EMS: PLANNING & PREPARATION



GRADE	7 8 9 * TERM 1 2 * 3 4 DISCIPLINE Financial Literacy * Entrepreneurship Economy							
TEACHERS	Topic / Content / Concepts / Skills (WHAT I am going to teach/guide/support) Credit sales - Debtors Baseline test - Calculation of cost price, sale price and profit %. Revise the Accounting equation and the effect on cash transactions. Revise the Trading business and cash journals. Parents review the accounting equation with learners as well as the three steps of analysis. Activities are given that learners must work through. Resources / LTSM (WHAT I am going to use to teach/guide/support) Resources / LTSM (WHAT I am going to use to teach/guide/support) Textbooks and ePortal & TAPs Teaching Tips							
PARENTS	This is a self-study period for your learner and therefore your help is needed to make sure your child spends at least one hour a day on EMS. New topic: Credit sales, but in this lesson, we will first review cash sales. A learner must write a baseline test on term 1's calculations. Review with your child the Accounting equation of grade 8 as well as the journals. Your child should complete all activities and use notes as well as his textbook.							
LEARNERS' ACTIVITIES	Use your textbook if you do not remember certain information. Short notes also added to help you if you do not have your textbook with you. Complete Baseline Test - Calculations. A formula is given to you. Review the Accounting Equation as well as the three steps used for analyzing transactions. Pay attention to the effect of cash sales of trading stock on the Accounting Equation. Remember there are 4 accounts involved: Sales and Banking / Cost of Sales and Trading Stock. Complete the Accounting Equation activities. Review the cash journals - CRJ and CPJ Please draw all columns in your answer book. Read in your textbook on the next topic - Credit sales.							
Informal Assessment	Baseline Test - Calculations Activity 1 - Calculations Activity 2 - Accounting equation Activity 3 - Accounting equation							



REVISION OF TERM 1

BASELINE TEST

Calculate the missing figures in the table below that are indicated by a '?'.

No.	Cost price	Profit mark up (%)	Selling price
1	R3 000	?	R4 500
2	R3 000	150	?
3	?	80	R360
4	?	20	R4 500
5	R1 800	331/3	?
6	R2 500	?	R7 500
7	R16,80	16	?
8	R1 400	?	R1 680
9	R1 960	?	R2 450
10		66⅔	?



CALCULATIONS

Cost Price: The amount the business pays for the goods.

Selling Price: The amount the business charges when the goods are sold.

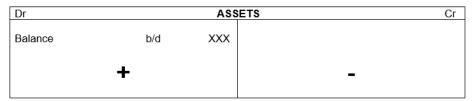
Mark-up: The percentage the business adds to the cost price.



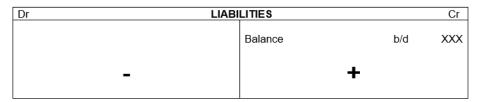


Revise the Accounting equation with your child

ACCOUNTING EQUATION



Dr OWNER'S	EQUITY		Cr
	Balance	b/d	XXX
-	+		
Drawings decreases Expenses equity	Capital increases Income equity		



Steps when analysing transactions according to the Accounting Equation

- Identify the accounts
- Classify the accounts
- Analyse the effect on the accounting equation by applying the Accounting principles.



Learners read the following notes and complete the activities.

CASH SALES OF TRADING STOCK

Calculating Cost of Sales and Sales:

- The cost of sales is always equal to 100%.
- The mark-up percentage represents how much more the item will be sold at.
- Sales is equal to the cost price plus the mark-up percentage.



Activity 1

Sales is therefore calculated as follows:

e.g. the cost price of a Chain is R80 and the mark-up percentage is 25%.

Cost of Sales is calculated as follows:

e.g. The Sale price of a Beaded Bag is R240 and the mark-up percentage is 50%.

