 10% on cost price

2. **DEBTORS JOURNAL** (only one type of transaction)

- It is a **Subsidiary Journal** used to record goods sold on credit (credit sales transaction).
- Source document used as a proof of transaction is called an invoice.
- People to whom the business sell goods on credit are called debtors of the business.

Debtors Journal of (business name)					Fol. DJ.(no.)	
Inv. no.	Day	Debtors	Fol.	Sales	Cost of sales	

EXPLANATION OF COLUMNS

- Invoice no. > The number of the credit invoice used as proof of the transaction
- Day > The day of the transaction
- Debtors > the name of the person to whom the goods were sold
- Folio > The number of the debtor
- Sales > The price of goods sold
- Cost of sales > The cost price of goods sold

TRANSACTIONS

Record the following transaction in the Debtors Journal of Tau Traders with analysis for Sales and Cost of sales.

2020

- Jan 09 Sell goods on credit to R.Red R500,00. Cost price R400,00) Issued invoice no. 01
 12 Goods sold on credit to B. Black R600,00. (20% Profit mark-up on cost)

Debtors Journal of Tau Traders – Jan 2020					Fol. DJ1	
Inv. no.	Day	Debtors	Fol.	Sales	Cost of sales	
01	09	R. Red	D1	500 00	400	00
02	12	B. Black	D2	600 00	500	00

3. CASH RECEIPTS JOURNAL – Payments by debtors

- Payments by debtors are recorded in the Cash Receipts Journal.
- When the debtor pay for goods sold on credit, the proof of payment used is a receipt.

TRANSACTION

Record the following transaction in the Cash Receipts Journal of Tau Traders with analysis for Sales, Cost of sales and Debtors Control.

2020

Jan 31 Received R300,00 from R.Red as part payment of his account. Receipt no. 001 issued.

Cash Receipts Journal of Tau Traders – Jan 2020

Folio. CRJ 1

Doc. No.	Day	Details	Fol.	Analysis of receipts	Bank	Sales	Cost of sales	Debtors Control		
001	31	R. Red	D1	300 00	300 00			300 00		

WEEK

MARKET FORCES

1. DEMAND

1.1 DEFINITION

- This refers to different quantities of goods and services consumers are prepared to buy at different prices, during a certain period.

Quantities	Prices
300	R30
600	R20
900	R10

DEMAND

1.2 QUANTITY DEMANDED

- This refers to specific quantity of goods and services consumers are prepared to buy at a specific price, during a certain period.

300	Quantity demanded	R30
600	Quantity demanded	R20
900	Quantity demanded	R10

1.3 LAW OF DEMAND

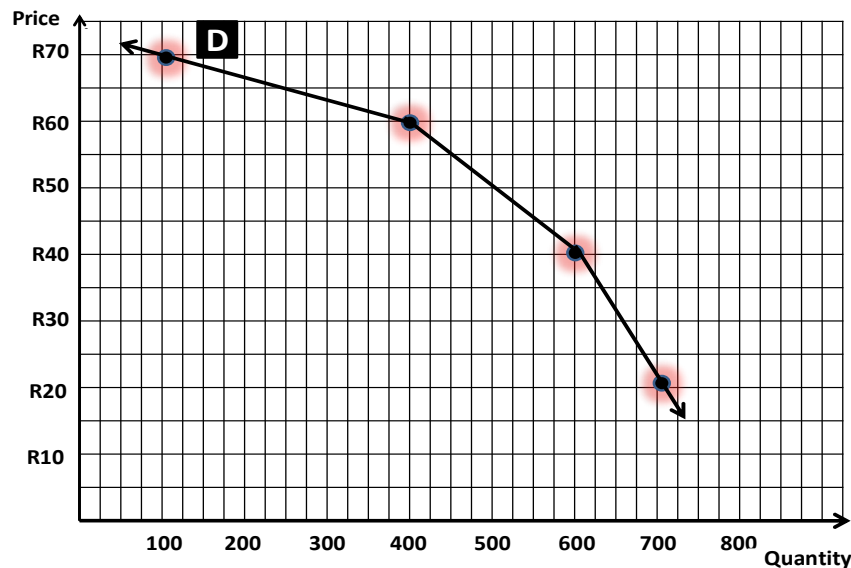
- This law states that when the prices of goods and services increase, demand for those goods and services will decrease, when other factors remain the same.
- When prices decrease, demand will increase.
- This means consumers will buy more goods and services at lower prices and buy less at higher prices.
- This shows that demand has a negative relation with price.

1.4 DEMAND SCHEDULE/TABLE

- It is a table showing different quantities of goods demanded with their different prices.

PRICE	QUANTITY
R70	100
R60	400
R40	600
R20	700

1.5 DEMAND GRAPH



1.6 DEMAND CURVE

- It a line on the graph that shows different quantities of goods demanded with their corresponding prices.
- It shows information on the demand schedule in a graphic form.
- It curves downwards, from left to right OR curves upwards from right to left.

2. SUPPLY

2.1 DEFINITION

- This refers to different quantities of goods and services producers are willing to sell at different prices, during a certain period.
- It does not refer to one quantity but different quantities which consumers can buy.
- It does not refer to one price but different prices which can be charged for goods and services.

Quantities	Prices
900	R30
600	R20
300	R10

2.2 QUANTITY SUPPLIED

- This refers to a specific quantity of goods and services which producers are willing to sell at a specific price.

900	Quantity supplied	R30
600	Quantity supplied	R20
300	Quantity supply	R10

2.3 LAW OF SUPPLY

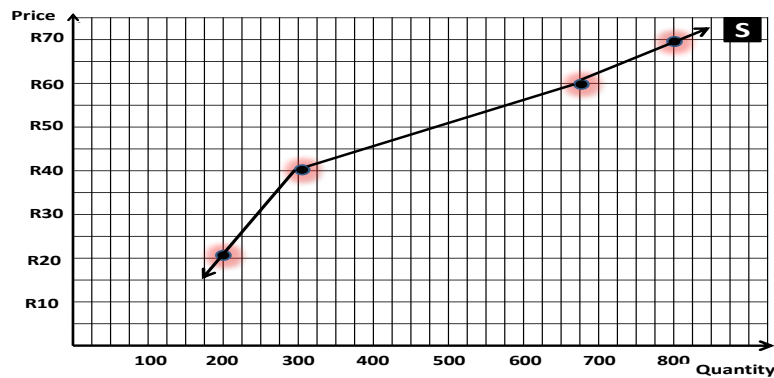
- This law states that when the prices of goods and services increase, supply for those goods and services will also increase, when other factors remain the same.
- When prices decrease, supply will decrease.
- This means producers will sell more goods and services at higher prices and sell less at lower prices.
- This shows that supply has a positive relationship with price, when the other increases, the other also increase and vice versa.

2.4 SUPPLY SCHEDULE/TABLE

- It is a table showing different quantities of goods supplied with their different prices.

PRICE	QUANTITY
R20	200
R40	300
R60	700
R70	800

2.5 SUPPLY GRAPH



2.6 SUPPLY CURVE

- It is a line on the graph that shows different quantities of goods supplied with their corresponding prices.
- It shows information on the supply schedule in a graphic form.
- It curves downwards, from right to left OR curves upwards from left to right.

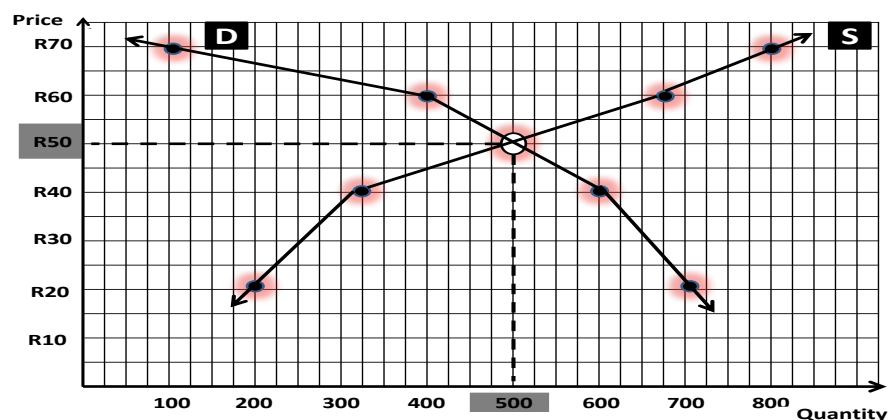
3. EQUILIBRIUM PRICE

- This is the price in which quantity demanded and quantity supplied are equal.
- Market equilibrium means demand and supply are equal.

