

**CASH TRANSACTIONS
TRADING CONCERN**

WORKSHEET 1

RECORDING OF CASH SALES

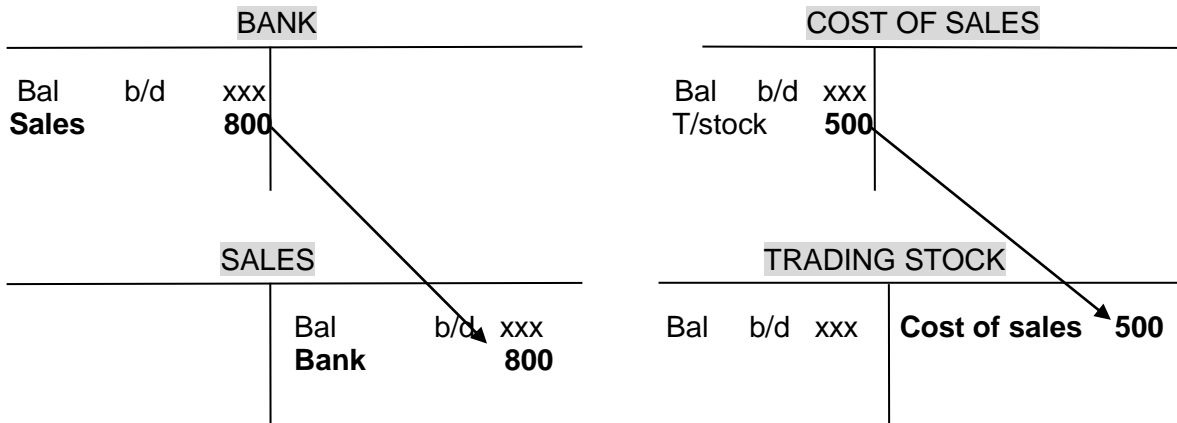
For every sale of merchandise / trading stock / goods, there are TWO sets of double entries that have to be completed – therefore **FOUR** ledger accounts.

EXAMPLE

Cash sales R800, cost of sales R500.

Account debited	Account credited	Amount
Bank	Sales	R800
Cost of sales	Trading inventory	R500

GENERAL LEDGER



SOURCE DOCUMENTS

CRJ	CPJ
Duplicate receipt Cash register roll Cash invoices Bank deposit slip	Cheque counterfoil

EXAMPLE**REQUIRED:-**

Use the information provided to draw up the Cash Receipts Journal of BB Traders for the month of August 2011.

INFORMATION

All documents start at No. 1 and all cash received is deposited daily.

1. Barry Botha started his business by depositing R200 000 in the current bank account
3. Sold goods for R7 200 cash to our customers. The cost price of the goods is R2 500.
10. We received R 5 400 commission from LC Wholesalers.
Cash sales of merchandise R8 100. Cost price is R4 150.
15. Received R1 500 for rent income from P Smith.
Sold goods for cash R1 000. Cost price R520.

ANSWER**CASH RECEIPTS JOURNAL OF BB TRADERS FOR FEBRUARY 2011**

Doc	Date	Details	Fo	Analysis of Receipts	Bank	Sales	Cost of Sales	Sundry Accounts		
								Amount	Fo	Details
R1	1	B. Botha			200 000			200 000		Capital
CRT	3	Sales		7 200	7 200	7 200	2 500			
R2	10	LC Wholesalers		5 400				5 400		Commission Income
CRT		Sales		8 100	13 500	8 100	4 150			
R3	15	P. Smith		1 500				1 500		Rent Income
CRT		Sales		1 000	2 500	1 000	520			
					223 200	16 300	7 170	201 500		

Cash Register

POSTING the Cost of sales column

The Cost of Sales column is an information column – it is not involved in the receiving of money. Therefore when we post it does not follow the normal rule of Bank Dr and everything else credit.

Debit – Cost of sales – R7 170

POSTING THE CASH RECEIPTS JOURNAL TO THE GENERAL LEDGER.

Step 1 Post the Cash Receipts Journal as normal, ignoring the cost of sales column i.e. Bank Account is to be debited and the other accounts to be credited.

Step 2 Post the Cost of Sales column. Cost of sales column will be Debited (an expense) and Trading Inventory will be credited (an asset is being decreased).

GENERAL LEDGER OF BB TRADERS

Balance sheet accounts section

Capital

				Aug	1	Bank			200 000

Bank

Aug	31	Sundry Accounts (Total receipts)		223 200					

Trading Inventory

				Aug	31	Cost of sales			7 170

Nominal accounts section

Sales

				Aug	31	Bank			16 300

Cost of Sales

Aug	31	Trading stock		7 170					

Commission Income

				Aug	10	Bank			5 400

Rent Income

				Aug	15	Bank			1 500

ACTIVITY 1

REQUIRED:-

Use the information provided to draw up the Cash Receipts Journal of XY Stores for the month of May 2011.

INFORMATION

All documents start at No. 1 and all cash received is deposited daily. Close off the accounts at the end of the month.

Balances on the 1 May 2011. (These have been entered for you)

Capital	R50 000
Bank	R35 000
Trading Inventory	R55 000
Sales	R80 000
Cost of sales	R40 000

Transactions

1. Sold goods for R7 600 according to the Cash Register Tape (Cost Price R3 500)
3. Sold goods for R5 200 cash to our customers. The mark up is 30% on cost. **(you are expected to calculate the cost price)**
10. Cash sales of merchandise R10 200. Cost price is 70% on cost.
Received R2 300 rent from LG Motors for the use of a garage. (Receipt No. 6)
15. Sold goods for cash R1 000. The mark up is 25% on cost..

CASH RECEIPTS JOURNAL OF XY STORES FOR FEBRUARY 2011

Doc	Date	Details	Fo	Analysis of Receipts	Bank	Sales	Cost of Sales	Sundry Accounts		
								Amount	Fo	Details

GENERAL LEDGER OF XY STORES

Balance sheet accounts section

Capital

Bank

May	1	Balance	b/d	35 000						

Trading Stock

May	1	Balance	b/d	55 000						

Nominal accounts section

Sales

Cost of Sales

May	1	Balance	b/d	40 000						

Rent Income