Calculate the missing figures in the table below

	catedrate the missing nearest metable below										
No	Cost	Profit	Selling	CALCULATIONS							
	Price	Mark Up	Price								
		(%)									
1	R6 000		R9 000								
2	R6 000	150									
3		80	R3 600								
4		20	R45 000								
5	R18 000	33⅓									
6	R2 500		R7 500								
7	R168	16									
8	R1 400		R1 680								
9	R160		R192								
10		66¾	R15 000								

NOTE:

$$33\% = \frac{133\%}{100} = \frac{400}{3} \div \frac{100}{1} = \frac{400}{3}X\frac{1}{100} = \frac{400}{3}X\frac{1}{100} = \frac{400}{3}X = \frac{4}{3} \text{ to calculate Sales and } \frac{3}{4} \text{ for Cost of Sales } 66\% = \frac{166\%}{100} = \frac{500}{3} \div \frac{100}{1} = \frac{500}{3}X\frac{1}{100} = \frac{500}{300} = \frac{5}{3} \text{ to calculate Sales and } \frac{3}{5} \text{ for Cost of Sales }$$

The Accounting Equation

The Accounting Equation							
ASSETS =	OWNERS EQUITY	+ LIABILITIES					
Increases (+) with a debit entry	Increases (+) with a credit entry	Increases (+) with a credit entry					
Decreases (-) with a credit	Decreases (-) with a debit entry	Decreases (-) with a debit entry					

CASH SALES OF TRADING STOCK

9 March 2020. Cash sales of goods, R6 000, as per CRT 02. Goods are sold at a mark-up of 20%.

EFFECT ON THE ACCOUNTING EQUATION

Source document	Account Debit	Account credit	A =	OE +	L
CRT	Bank	Sales	+6 000	+6 000	0
	Cost of sales	Trading Stock	-5 000	-5 000	0
NET EFFECT	##		+1 000	+1 000	0

Represents the actual profit made on the sale of trading stock.



Activity 2

You are provided with information relating to Purdon Tyre Shop for September 2019.

REQUIRED:

Analyse the following transactions in your workbook. The first entry has been done for you as an example.

- O1 Paid the wages by cheque, R3 250.
- O3 The owner increased his capital contribution from R130 000 to R175 000 and received a receipt from the bookkeeper.
- O4 Sold goods according to the cash register roll, R3 000. The profit mark-up on the cost price was 50 %.
- 06 Paid the office rent of R4 050.
- 11 Paid the telephone account to Telkom, R4 500.
- Placed an advertisement in Country Post and pay, R427 by cheque.
- Bought goods from Audrey Suppliers, R3 700, as well as equipment to the amount of R1 800.
- 19 Issued a cheque to Dean Repairs for repair work to equipment, R2 500.
- 20 Cashed a cheque for cash float, R550.
- Bought an invoice book and other necessities at Paper & Books, R345 and paid by cheque.
- Paid the water and electricity account to the municipality, R3 283. R1 904 was for the water and electricity account of the business and the rest was for the owner's home.
- 28 Issued a receipt to A van Vuuren for rent of part of the building, R4 800.

Draw the table in your notebook.

Date	Source document	Journal	Identified accounts	Total amount
2019 Sept 1	Cheque counterfoil	СРЈ	Bank, Wages	R3 250
		I.	I	



Activity 3

Mary Mürtz is the owner of Mürtz Stores. During April 2019 the following transactions took place:

REQUIRED:

Analyse the following transactions in your workbook.

- 1 Cash sales of merchandise, R8 000 (cost price R6 000).
- Mary Mürtz increased her capital contribution by paying R30 000 to the cashier. Issued receipt 10.
- 5 Issued cheque 37 to Total Insurers for the annual insurance premium, R3 444.
- 6 Paid the weekly wages, R1 500.
- Received a cheque from E Joubert, R4 800 for rent of offices in the building.
- 18 Issued a cheque to Suzaan Traders for the following: trading stock, R3 500; equipment, R5 000 and stationery, R400.
- The owner took R1 500 for personal use.

Draw the table in your notebook.

No.	Account Debited	Account Credited	Α	=	OE+	L
1						
3						
5						
6						
15						
18						
27						



Read through the following notes to revise the Cash Journals

Trading business

- Trading businesses sell goods directly to consumers or other businesses.
- The trading business is tangible.
- Examples of such a business: Supermarkets, clothing stores, wholesalers, etc.

Which journals are used to record cash transactions?

- Cash Receipts Journal Journal used to record all cash received
- Cash Payments Journal Journal used to record all cash payments

Cash Receipts Journal : Trading Concern

Doc	Day	Details	Fol	Analysis of	Bank	Sales	Cost of	Sundry Acc	counts	
				receipts			sales	Amount	Fol	Details
1	1	#	1	#	*	#	1	#	1	#

Cash Receipts Journal: Trading Concern

			-				_				
	Doc	Day	Details	Fol	Bank Trading		Wages Packing		Sundry Acc	counts	\$
						Stock		Material	Amount	Fol	Details
Г	_	_	_	_	_		_				_
	—	~	7	7		7	7	7	—	7	7