DEMAND AND SUPPLY SCHEDULE

PRICE	QUANTITY DEMANDED	QUANTITY SUPPLIED
R70	100	800
R60	400	700
R40	600	300
R20	700	200

DEMAND AND SUPPLY GRAPH



NOTE:

- Equilibrium price is R50 and equilibrium quantity is 500.

WEEK SECTORS OF THE ECONOMY**1. PRIMARY SECTOR****1.1 DEFINITION**

- It is the sector that includes all businesses or industries which extract/remove/take resources/raw material from nature/earth.

1.2 TYPES OF BUSINESSES IN THIS SECTOR

NOTE: Businesses in this sector are also called **extractive industries**.

- **Farming industry** – They remove agricultural resources and animal resources (livestock) from nature. Those resources include fruits, vegetables, milk, beef, pork, wool, etc.
- **Mining industry** – They extract minerals from earth. Those resources include gold, metal, copper, fuels, iron, coal, platinum, etc
- **Forestry** – They take timber from earth. That includes all kinds of trees.
- **Fishing industry** – They remove fish from rivers, dams, lakes, seas and oceans. This includes all kinds of fish.

1.3 INTERRELATIONSHIPS WITH OTHER SECTORS

- The primary sector provides the secondary sector with raw material that will be used in production.
- It also provide the tertiary sector with products like milk, eggs, fire wood which will be sold straight to consumers, without being processed.
- The primary sector needs capital goods from the secondary sector to be used when removing resources from nature.
- It also needs the services of the tertiary sector banking, insurance, storage, transport, advertising, wholesalers, retailers, electricians, etc.
- Resources from the primary sector also promote tourism which is in the tertiary sector.

1.4 SUSTAINABLE USE OF RESOURCES

(Sustainable use of resources means using resources in a way that they will last longer. Therefore people need to manage and control the way they are being used. Poor management of resources may lead to resources being depleted, i.e. they will run out).

- Licenses or permits to use resources are granted for the use of some resources, e.g. fishing industry.
- The government claims the ownership of certain resources, e.g. mineral resources.
- Farmers using fertilizers to improve the quality and quantity of agricultural products.

1.5 ROLE IN THE ECONOMY

- The primary sector begins the production process by removing or extracting resources from nature.
- It supplies them to the secondary sector for processing and some to the tertiary sector to be sold to consumers.
- It also exports its products to overseas businesses.
- It pays its workers wages and salaries to provide incomes for the households.

1.6 TYPES OF SKILLS NEEDED

- The primary sector do not need or have much of skilled labour as there is only less than 10% of skilled labour in this sector.
- It possesses a lot of unskilled labour as it depends largely on manual or physical labour activities.
- Semi-skilled labour is used for supervisory activities.
- Managing and controlling skills are the responsibility of the management.

2. SECONDARY SECTOR

2.1 DEFINITION

- **It is the sector which process or transforms resources into goods and services that are ready for human consumption.**

2.2 TYPES OF BUSINESSES IN THIS SECTOR

NOTE: Businesses in this sector are also called **manufacturing industries**.

- **Manufacturing industries** – They transform resources into final products or finished goods, e.g. textiles, electronics, automotives, etc.
- **Construction industries** – They process resources and raw materials into houses, roads, dams, etc.
- **Firms, factories and plants** – They produce both capital goods and chemical products for other businesses and goods and services for consumers.

2.3 INTERRELATIONSHIPS WITH OTHER SECTORS

- The secondary sector collects raw materials from the primary sector. After processing these raw materials, it sells them to tertiary industries.
- It uses the services of the tertiary sector like transport in the production process.
- It also provides both the primary sector and the tertiary sector with capital goods for their activities.

2.4 SUSTAINABLE USE OF RESOURCES

- Developing new technologies in production process.
- Find means to reduce production costs.
- Invest in capital goods for production process.
- Recycling by returning goods back to factories to be re-processed into new goods.

2.5 ROLE IN THE ECONOMY

- It is responsible for manufacturing goods and services from resources and provides the tertiary sector with final products to be sold to consumers.
- It produces both semi-finished goods and finished goods, e.g. it uses iron ore to produce steel and uses steel when constructing buildings roofs.
- It provides employment to the large portion of the country's labour force and uses all types of labour.

2.6 TYPES OF SKILLS NEEDED

- The secondary sector needs very less of unskilled labour
- It needs much of semi-skilled and skilled labour.
- Highly qualified professionals like engineers are also used in this sector.

3. TERTIARY SECTOR

3.1 DEFINITION

- **It is the sector which provides services within the production process for goods and services to reach the consumer.**
- This does not sell goods but offer services to other businesses and straight to consumers.

3.2 TYPES OF BUSINESSES IN THIS SECTOR

NOTE: Businesses in this sector are also called **services industries**.

- **Banking** – Do money transfers for buyers and sellers.
- **Insurance** – Provide safety for businesses and their products in case of emergencies.
- **Transport** – Offer transport facilities from the first stage of production till consumers.
- **Storage** – Store raw materials and goods in safe facilities.
- **Advertising** – Advertise businesses and their products to known by consumers.
- **Wholesalers and retailers** – Sell (not produce) goods and services to consumers.

3.3 INTERRELATIONSHIPS WITH OTHER SECTORS

- The secondary sector collects raw materials from the primary sector.
- After processing raw materials, it sells them to tertiary industries.
- It uses the services of the tertiary sector like transport in the production process.
- It also provides both the primary sector and the tertiary sector with capital goods for their production activities.

3.4 SUSTAINABLE USE OF RESOURCES

- Use transport system which use less carbon-producing resources
- Improve infra-structure, i.e. transport and telecommunications.
- Provide workers with basic skills like computer skills.

3.5 ROLE IN THE ECONOMY

- The tertiary sector is responsible for providing services to the primary sector, secondary sector and consumers.
- Provide employment for masses of people all over the country.
- It employs workers with communication skills, management skills, computer skills, leadership skills, marketing skills, financial literacy, team building skills, etc.

3.6 TYPES OF SKILLS NEEDED

- The tertiary sector needs less of unskilled labour
- It needs much of semi-skilled and skilled labour.

TERM 3**WEEK****FUNCTIONS OF THE BUSINESS****1. ADMINISTRATION FUNCTION****1.1 DEFINITION**

- This function receives, processes and stores information, mails, emails, messages, reports and documents which concern the business.

1.2 CHARACTERISTICS

- It is mostly performed at the reception where calls, faxes, emails, message, people from outside are received/welcome.
- It sorts or process information of the business and deliver to relevant functions.
- It retrieves business information when needed by other functions.
- Filling of documents is done either numerically, alphabetically or chronologically.

2. PURCHASING FUNCTION**2.1 DEFINITION**

- This function buys or pays for everything which other functions need. This includes raw material, trading stock, expenses and fixed assets for the business.

2.2 CHARACTERISTICS

- It collects orders from other departments after prioritizing their function needs.
- Places orders with suppliers of good quality and reasonable prices.
- Receives, check and store deliveries from suppliers
- Pays for deliveries and document those transactions.
- Distributes orders to relevant functions.

3. MARKETING FUNCTION**3.1 DEFINITION**

- This function advertises and promotes both the business and the product which the business sells to the public.

3.2 CHARACTERISTICS

- Research the needs of the target market (possible customers).
- Use research results to develop a product idea.
- Advertise that new product to the public (target market).
- Conduct sales promotion to create a brand for that new product.

