

ACAT-ABET CURRICULUM



Small Business Bookkeeping IV Financial Statements



Economic Management Sciences

Level 4

SMALL BUSINESS BOOKKEEPING IV

Financial Statements

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ECONOMIC MANAGEMENT SCIENCES

Level 4



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COURSE OUTCOMES

After successfully completing this course you should be able to:

- apply your knowledge of social and community life to understand the way things are, why things change, and why people behave as they do.
- apply your management and decision-making skills in business and in community life.
- apply your business skills and your knowledge of business and the economy in your everyday life and in business.
- apply your business knowledge in your career and in starting and running a business.
- keep a record of data to help you make wise decisions.

UNIT STANDARD : Economic and Management Sciences:

13994	Identify and discuss different types of business and their legal implications	Credits: 4
13995	Demonstrate an understanding of contracts and their sources	Credits: 2
13996	Identify, discuss, describe and compare major economic systems, with emphasis on the South African economy	Credits: 2
13998	Demonstrate an understanding of the principles of supply and demand, and the concept: production	Credits: 2
13999	Demonstrate an understanding of basic accounting practices	Credits: 4
14001	Demonstrate an understanding of managerial expertise and administrative capabilities	Credits: 4
	Total Credits:	18

MODULE OUTCOMES

This module will enable you to:

- exercise posting entries from subsidiary journals to the general ledger.
- explain the purpose of final statements.
- complete the following final statements:
 - an income statement, and
 - a balance sheet.

Learning activities and assessment

Learning materials:

- A self-study module on the preparation of the final statements of a business over a specified period.

Activities:

- Learners will do different exercises to practise posting to the general ledger, using trial balances and completing income statements and balance sheets.
- Learners use the final statements to draw conclusions and make business decisions.

Criteria for successful completion of module:

- Satisfactory completion of all learning activities, group tasks, performance tasks and standard test

SMALL BUSINESS BOOKKEEPING IV

Financial Statements

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LESSON 1

REVISION: FROM SUBSIDIARY JOURNALS TO THE GENERAL LEDGER

Outcome : You should be able to post entries from the subsidiary journals to the accounts in the General Ledger.

In the module Bookkeeping for Small Businesses III you learnt about writing up subsidiary journals from the source documents and posting entries from the subsidiary journals to the general ledger on a monthly basis. In this lesson you will practise it once more.



NOTE: By posting journals to the general ledger, we can see how a specific account has increased and decreased during a period of time, usually a month. For example, it will show you the opening balance in the bank; the cash received and paid out during the month, and the balance at the end of the month. It will also show how much a certain debtor has bought from you and how much was paid in the course of the month.

BANK (5)

	Dr.			Cr.		
1	Balance		1,000	31	Total payments CPJ	2,000
31	Receipts	CRJ	5,000	31	Balances c/d	4,000
			4,000			6,000

DEBTOR'S LEDGER

J. PAULSE (10)

	Dr.			Cr.		
1	Balance		100	31	Bank CPJ	200
31	Sales	DJ	300	31	Balance c/d	200
			200			400

REMEMBER: We use the double entry system where every transaction affects two accounts in the General Ledger. One account will be debited (recorded on the debit side) and one will be credited (recorded on the credit side).

But first you will enter transactions into the Subsidiary Journals to summarise how much you have received and paid out during this period. This procedure will also make bookkeeping posting easier, that is, **posting only a few totals** instead of **posting all the single transactions**.



ACTIVITY 1

WRITING UP TRANSACTIONS IN SUBSIDIARY JOURNALS

Rose's Spaza Shop buys and sells for cash as well as on credit. She keeps a complete set of books, that is, a Cash Payments Journal, a Cash Receipt Journal, a Debtors Journal and a Creditors Journal.

- Write up the following transactions, which took place during May 2001, in the Subsidiary Journals. Give each of the Journals a folio number. (NOTE: They start the month May with a balance of R1300 in the Bank, R20.00 in the Petty Cash Box and R4000 Stock on Hand. All credit accounts were paid at the end of the month.)

(30)