

GR. 9 TERM 2: ADDITIONS TO VIVA ECONOMIC AND MANAGEMENT SCIENCES, VIVLIA PUBLISHERS

DEBTORS ALLOWANCES - Insert after Activity 2.4 on page 62 of LB.

In example 2.1. (page 59 - LB) we treated the credit sales of goods and the receipt of payment from the debtors, but as discussed on page 58 LB, we are going to look at how do we record the Debtors allowances.

When a debtor returns the goods purchased on account, the sale of the goods returned needs to be cancelled. The business will issue a credit note to the debtor and then the return is recorded in the DEBTORS ALLOWANCES JOURNAL.

Before we actually make entries, let us look at the possible reasons for debtors allowances:

1. The goods are not as ordered or there are too many of a kind, then the debtor physically returns the goods. In this case the Cost of sales of the original sales will need to be cancelled as well, as the goods will be added back to the Trading stock again.
2. The goods delivered may have been damaged or are not exactly what the customer ordered, e.g. wrong colour, but the debtor decides to keep it, but wants a discount because the debtor is not completely satisfied with the goods. In this case the Cost of sales of the original sales will not be cancelled as well, because the goods were not physically returned and will NOT be added back to the Trading stock again.

Example 2.2 (continues in example 3.1.A)

Record the following transactions of R&R Retailers in the following journals:

- a) Debtors journal - columns for Sales and Cost of sales
- b) Debtors allowances journal - columns for Debtors allowances and Cost of sales
- c) Cash Receipts journal - columns for Analysis of receipts; Bank; Sales; Cost of sales; Debtors control and Sundry accounts.

TRANSACTIONS - APRIL 20.5

- 1 Sold the following goods on credit to B. Baker and issued invoice 213:
One ironing board, R450 and one steam iron, R330. The business uses a profit mark-up of 25% on cost price.
- 4 Credit sales to:
R. Rampala, R975. (Cost price, R780) Issued invoice 214
B. Baker, R700. (Cost price, R560) Issued invoice 215
- 7 B. Baker returned the ironing board, purchased on 1 April 20.5, R450.
Issued Credit note 01. (Cost price, R360)
- 10 Sold a set of 6 mugs to R. Rampala on credit, R180. (Cost price, R144)
Issued invoice 216
- 12 R. Rampala complained that the one mug had a chip. R&R Retailers issued a credit note for R30. (Cost price, R24) Issued credit note 02.
- 15 Received R1 030 from B. Baker in settlement of his account. Issued receipt 554.

SOLUTION OF EXAMPLE 2.2

(a) **DEBTORS JOURNAL OF R&R RETAILERS - APRIL 20.5** **DJ1**

Doc. no.	Day	Debtors	Fol.	Sales		Cost of sales	
213	1	B. Baker		780	00	624	00
214	4	R. Rampala		975	00	780	00
215		B. Baker		700	00	560	00
216	10	R. Rampala		180	00	144	00
				2 635	00	2 108	00

(b) **DEBTORS ALLOWANCES JOURNAL OF R&R RETAILERS - APRIL 20.5** **DAJ1**

Doc. no.	Day	Debtors	Fol.	Debtors allowances		Cost of sales	
01	7	B. Baker		450	00	360	00
02	12	R. Rampala		30	00	-	-
				480	00	360	00

(c) **CASH RECEIPTS JOURNAL OF R&R RETAILERS - APRIL 20.5** **CRJ1**

Doc. no.	Day	Details	Fol.	Analysis of receipts		Bank		Sales		Cost of sales		Debtors control		Sundry accounts		
														Amount	Fol.	Details
554	15	B. Baker		1 030	00	1 030	00					1 030	00			
						1 030	00					1 030	00			

NB: When you record the allowances in the Debtors allowances journal, it is important to verify whether the goods were returned or whether only an allowance was given. In the case of the transaction on the 7 April 20.5, B. Baker returned the steam iron, therefore it needs to be added back to the trading stock. That is why the cost price is recorded in the Cost of sales column, to cancel the cost of sales and to add it back to the Trading stock.

But R. Rampala did not return the chipped mug on 12 April 20.5, but requested a discount only. That is why the cost of sales amount is not recorded in the Cost of sales column, because the goods won't be added back to the Trading stock.

ACTIVITY 2.4 A (Do this activity after Activity 2.4. on page 62 in the LB)

NB: Continues in Activity 3.7.A

Electro Suppliers is owned by R. Hlope. You were appointed as his bookkeeper. You are required to record the following transactions in the following journals for November 20.7.