4. FINANCE FUNCTION

4.1 DEFINITION

- **This function manages and controls the money and records the financial activities of the business.**

4.2 CHARACTERISTICS

- It records and keeps records of the financial transactions of the business.
- It research for avenue to get or increase capital.
- It does analysis and draft reports on finances of the business
- It manages investments and assets of the business.
- It ensures that business expenses and liabilities are paid.

5. PUBLIC RELATIONS FUNCTION

5.1 DEFINITION

- **This function promotes the positive image of the business by creating good link between the business and the public.**

5.2 CHARACTERISTICS

- This function ensures that the public is satisfied with the business products.
- Conduct market research on their target market to know what the public needs.
- It creates good communication links with the public.
- It supports community projects with their products, services or financially.

6. HUMAN RESOURCE FUNCTION

6.1 DEFINITION

- **This function run the process of identifying business staff needs, employing staff members, training them and keeping their morale up.**

6.2 CHARACTERISTICS

- This function identifies vacant posts in all other functions.
- It then advertises, shortlists, interviews, and fill those vacant posts.
- It conducts induction process for new employees.
- It organizes in-service training for employees in different functions.
- It evaluates performance of employees and provides incentives.
- It ensures that employees are paid on due dates and arranges fringe benefits.
- Conducts disciplinary hearings and negotiate with trade unions of employees.

7. PRODUCTION FUNCTION

7.1 DEFINITION

- This function deals with inputs (raw materials) to production process, how inputs are processed (changed) and the output (finished goods) from the production process.

7.2 CHARACTERISTICS

- This function ensures that quality products are produced from raw materials.
- It ensures that the level of output matches the level of demand from customers.
- It plans for an environment that is conducive for production process to take place.
- It monitors the quality of both inputs and output.
- It organizes storage for inputs before being processed and finished goods after being produced.

8. GENERAL MANAGEMENT FUNCTION

8.1 DEFINITION

- This function manages the overall activities of the business and is in charge of all other functions of the business.

8.2 CHARACTERISTICS

- It guards against competition with other businesses.
- It monitors all business activities in all functions.
- It researches new production techniques for better quality products and time saving.
- It guides and leads all other functions of the business.

9. RISK MANAGEMENT FUNCTION

9.1 DEFINITION

- This function deals with risks which can affect any business function.

9.2 CHARACTERISTICS

- It provide measures that will avoid the risk before taking place, alleviate the risk or get rid of the risk after it took place.
- It then assesses the depth of the risk
- This function identifies risks in all business functions.
- It develops strategies that will counter the risk.
- Assess the implementation of the strategy and control the risk.

WEEK

BUSINESS PLAN

INTRODUCTION

A business plan is a detailed plan on how the new business will be operated.

- It explains amongst others, what will be produced or sold, when, how, where and for whom will the product be produced or sold.
- It must be submitted to the financial institutions or the government institutions when applying for a loan to be used as capital for the new business or for expanding the business.
- It is also drafted for individuals or other businesses which may be interested in investing in the new business to be started.

1. FRONT OR COVER PAGE

Should indicate the following:

- The name of the business and the owner
- The type of business to be opened
- Address and contact number of the business
- Business logo/slogan

2. TABLE OF CONTENTS

1.	DESCRIPTION OF THE PRODUCT
2.	BUSINESS GOALS
3.	PRODUCTION PLAN
4.	MARKETING PLAN
5.	MANAGEMENT PLAN
6.	FINANCIAL PLAN
7.	SWOT ANALYSIS
8.	CONCLUSION

1. DESCRIPTION OF THE PRODUCT:

Should indicate the following:

- Explanation on the product to be sold or manufactured
- How, when and where it will be sold or manufactured

2. GOALS OF THE BUSINESS

Should indicate the following:

- Business targets in terms of output to be sold or manufactured and profits to be made

3. PRODUCTION PLAN

Should indicate the following:

- How will the business deal with trading stock or raw materials
- How other factors of production will be found and maintained
- How and where stock will be stored
- Who will be the suppliers to the business
- How to sell or produce at low costs, in affordable quantities and acceptable quality

4. MARKETING PLAN

Should indicate the following:

- How both the business and the product will be advertised and promoted
- How market research will be conducted
- How target market (possible customers) will be identified and maintained
- How to deal with competitors
- How to find the best location to reach the target market

5. MANAGEMENT PLAN

Should indicate the following:

VISION STATEMENT

- Decide on what the business wants to achieve

MISSION STATEMENT

- Decide on how to achieve the set vision

ACCOUNTABILITY

- Who will be responsible for what in achieving the set vision

6. FINANCIAL PLAN

Should indicate the following:

- Assessment on the start-up costs, fixed and variable costs of running the business
- Analysis on the break-even point
- Decision on the profit mark-up (%) on cost prices

7. SWOT ANALYSIS

Should indicate the following:

- **STRENGTHS**
 - Analyse all possible factors which will be beneficial to the business from inside the business (internal factors).
- **WEAKNESSES**
 - Analyse all possible factors which will be detrimental to the business from inside the business (internal factors).
- **OPPORTUNITIES**
 - Analyse all possible factors which will be beneficial to the business from outside the business (external factors).
- **THREATS**
 - Analyse all possible factors which will be detrimental to the business from outside the business (external factors).

8. **CONCLUSION**

Should indicate the following:

- Reasons that prove that the particular business will be a success

WEEK

DEBTORS LEDGER and GENERAL LEDGER – Debtors

1. DEBTORS LEDGER

1.1 DEFINITION

- It is used to determine how much money is owed by individual debtor at any given time.
- It is recorded on daily basis like Debtors Journal.

1.2 FORMAT

Date	Details	Fol.	Debit	Credit	Balance

EXPLANATION OF COLUMNS

- Date > the day on which the transaction took place
- Details > the source document (invoice or receipt) used for the transaction and its number
- Folio > the Subsidiary Journal (DJ or CRJ) in which the transaction was recorded
- Debit > money column for amounts of credit sales to debtors (invoices)
- Credit > money column for payments received from debtors (receipts)
- Balance > money column for the balance after the last transaction

1.3 DEBTORS LIST

- This is the list of debtors' balances at the end of the month.
- It is drawn with balances of individual debtors from the Debtors Ledger.
- Their total must be the same as the closing balance of Debtors Control in the General Ledger

NOTE:

- Debtors Ledger is completed using Debtors Journal (Sales column) and Cash Receipts Journal (Debtors control column)

GIVEN

Debtors Journal of Tau Traders – Jan 2020

Fol. DJ1

Inv. no.	Day	Debtors	Fol.	Sales	Cost of sales
01	09	R. Red	D1	500 00	400 00
02	12	B. Black	D2	600 00	500 00

Cash Receipts Journal of Tau Traders – Jan 2020

Folio. CRJ 1

Doc. No.	Day	Details	Fol.	Analysis of receipts	Bank	Sales	Cost of sales	Debtors Control		
001	31	R. Red	D1	300 00	300 00			300 00		

POSTING

Debtors Ledger of Tau Traders

Fol. DL1

R. Red										Fol. D1
Date	Details	Fol.	Debit	Credit	Balance					
2020										
Jan 09	Invoice no. 01	DJ1	500 00		500 00					
31	Receipt no. 001	CRJ1		300 00	200 00					

NOTE:

- Transactions from the Debtors Journal are debited because Assets increase.
- Transactions from the Cash Receipts Journal are credited because Assets decrease.

B. Black										Fol. D2
Date	Details	Fol.	Debit	Credit	Balance					
2020										
Jan 12	Invoice no. 02	DJ1	600 00		600 00					

2. POSTING TO GENERAL LEDGER - Debtors

NOTE:

- General Ledger is completed using Debtors Journal (totals) and Cash Receipts Journal (Debtors control total).

GIVEN

Debtors Journal of Tau Traders – Jan 2020

Fol. DJ1

Inv. no.	Day	Debtors	Fol.	Sales		Cost of sales	
01	09	R. Red	D1	500	00	400	00
02	12	B. Black	D2	600	00	500	00
				1 100	00	900	00

B1/N1

B2/N2

Cash Receipts Journal of Tau Traders – Jan 2020

Folio. CRJ 1

Doc. No.	Day	Details	Fol.	Analysis of receipts		Bank		Sales		Cost of sales		Debtors Control	
001	31	R. Red	D1	300	00	300	00					300	00
						300	00					300	00

B3

B1

POSTING

Dr. General Ledger of Tau Traders Cr.

DATE	DETAILS	FOL.	AMOUNT	DATE	DETAILS	FOL.	AMOUNT
Balance Sheet Accounts Section							
Debtors Control Account							Fol. B1
2020				2020			
Jan	31	Sales	DJ1	Jan	31	Bank	CRJ1
			1 100 00			CRJ1	300 00
						Balance	c/d
			1 100 00				800 00
Feb	01	Balance	b/d				1 100 00
			800 00				
Trading stock Account							Fol. B2
				2020			
				Jan	31	Cost of sales	DJ1
							900 00
Bank Account							Fol. B3
2020							
Jan	31	Total receipts	CRJ1				
			300 00				

NOTES:

- Debtors control is debited with R1 100,00 (total credit sales) and credited with R300,00 (total debtors' payments).

DATE	DETAILS	FOL.	AMOUNT		DATE	DETAILS	FOL.	AMOUNT
Nominal Accounts Section								
Sales Account								Fol. N1
					2020			
					Jan 31	Debtors contr.	DJ1	1 100 00
Cost of sales Account								Fol. N2
2020								
Jan 31	Trading stock	DJ1	900 00					

NOTE:

- When Sales is sold for cash, it is credited with Bank but when it is sold on credit, it is credited with Debtors Control.

WEEK**ACCOUNTING EQUATION – Credit purchases****NOTE:**

- Credit purchases refers to transactions in which assets (fixed or current) and certain expenses (stationery) are bought on credit by the business.

TRANSACTIONS

1. Bought equipment on credit from Morkels Furnishers R2 000,00.
2. Goods purchased on credit from Metro Wholesalers R9 000,00.
3. Stationery purchased on credit from Metro Wholesalers R400,00.

ACCOUNTING EQUATION

NO.	ASSETS		=	OWNER'S EQUITY		+	LIABILITIES	
	Increase (+)	Decrease (-)		Increase (+)	Decrease (-)		Increase (+)	Decrease (-)
1.	Equipment R2 000						Creditors control R2 000	
2.	Trading stock R9 000						Creditors control R9 000	
3.					Stationery R400		Creditors control R400	

NOTE:

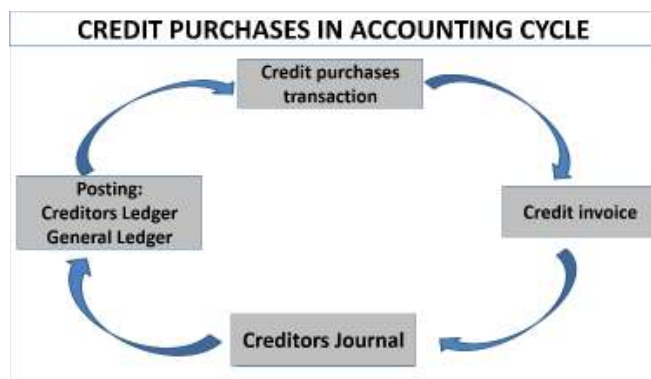
- For credit purchases transactions, Creditors control is always affected.
- Equipment and Trading stock increase Assets because they are being bought.
- All Expenses decrease Owner's equity.

WEEK CREDITORS JOURNAL1. INTRODUCTION

- Businesses sometimes buy/purchase what is needed for business operations on credit.
- Credit invoices received from different businesses must be re-numbered.
- Businesses/companies from whom the business buy on credit are creditors.

2. DEFINITION

- The Creditors Journal is the Subsidiary Journal used to record all credit purchases by the business:
 - Fixed assets bought on credit.
 - Current assets bought on credit (Trading stock).
 - Expenses bought on credit (Stationery).

3. ACCOUNTING CYCLE4. FORMATCreditors Journal of (business name) - (month and year)

Folio. CJ (no.)

Inv. No.	Day	Creditors	Fol.	Creditors Control	Trading stock	Stationery	Amount		Sundry accounts	Fol.
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EXPLANATION OF COLUMNS

- Invoice. No. > Invoice number received from the creditor – MUST BE RE-NUMBERED
- Creditors > The name of the business from whom the business bought
- Folio > The number allocated to the creditor
- Creditors control > money column for daily totals of credit purchases

5. CREDITORS LIST

- This is the list of creditors' balances at the end of the month.
- It is drawn with balances of individual creditors from the Creditors Ledger.
- Their total must be the same as the closing balance of Creditors Control in the General Ledger.

6. RECORDING OF TRANSACTIONS (Grade 9 - only two types of transactions)

Record the following transactions in the Creditors Journal of Tau Traders with analysis columns for Bank, Trading stock, Stationery and Sundry accounts.

6.1 FIXED ASSET TRANSACTION

2020

Jan 11 Bought equipment on credit from Morkels Furnishers R2 000,00. Invoice no. 30 received.
Re-numbered 01.

Creditors Journal of Tau Traders

Fol. CJ1

Inv. No.	Day	Creditors	Fol.	Creditors control	Trading stock	Stationery	Amount	Sundry accounts	Fol.
01	11	Morkels Furnishers	C1	2 000 00			2 000 00	Equipment	

NOTE:

- Invoice number has been re-numbered
- The first creditor becomes Creditor no. 1 in the Folio column

6.2 CURRENT ASSET TRANSACTION

2020

Jan 16 Goods purchased on credit from Metro Wholesalers R9 000,00. Invoice no. 69 received

Creditors Journal of Tau Traders

Fol. CJ1

Inv. No.	Day	Creditors	Fol.	Creditors control	Trading stock	Stationery	Amount	Sundry accounts	Fol.
02	10	Metro Wholesalers	C2	9 000 00	9 000 00				

NOTE:

- Other invoices follow the sequence, meaning the next creditor becomes Creditor no. 2.

6.3 EXPENSE TRANSACTION

2020

Jan 30 Stationery purchased on credit from Metro Wholesalers R400,00. Invoice no. 100 received

Creditors Journal of Tau Traders

Fol. CJ1

Inv. No.	Day	Creditors	Fol.	Creditors control	Trading stock	Stationery	Amount	Sundry accounts	Fol.
03	30	Metro Wholesalers	C2	400 00		400 00			

NOTE:

- The Folio number of the creditor does not change - it has already been allocated

WEEK**CASH PAYMENTS JOURNAL, CREDITORS LEDGER and GENERAL LEDGER****1. CASH PAYMENTS JOURNAL – Payments to creditors****NOTE:**

- When the creditor is paid for what was purchased/bought on credit, the proof of payment used is a cheque.
- The Subsidiary Journal used to record that transaction is a Cash Payments Journal.

Record the following transaction in the Cash Payments Journal of Tau Traders with analysis for Bank, Trading stock, Creditors control and Sundry accounts.

2020

Jan 29 Paid cheque no. 001 of R8 300,00 to a creditor, Metro Wholesalers.

Cash Payments Journal of Tau Traders**Folio. CPJ 1**

Doc. No.	Day	Name of payee	Fol.	Bank	Trading stock	Creditors control	Amount	Sundry accounts	Fol.
001	29	Metro Wholesalers	C2	8 300 00		8 300 00			

ACCOUNTING EQUATION

ASSETS		=	OWNER'S EQUITY		+	LIABILITIES	
Increase (+)	Decrease (-)		Increase (+)	Decrease (-)		Increase (+)	Decrease (-)
	Bank R8 300						Creditors contr. R8 300

NOTE:

- Money is withdrawn from the bank therefore Assets decrease.
- Creditors are paid therefore Liabilities decrease

2. POSTING TO CREDITORS LEDGER**2.1 DEFINITION**

- Creditors Ledger is used to determine how much money is owed to individual creditor at any given time.
- It is recorded on daily basis like Creditors Journal.
- Creditors Journal and Cash Payments Journal are used to do posting.