- a) Debtors journal - columns for Sales and Cost of sales
- b) Debtors allowances journal - columns for Debtors allowances and Cost of sales
- c) Cash Receipts journal - columns for Analysis of receipts; Bank; Sales; Cost of sales; Debtors control and Sundry accounts.

TRANSACTIONS - November 20.7

- 3 Credit sales to G. Gule, R979,50. (Cost price, R653) Issued invoice 112.
- 5 Sold goods with a cost price of R580,00 on credit to P. Porter. Invoice 113 was issued for R870,00.
- 7 Issued credit note 11 to G. Gule, R225,00, for goods returned. (Cost price, R150,00)
- 15 Credit sales to:
 - P. Porter, R564,00, as per invoice 114. (Cost price, R376,00)
 - G. Gule, R1 017,00, as per invoice 115. (Cost price, R678,00)
- 20 Some of the goods sold to P. Porter on 15 November were damaged with delivery. Issued credit note 12 for R345,00 as an allowance. (Cost price, R230,00)
- 25 Issued the following receipts:
 - No. 687 to G. Gule for R771,50 as part payment on his account.
 - No. 688 to P. Porter for R1 089,00 in full settlement of her account.

ANSWER SHEET FOR ACTIVITY 2.4 A

(a) DEBTORS JOURNAL OF ELECTRO SUPPLIERS - NOVEMBER 20.7 DJ1

Doc. no.	Day	Debtors	Fol.	Sales		Cost of sales	

(b) DEBTORS ALLOWANCES JOURNAL OF ELECTRO SUPPLIERS - NOVEMBER 20.7 DAJ1

Doc. no.	Day	Debtors	Fol.	Debtors allowances		Cost of sales	

(c) CASH RECEIPTS JOURNAL OF ELECTRO SUPPLIERS - NOVEMBER 20.7 CRJ1

Doc. no.	Day	Details	Fol.	Analysis of receipts	Bank	Sales	Cost of sales	Debtors control	Sundry accounts			
									Amount	Fol.	Details	

ADDITIONS TO TERM 3: (page 5-14)

DEBTORS ALLOWANCES - Insert after Activity 3.7 on page 111 and 112 of LB.

Example 3.1 A (follows on example 2.2 done in term 2)

Use the Debtors journal, Debtors allowances journal and Cash receipts journal recorded in example 2.2 to complete the following instructions:

- a) Post from the Debtors Journal to the Debtors ledger and General ledger of R&R Retailers. Show folio references.
- b) Post from the Debtors Allowances Journal to the Debtors ledger and General ledger of R&R Retailers. Show folio references.
- c) Post the Cash Receipts Journal to the Debtors ledger and General ledger of R&R Retailers. Show folio references.

INFORMATION:

The following balances appeared, amongst others, in the General ledger of R&R Retailers on 1 April 20.5:

Bank	R5 550,00
Trading inventory	R3 400,00

(a) **DEBTORS JOURNAL OF R&R RETAILERS - APRIL 20.5** **DJ1**

Doc. no.	Day	Debtors	Fol.	Sales		Cost of sales	
213	1	B. Baker	D1	①780	00	624	00
214	4	R. Rampala	D2	②975	00	780	00
215		B. Baker	D1	③700	00	560	00
216	10	R. Rampala	D2	④180	00	144	00
				2 635	00	2 108	00
				①B7/N1		②N2/B6	

(b) **DEBTORS ALLOWANCES JOURNAL OF R&R RETAILERS - APRIL 20.5** **DAJ1**

Doc. no.	Day	Debtors	Fol.	Debtors allowances		Cost of sales	
01	7	B. Baker	D1	⑤450	00	360	00
02	12	R. Rampala	D2	⑥30	00	-	-
				480	00	360	00
				③N3/B7		④B6/N2	

(c) **CASH RECEIPTS JOURNAL OF R&R RETAILERS - APRIL 20.5**

CRJ1

Doc. no.	Day	Details	Fol.	Analysis of receipts	Bank	Sales	Cost of sales	Debtors control	Sundry accounts		
									Amount	Fol.	Details
554	15	B. Baker	D1	1 030 00	1 030 00			⑦1 030 00			
					1 030 00			1 030 00			
					⑤B8			⑥B7			

SOLUTION EXAMPLE 3.1. A:

DEBTORS LEDGER OF R&R RETAILERS

B. BAKER

D1

Date		Details	Fol.	Debit		Credit		Balance	
20.5 April	1	Invoice 213	DJ1	①780	00			780	00
	4	Invoice 215	DJ1	③700	00			1 480	00
	7	Credit note 01	DAJ1			⑤450	00	1 030	00
	15	Receipt 554	CRJ1			⑦1 030	00	-	-

R. RAMPALA

D2

Date		Details	Fol.	Debit		Credit		Balance	
20.5 April	4	Invoice 214	DJ1	②975	00			975	00
	10	Invoice 216	DJ1	④180	00			1 155	00
	12	Credit note 02	DAJ1			⑥30	00	1 125	00

Debtors list on 30 April 20.5

B. Baker	D1	-	-
R. Rampala	D2	1 125	00
		1 125	00

GENERAL LEDGER OF R&R RETAILERS

BALANCE SHEET ACCOUNT SECTION

Dr

TRADING INVENTORY

B6

Cr

Date		Details	Fol.	Amount		Date		Details	Fol.	Amount	
20.5 Apr	1	Balance	b/d	3 400	00	20.5 Apr	30	Cost of sales	DJ1	②	
	30	Cost of sales	DAJ1	④360	00			Balance	c/d	1 652	00
				3 760	00					3 760	00
20.5 May	1	Balance	b/d	1 652	00						

Dr

DEBTORS CONTROL

B7

Cr

Date		Details	Fol.	Amount		Date		Details	Fol.	Amount		
20.5 Apr	30	Sales	DJ1	①	2 635	00	20.5 Apr	30	Debtors allowances	DAJ1	③480	00
								Bank	CRJ2	⑥	1 030	00
								Balance	c/d	1 125	00	
				2 635	00					2 635	00	
20.5 May	1	Balance	b/d	1 125	00							

Dt		BANK				B8		Cr	
Date		Details	Fol.	Amount		Date	Details	Fol.	Amount
20.5 Apr	1	Balance	b/d	5 550	00				
	30	Total Receipts	CRJ1	1 030	00				
				6 580	00				

NOMINAL ACCOUNT SECTION

Dr		SALES				N1		Cr	
Date		Details	Fol.	Amount		Date	Details	Fol.	Amount
						20.5 Apr	Debtors control	DJ1	2 635 00

Dr		COST OF SALES				N2		Cr	
Date		Details	Fol.	Amount		Date	Details	Fol.	Amount
20.5 Apr	30	Trading inventory	DJ1	2 108	00	20.5 Apr	Trading inventory	DAJ1	4 360 00
							Balance	c/d	1 748 00
				2 108	00				2 108 00
20.5 May	1	Balance	b/d	1 748	00				

Dr		DEBTORS ALLOWANCES				N3		Cr	
Date		Details	Fol.	Amount		Date	Details	Fol.	Amount
20.5 Apr	30	Debtors control	DJ1	480	00				

ACTIVITY 3.7 A

Use the Debtors journal, Debtors allowances journal and Cash receipts journal recorded in Activity 2.4.A (see next page, p.10) to complete the following instructions:

- Post from the Debtors Journal to the Debtors ledger and General ledger of Electro Suppliers. Show folio references.
- Post from the Debtors Allowances Journal to the Debtors ledger and General ledger of Electro Suppliers. Show folio references.
- Post the Cash Receipts Journal to the Debtors ledger and General ledger of Electro Suppliers. Show folio references.

INFORMATION:

The following balances appeared, amongst others, in the General ledger of Electro Suppliers on 1 November 20.7:

Bank R3 530,00
 Trading inventory R2 860,00

ANSWER SHEETS FOR ACTIVITY 3.7 A

(a) **DEBTORS JOURNAL OF ELECTRO SUPPLIERS - NOVEMBER 20.7 DJ1**

Doc. no.	Day	Debtors	Fol.	Sales		Cost of sales	
112	3	G. Gule		979	50	653	00
113	5	P. Porter		870	00	580	00
114	15	P. Porter		564	00	376	00
115		G. Gule		1 017	00	678	00
				3 430	50	2 287	00

(b) **DEBTORS ALLOWANCES JOURNAL OF ELECTRO SUPPLIERS - NOVEMBER 20.7 DAJ1**

Doc. no.	Day	Debtors	Fol.	Debtors allowances		Cost of sales	
11	7	G. Gule		225	00	150	00
12	20	P. Porter		345	00	-	-
				570	00	150	00

(c) **CASH RECEIPTS JOURNAL OF ELECTRO SUPPLIERS - NOVEMBER 20.7**

CRJ1

Doc. no.	Day	Details	Fol.	Analysis of receipts		Bank		Sales		Cost of sales		Debtors control		Sundry accounts		
														Amount	Fol.	Details
6687	25	G. Gule		771	50							771	50			
688		P. Porter		1 089	00	1 860	50					1 089	00			
						1 860	50					1 860	50			

LEARNERS SHOULD ADD THE FOLIO NUMBERS TO THE ABOVE JOURNALS, WHEN POSTING.