2.2 FORMAT

Date	Details	Fol.	Debit	Credit	Balance

EXPLANATION OF COLUMNS

- Date > The date of that credit purchases transaction
- Details > The source document used (invoice or receipt) and its number
- Fol. > Subsidiary Journal used (CJ or CPJ)
- Debit > money column for amounts for payments to creditors (cheques)
- Credit > money column for amounts of credit purchases (invoices)
- Balance > money column for the balance after the last transaction

GIVEN

Creditors Journal of Tau Traders

Folio. CJ1

Inv. No.	Day	Creditors	Fol.	Creditors control	Trading stock	Stationery	Amount	Sundry accounts	Fol.
01	11	Morkels Furnishers	C1	2 000 00			2 000 00	Equipment	B
02	10	Metro Wholesalers	C2	9 000 00	9 000 00				
03	30	Metro Wholesalers	C2	400 00		400 00			
				11 400 00	9 000 00	400 00	2 000 00		

Cash Payments Journal of Tau Traders

Folio. CPJ1

Doc. No.	Day	Name of payee	Fol.	Bank	Trading stock	Creditors control	Amount	Sundry accounts	Fol.
001	29	Metro Wholesalers	C2	8 300 00		8 300 00			

POSTING

Creditors Ledger of Tau Traders

Fol. CL1

Morkels Furnishers						Fol. C1			
Date	Details	Fol.	Debit	Credit	Balance				
2020									
Jan 11	Invoice no. 01	CJ1		2 000 00	2 000 00				

Metro Wholesalers						Fol. C2			
Date	Details	Fol.	Debit	Credit	Balance				
2020									
Jan 10	Invoice no. 02	CJ1		9 000 00	9 000 00				
	29 Cheque no. 001	CPJ1	8 300 00		700 00				
	30 Invoice no. 03	CJ1		400 00	1 100 00				

NOTE:

- Posting must be done in a chronological order (dates) even when recordings are from different Subsidiary Journals.

3. POSTING TO GENERAL LEDGER – Creditors**GIVEN**

Creditors Journal of Tau Traders												Folio.	CJ1
Inv. No.	Day	Creditors	Fol.	Creditors control		Trading stock		Stationery		Amount		Sundry accounts	Fol.
01	11	Morkels Furnishers	C1	2 000	00					2 000	00	Equipment	B_
02	10	Metro Wholesalers	C2	9 000	00	9 000	00						
03	30	Metro Wholesalers	C2	400	00			400	00				
				11 400	00	9 000	00	400	00	2 000	00		
				B4		B3		N1					

Cash Payments Journal of Tau Traders											Folio. CPJ1		
Doc. No.	Day	Name of payee	Fol.	Bank		Trading stock		Creditors control		Amount		Sundry accounts	Fol.
001	29	Metro Wholesalers	C2	8 300	00			8 300	00				
				8 300	00			8 300	00				
				B2				B4					

POSTING

Dr. General Ledger of Tau Traders						Cr.					
DATE	DETAILS	FOL.	AMOUNT			DATE	DETAILS	FOL.	AMOUNT		
Balance Sheet Accounts Section											
Equipment Account										Fol. B1	
2020											
Jan	11	Creditors	CJ1	2 000	00						

Trading stock Account										Fol. B3	
2020											
Jan	11	Creditors	CJ1	9 000	00						

Creditors Control Account										Fol. B4	
2020						2020					
Jan	31	Bank	CPJ1	8 300	00	Jan	31	Total	CJ1	11 400	00
		Balance	c/d	3 100	00						
				11 400	00					11 400	00
						Feb	01	Balance	b/d	3 100	00

DATE	DETAILS	FOL.	AMOUNT		DATE	DETAILS	FOL.	AMOUNT
Nominal Accounts Section								
Stationery Account								Fol.N2
2020								
Jan	31	Creditors	CJ1	400	00			

TERM 4**WEEK****DJ, CJ, CRJ, CPJ, GENERAL LEDGER and TRIAL BALANCE****ALL COMBINED****REVISION****WEEK****TRADE UNIONS****NOTE:**

- There is a difference between Trade Unions and the Congress of Trade Unions.

1. DEFINITION

- The trade union is an organization of workers, which protects the rights of workers in a workplace.
- It is a group of workers, elected by workers (employees) in a workplace, which negotiate with the employer to settle differences between employees and employers.
- It is a link between employees, employers and the government.
- It also has a say when the government draft labour related laws.

2. HISTORICAL BACKGROUND

- The first black trade union was established in 1917 but strikes started during the 1880.
- In 1922, white mineworkers entered into a strike for their jobs security.
- In 1946, black mineworkers entered into a strike for better working conditions.
- During the 1960s, trade unions activists were arrested because the government of the time passed a law in 1953 which declared strikes by black people illegal.
- One of the largest strikes was staged in 1973 in Durban with workers demanding better wage. That strike pushed the government at the time, to formulate the Black Labour Relations Regulation Amendment Act which allowed workers to strike.
- In 1979, black trade unions were allowed to register with the government and organise their members legally.

3. ROLES IN SOUTH AFRICA

- To protect rights and interests of workers.
- To negotiate for better wage in collective bargaining.
- To improve working conditions in a workplace.
- To represent workers during negotiations with employers.
- To provide legal advice to members.

4. RESPONSIBILITIES IN SOUTH AFRICA

- Recruit and organise members.
- Organise meeting and workshops for members.
- Provide members with annual reports like financial report.
- Collect membership fees from members.
- To guard against unfair dismissals and retrenchments (job losses).
- To take part in law making decisions with the government.

5. EFFECTS IN BUSINESSES

NEGATIVE EFFECTS

- Strikes and go-slows (industrial action)
 - This results in low productivity, which will increase production costs and lower profits.
- Distribution chain
 - Businesses buy from other businesses and then sell to other businesses or consumers. Actions of the trade unions sometimes disturb this process and the business may end up losing suppliers and customers.
- Misuse of rights
 - Sometimes trade unions protect troublesome workers who fail in their job responsibilities. Some workers are always late for work, absent themselves from work unnecessarily, deliberately waste time at work, etc, but use trade unions to protect themselves.

POSITIVE EFFECTS

- Working conditions
 - Trade unions ensure that conditions at work between employees and employers are healthy thereby increasing job satisfaction.
- Productivity
 - Trade unions improve workers' motivation and they increase output.
- Mutual benefits
 - Trade unions use businesses to deduct some amounts of money from salaries of members to provide for benefits like medical aid and funeral schemes.
- Job security
 - Trade unions ensure that businesses keep workers to produce and not dismissing workers for weak reasons.

6. CONTRIBUTION TO SUSTAINABLE GROWTH AND DEVELOPMENT

NOTE:

- **Trade unions must, apart from protecting rights and interests of members, ensure that their actions are directed towards improving the economy of the country and improving the standard of living of workers in general.**

This can be achieved through, amongst others:

- Conduct trainings and workshops for workers to provide them with the basic skills needed in production process in their workplaces.
- Encourage workers to produce more goods and services in the country so as to improve production capacity in the economy that will create more employment.
- Put pressure on employers to increase payments of workers in order to improve the standard of living of workers and alleviate poverty.
- Ensure that workers receive government benefits like housing and medical aid schemes.

CURRICULUM COVERED

NON- EXAMINABLE CONTENT

TERM 1

WEEK

ECONOMIC SYSTEMS

1. PLANNED ECONOMY

1.1 ADVANTAGES

- 1. Principles of social justice and equality are applied.**
 - People equally share resources of the country as situations of being rich or poor are eradicated.
- 2. Valuable natural resources like gold, diamond and platinum are fully protected.**
 - Mining sector is controlled by the government and is very important for boosting the economy of the country.
- 3. Possibilities of inflation are minimal.**
 - The government controls prices and therefore prices will only increase if the government allows it.
- 4. No competition**
 - General problems of fraud, theft, etc, are minimal.
- 5. The level of unemployment is very low.**
 - Almost all people are employed because the government is the only employer.

1.2 DISADVANTAGES

- 1. Private initiative is lacking.**
 - People do not use their skills and talents to the fullest because they do not work for themselves but for the government.
- 2. Lack of freedom of choice**
 - This causes stress to masses of the people and they may produce less than their abilities.
- 3. Lack of competition means new production techniques may not be used.**
 - Opportunities for increasing production are less.
- 4. People with good business skills may open a black market to earn profits.**
 - The government will not be able to account money made in this market.
- 5. The economy of the country will not improve because businesses do not operate towards profit motive.**
 - More profits open opportunities for expanding the businesses and increases wages of workers.

2. MARKET ECONOMY

2.1 ADVANTAGES

1. **Profits** earned by businesses are used to expand the business and employ more workers.
2. **Private ownership** motivates people to produce more and that boost the economy.
3. **Free choice** means consumers can maximize their satisfaction of needs because there are many goods and services to choose from.
4. **If prices of goods and services increase**, consumers have the right of not buying them.
5. **People act on their own initiative** and skills and talents can be used in businesses.

2.2 DISADVANTAGES

1. **Free competition** means people who cannot compete will be forced out of business and big businesses can monopolise (dominate).
2. **Private ownership** leads to economic inequalities, i.e. others rich and others poor.
3. **Private initiative** can lead to illegal activities like producing harmful products.
4. **Businesses which monopolise** usually charge abnormal prices.
5. **Workers are exploited** because there are no laws to protect them against malpractices.

3. 'MIXED' ECONOMY

3.1 ADVANTAGES

1. **Most industries in the economy are covered** as the government assists the private sector.
2. **Important industries like banking** are fully protected.
3. **Illegal business activities like selling harmful drugs** are eliminated by government laws.
4. **The government charges low prices** because it does not aim to make profit.
5. **People who cannot find jobs in the public sectors** can start they own businesses.

3.2 DISADVANTAGES

1. **High taxes to the government** decrease incomes of workers and profits of businesses.
2. **Too many government laws, rules and regulations** disturb the working of the economy.
3. **In most times production by the state-owned businesses** produce poor quality goods and services.
4. **There is too much fraud** as other people take advantage of two systems operating in one country.

WEEK**DEBTORS ALLOWANCES JOURNAL****1. DEFINITION**

- This is the subsidiary book/journal used by businesses to record all transactions of returned goods by debtors on daily basis.

2. SOURCE DOCUMENT

- Credit note issued to the debtor as a proof for the returns.

3. COLUMNS

Debtors Allowances Journal of Tau Traders – Jan 2020

Fol. DAJ1

Credit note no.	Day	Debtors	Fol.	Debtors Allowances		Cost of sales	

4. TRANSACTIONS

2020

Jan 26 R. Red returned goods sold on credit R100,00.(cost price R70) Credit note no.1.

Debtors Allowances Journal of Tau Traders – Jan 2020

Fol. DAJ1

Credit note no.	Day	Debtors	Fol.	Debtors Allowances		Cost of sales	
01	26	R. Red	D1	100	00	70	00

5. EFFECTS ON ACCOUNTING EQUATION

ASSETS		=	OWNER'S EQUITY		+	LIABILITIES	
Increase (+)	Decrease (-)		Increase (+)	Decrease (-)		Increase (+)	Decrease (-)
	Debtors R100			Debtors Allowances R100			
Trading stock R70			Cost of sales R70				

NOTE:

- Debtors decrease Assets because credit sales were returned.
- Debtors Allowances is regarded as a temporary expense account therefore decreases Owner's equity.
- Trading stock increase Assets goods were returned and increase stock.
- Cost of sales is now regarded as a temporary income because goods were returned.

WEEK**DEMAND****1. INCREASE and DECREASE IN DEMAND - FACTORS WHICH CAUSE A CHANGE****1.1 Incomes of buyers**

- When incomes of people like wages, salaries, donation, etc, increase at a certain time, demand for goods and services will also increase. If people lose their jobs then demand for goods and services will decrease.

1.2 Advertising

- When goods and service are advertised through known celebrities, good media, advanced businesses, etc, people develop interest and wish to own those goods and services.

1.3 Seasons

- Weather conditions in different seasons force people to increase demand for some goods and services during certain seasons and decrease demand for other goods and services during certain seasons.

1.4 Prices of other goods and service

Complements are goods that are used together to satisfy a particular need.

- When the price of one product increases, demand for the complement also decreases.

Substitutes are goods that are used to satisfy the same need.

- When the price of the other product increases, demand for the substitute increases.

1.5 Tastes and habits

- The more people find a product tasty, the more they will buy it.

1.6 New products

- When producers introduce new products in the market, people buy less of the known products and more of the new product.

2. GRAPHICAL ILLUSTRATION OF THE CHANGE IN DEMAND

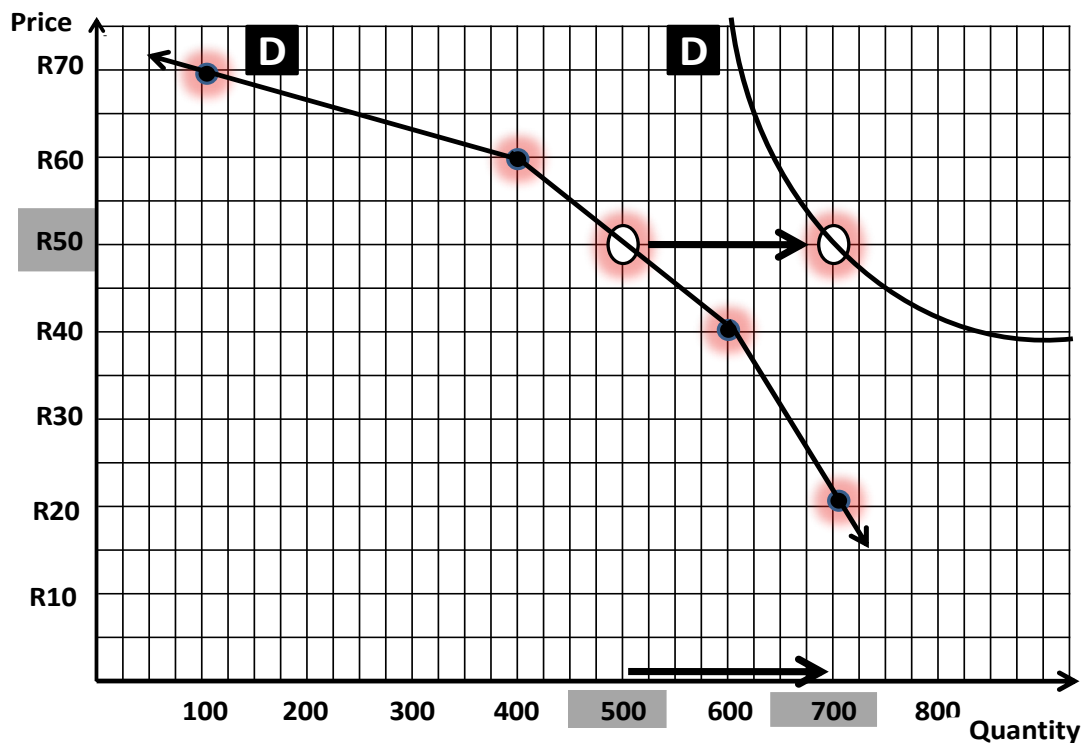
2.1 INCREASE IN DEMAND (NO CHANGE IN PRICE)

DEMAND SCHEDULE

PRICE	QUANTITY (1 ST month)	QUANTITY (2 ND month)
R50	500	700

DEMAND GRAPH AND CURVE

NOTE: The price is still R50 but quantity demanded increased from 500 to 700.



NOTE:

- When a change in demand has NOT been caused by a change in price, one must shift the curve.
- When quantity demanded increases without a decrease in price, demand curve must shift to the right.

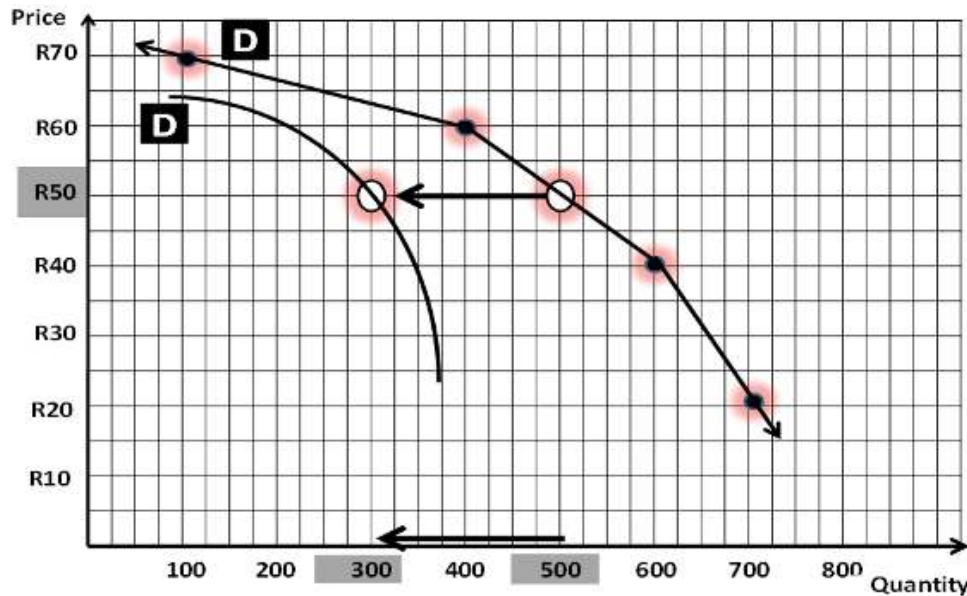
2.2 DECREASE IN DEMAND (NO CHANGE IN PRICE)

DEMAND SCHEDULE

PRICE	QUANTITY (1 ST month)	QUANTITY (2 ND month)
R50	500	300

DEMAND GRAPH AND CURVE

NOTE: The price is still R50 but quantity demanded decreased from 500 to 300.



NOTE:

- When a change in demand has NOT been caused by a change in price, one must shift the curve.
- When quantity demanded decreases without an increase in price, demand curve must shift to the left.

SUPPLY

1. INCREASE AND DECREASE - FACTORS WHICH CAUSE A CHANGE

1.1 Costs of production

- Producers supply more products which they spend less to produce and when costs of production increase, producers supply less.

1.2 Number of sellers

- Many sellers and introduction of new more sellers in the market for a particular product increase supply for that product. When some sellers leave the market, then supply for that product will decrease.

1.3 Technology

- Technology has to do with bringing new ideas to existing ones. Technology in production saves time, saves costs and boost production and increase supply.

1.4 Availability of factors of production

- Any factor that is lacking will affect production and quantity of goods and services to be supplied. Sufficient resources, skilled labour, advanced machinery and modern technology always increase supply.

2. GRAPHICAL ILLUSTRATION OF THE CHANGE IN SUPPLY

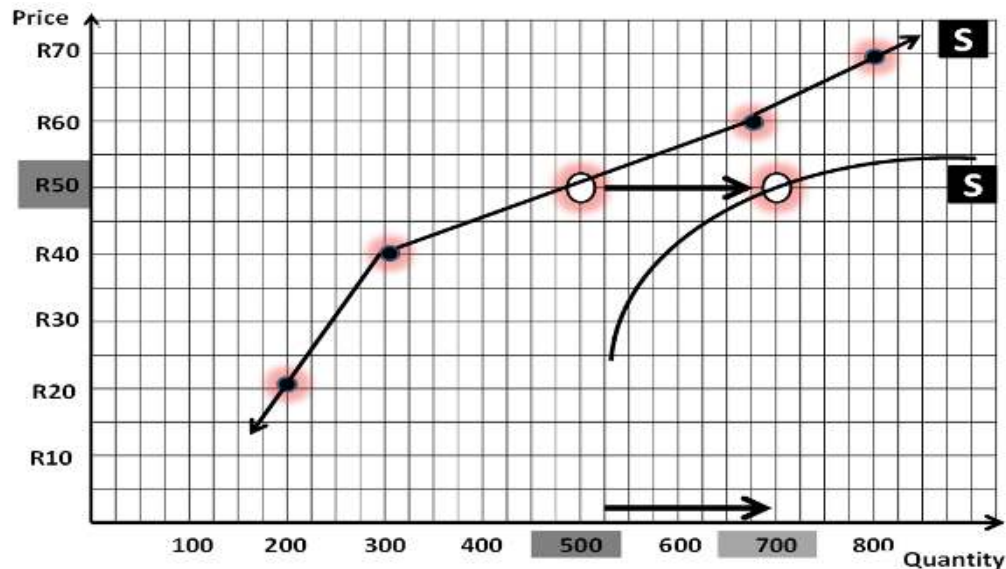
2.1 INCREASE IN SUPPLY (NO CHANGE IN PRICE)

SUPPLY SCHEDULE

PRICE	QUANTITY (1ST month)	QUANTITY (2ND month)
R50	500	700

SUPPLY GRAPH AND CURVE

NOTE: The price is still R50 but quantity supply increased from 500 to 700.



NOTE:

- When a change in supply has NOT been caused by a change in price, one must shift the curve.
- When quantity supplied increases without an increase in price, supply curve must shift to the right.

WEEK

POSTING OF DAJ TO THE DEBTORS LEDGER AND GENERAL LEDGER

Debtors Allowances Journal of Tau Traders – Jan 2020

Fol. DAJ1

Credit note no.	Day	Debtors	Fol.	Debtors Allowances		Cost of sales	
01	26	R. Red	D1	100	00	70	00

B1

B2/N1

1. POSTING TO DEBTORS LEDGER

Debtors Ledger of Tau Traders

Fol. DL1

R. Red				Fol. D1			
Date	Details	Fol.	Debit	Credit	Balance		
2020							
Jan 09	Invoice no. 01	DJ1	500 00		500 00		
26	Credit note no. 01	DAJ1		100 00	400 00		
31	Receipt no. 001	CRJ		300 00	100 00		

2. POSTING TO GENERAL LEDGER

Dr.						General Ledger of Tau Traders						Cr.	
DATE	DETAILS	FOL.	AMOUNT			DATE	DETAILS	FOL.	AMOUNT				
Balance Sheet Accounts Section													
Debtors Control account												Fol. B1	
						2020							
						Jan	31	Debtors Allowances	DAJ1	100	00		

NOTE:

- Debtors Control is credited as Debtors (Assets) decrease.

Trading stock account												Fol. B2	
2020													
Jan	31	Cost of sales	DAJ1	70	00								
NOTE: Trading stock returned therefore Assets increase													
Nominal Accounts Section													
Cost of sales account												Fol. B2	
						2020							
						Jan	31	Cost of sales	DAJ1	70	00		

Debtors Allowance account												Fol. B2	
2020													
Jan	31	Debtors Control	DAJ1	100	00								

NOTE:

- Debtors Allowances is regarded as a temporary expense account and therefore debited.

TERM 3**WEEK****3. BREAK-EVEN POINT**

- It is the minimum number of biscuits which the business must sell per month at no profit and at no loss.
- Fixed costs and Variable costs added to get Total costs.
- Total costs are divided the price of one product to be sold.
- The answer is the number which the business must sell to get break-even point
- Less than that number means the business will be operating at a loss.
- Higher than that numbers means will be operating at a profit.

WEEK**CREDITORS ALLOWANCE JOURNAL (CAJ)****1. DEFINITION**

- This is the Subsidiary book/journal used by businesses to record all transactions of returned goods to creditors on daily basis.

2. SOURCE DOCUMENT

- Debit note given to the debtor as a proof for the returns.

3. COLUMNS**Creditors Allowances Journal of Tau Traders****Folio. CAJ1**

Inv. No.	Day	Creditors	Fol.	Creditors allowances	Trading stock	Wages	Amount	Sundry accounts	Fol.

4. TRANSACTIONS

2020

Jan 12 Returned goods bought on credit from Metro Wholesalers R700,00. Debit note no.1.

Creditors Allowances Journal of Tau Traders**Folio. CAJ1**

Debit note. No.	Day	Creditors	Fol.	Creditors allowances	Trading stock	Wages	Amount	Sundry accounts	Fol.
01	12	Metro Wholesalers	C2	700 00	700 00				

5. EFFECTS ON ACCOUNTING EQUATION

ASSETS		=	OWNER'S EQUITY		+	LIABILITIES	
Increase (+)	Decrease (-)		Increase (+)	Decrease (-)		Increase (+)	Decrease (-)
			Creditors Allowances R700				Creditors control R700

NOTE:

- Creditors Allowances is regarded as a temporary income account therefore increase Owner's equity.

6. POSTING TO CREDITORS LEDGER

Creditors Ledger of Tau Traders								Fol. CL1	
Metro Wholesalers								Fol. C2	
Date		Details	Fol.	Debit		Credit		Balance	
2020									
Jan	10	Invoice no. 02	CJ1			9 000	00	9 000	00
	12	Debit note no. 01	CAJ1	700	00			8 300	00
	29	Cheque no.	CPJ1	8 300	00			0	00
	30	Invoice no. 03	CJ1			400	00	400	00

7. POSTING TO GENERAL LEDGER

General Ledger of Tau Traders												Cr.
Dr.		DATE	DETAILS	FOL.	AMOUNT			DATE	DETAILS	FOL.	AMOUNT	
Balance Sheet Accounts Section												
Creditors Control account												Fol. B1
2020												
Jan	31	Creditors allowances	CAJ1		700	00						

NOTE:

- Creditors Control is debited as Creditors (Liabilities) decrease.

Nominal Accounts Section												
Creditors Allowances account												Fol. B2
						2020						
						Jan	31	Creditors	CAJ1	700	00	

NOTE:

- Creditors Allowances is credited as Owner's equity increase.

GLOSSARY

TERM 1

THE ECONOMY

- **Planned economy** is an economic system in which the government makes decision on what, how and for whom to produce for its citizens.
- **Market economy** is an economic system in which economic problems of what, how and for who to produce are solved by the interaction of demand and supply (market forces).
- **'Mixed' economy** is an economic system in which both private sector (individuals) and the public sector (government) take part in production, distribution and consumption of goods and services.
- **Circular flow** is a flow of resources, money and goods and services from economic sector to the other.
- **'Closed' economy** means production and consumption takes place inside the country. (opposite of 'open' economy)
- **Household sector** is made up of people living at home, they include people living alone, as families, as groups, in hostels, etc.
- **Business sector** is made up of industries which acquire resources, process them and distribute goods and services to consumers.
- **Government sector** is made up of the local, provincial and national government.
- **Factor market** is the market in which factors of production are bought and sold.
- **Consumer market** is the market in which goods and services are bought and sold.
- **Real flows** refer to flows of factors of production and goods and services.
- **Income tax** refers to a compulsory payment from incomes of workers to the government.
- **Public expenditure** refers to spending the government to provide public goods and services.
- **Financial assistance** refers to money spend by the government in assisting the businesses to progress.
- **Corporate income tax** refers to tax charged on profits of businesses.

FINANCIAL LITERACY

- **Assets** are properties of the business, others are there to be sold and others are not to be sold.
- **Owner's equity** refers to properties of the owner invested in the business.
- **Liabilities** are the debts of the business (not of the owner).
- **Accounting equation** shows that the value of **Assets** accounts are equal to the value of **Owner's equity** accounts and **Liabilities** accounts combined.
- **Cash Receipts Journal** is the Subsidiary Journal used to record all amounts of money received by the business (receipts).
- **Cash Payments Journal** is the Subsidiary Journal used to record all amounts paid by the business (payments).
- **General Ledger** is used to record totals of accounts from different subsidiary journals.

- **Trial balance** is used to record balances and totals from the General ledger.
- **Balance Sheet section** is used to record all Owner's equity, Assets and Liabilities.
- **Nominal section** is used to record **Sales and Cost of sales** and **Incomes and Expenses** accounts.

TERM 2

FINANCIAL LITERACY

- **Credit sales** refers to goods sold to customers on credit with the payment being made in future.
- **National Credit Act** was introduced to control and monitor credit transactions between customers and businesses.
- **Accounting cycle** is an Accounting process starting from the transaction and source document to financial statements (Grade 10 – 12)
- **Profit mark-up** is money added to the cost price of goods, usually expressed as in terms of a percentage (%).
- **Debtors Journal** is a subsidiary journal used to record goods sold on credit (credit sales transaction).

THE ECONOMY

- **Demand** refers to different quantities of goods and services consumers are prepared to buy at different prices, during a certain period.
- **Quantity demand** refers to specific quantity of goods and services consumers are prepared to buy at a specific price, during a certain period.
- **Law of demand** states that when the prices of goods and services increase, demand for those goods and services will decrease, when other factors remain the same.
- **Demand schedule** is a table showing different quantities of goods demanded with their different prices.
- **Demand curve** is a line on the graph that shows different quantities of goods demanded with their corresponding prices.
- **Supply** refers to different quantities of goods and services producers are willing to sell at different prices, during a certain period.
- **Quantity supplied** refers to a specific quantity of goods and services which producers are willing to sell at a specific price.
- **Law of supply** states that when the prices of goods and services increase, supply for those goods and services will also increase, when other factors remain the same.
- **Supply schedule** is a table showing different quantities of goods supplied with their different prices.
- **Supply curve** is a line on the graph that shows different quantities of goods supplied with their corresponding prices.
- **Equilibrium price** is the price in which quantity demanded and quantity supplied are equal.

ENTERPRENUERSHIP

- **Primary sector** is the sector that includes all businesses or industries which extract/remove/take resources/raw material from nature/earth.
- **Secondary sector** is the sector which process or transforms resources into goods and services that are ready for human consumption.
- **Tertiary sector** is the sector which provides services within the production process for goods and services to reach the consumer.
- **Administration function** receives, processes and stores information, mails, emails, messages, reports and documents which concern the business.
- **Purchases function** buys or pays for everything which other functions need like raw material, trading stock, expenses and fixed assets for the business.
- **Marketing function** advertises and promotes both the business and the product which the business sells to the public.
- **Finance function** manages and controls the money and records the financial activities of the business.
- **Public relations function** promotes the positive image of the business by creating good link between the business and the public.
- **Human resource function** run the process of identifying business staff needs, employing staff members, training them and keeping their morale up.
- **Production function** deals with inputs (raw materials) to production process, how inputs are processed (changed) and the output (finished goods) from the production process.
- **Genera management function** manages the overall activities of the business and is in charge of all other functions of the business.
- **Risk management function** deals with risks which can affect any business function. It provide measures that will avoid the risk before taking place, alleviate the risk or get rid of the risk after it took place.
- **Business plan** is a detailed plan on how the new business will be operated.

TERM 3

FINANCIAL LITERACY

- **Debtors Ledger** is used to determine how much money is owed by individual debtor at any given time.
- **Debtors list** is the list of debtors' balances at the end of the month.
- **Credit purchases** refers to transactions in which assets (fixed or current) and certain expenses (stationery) are bought on credit by the business.
- **Creditors Journal** is the Subsidiary Journal used to record all credit purchases by the business.
- **Creditors** are businesses/companies from whom the business buy on credit.
- **Creditors Ledger** is used to determine how much money is owed to individual creditor at any given time.

TERM 4

THE ECONOMY

- **Workplace** – the institution where workers are employed.
- **Strike** – workers put tools down and stop working to force employers to meet demands.
- **Go-slow** – working fewer hours than expected or producing less than what is expected.
- **Retrenchment** – workers losing jobs in large numbers because of business failures.
- **Negotiate** – trade unions debate with employers to settle disputes/differences.
- **Industrial action** – any form of collective action by workers to disrupt normal running of the business.
- **Deadlock** – the situation in which the trade union and the employer cannot reach agreements.
- **Output** – quantity of goods produced in a workplace during a certain period.
- **Economic growth** – an increase in the productive capacity of the country over a certain time.
- **Economic development** – an improvement in the standard of living of people in the country.