ANSWER SHEETS FOR ACTIVITY 3.7 A (continued)

DEBTORS LEDGER OF ELECTRO SUPPLIERS

G. GULE

D1

Date		Details	Fol.	Debit		Credit		Balance	

P. PORTER

D2

Date		Details	Fol.	Debit		Credit		Balance	

Debtors list on 30 November 20.7

GENERAL LEDGER OF ELECTRO SUPPLIERS

BALANCE SHEET ACCOUNT SECTION

Dr

TRADING INVENTORY

B6

Cr

Date		Details	Fol.	Amount		Date		Details	Fol.	Amount	

Dr

DEBTORS CONTROL

B7

Cr

Date		Details	Fol.	Amount		Date		Details	Fol.	Amount	

ANSWER SHEETS FOR ACTIVITY 3.7 A (continued)

Dt				BANK				B8				Cr	
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount	Date	Details	Fol.	Amount		

NOMINAL ACCOUNT SECTION

Dr				SALES				N1				Cr	
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount	Date	Details	Fol.	Amount		

Dr				COST OF SALES				N2				Cr	
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount	Date	Details	Fol.	Amount		

Dr				DEBTORS ALLOWANCES				N3				Cr	
Date	Details	Fol.	Amount	Date	Details	Fol.	Amount	Date	Details	Fol.	Amount		

EFFECT OF DEBTORS ALLOWANCES ON THE ACCOUNTING EQUATION:

Example 3.2. A - extended from example 3.2. in LB on p. 112-114

Transaction 1: A debtor, J. Jackson returned goods with a selling price of R560 and a cost price of R448. Issued credit note 32.

How do we reason this? We look at what happened:

Because the debtor returned the goods, it means the original sales transaction needs to be cancelled, as well as the goods need to be put back with the Trading inventory. This transaction involves two steps.

First the sale has to be cancelled: To do this the Debtors allowances account, an expense account, has to be debited with the original sales amount, which will decrease the **Owners' equity**. The debtor, J. Jackson's debt has to be decreased, therefore his account in the Debtors ledger will be credited, because he does not owe that money any more, as well as the Debtors Control account in the General ledger has to be credited. The debtor is a **current asset** which decreases.

Transaction 1: A debtor, J. Jackson returned goods with a selling price of R560 and a cost price of R448. Issued credit note 32.

In the GENERAL LEDGER:

ASSET		OWNERS' EQUITY	
Dr (+)	Cr (-)	Dr (-)	Cr (+)
DEBTORS CONTROL	560	DEBTORS ALLOWANCES	560

In the DEBTORS LEDGER:

DEBTOR	
Dr (+)	Cr (-)
J. JACKSON	560

Secondly the Trading inventory is returned to the stock in the business. The cost price of the goods has to be cancelled in the Cost of sales account, which is an expense account, but in this case it becomes an "Income", because the expense is cancelled, which means the **Owners' equity** will increase and the Cost of sales account is credited. At the same time the trading stock increases, which means the **current assets** are increasing, therefore the Trading inventory account is debited with the cost price.

In the GENERAL LEDGER:

OWNERS' EQUITY		ASSET	
Dr (-)	Cr (+)	Dr (+)	Cr (-)
COST OF SALES	488	TRADING INVENTORY	488

In the DEBTORS LEDGER: no entry is made

EFFECT OF DEBTORS ALLOWANCES ON ACCOUNTING EQUATION:

Transaction 2: Issued credit note 222, R200 (Cost price, R160) to a debtor, H. Hlope, as an allowance (discount) for damaged goods.

How do we reason this? We look at what happened:

In this case the goods are not returned by the debtor, but a "discount" is given in the form of an allowance. This means the business cancelled part of the sale. Therefore **only** the part of the sale will be cancelled and to do this the Debtors allowances account, an expense account, has to be debited with the original sales amount, which will decrease the **Owners' equity**. The debtor, H. Hlope's debt has to be decreased, therefore his account in the Debtors ledger will be credited, because he does not owe that money any more, as well as the Debtors Control account in the General ledger has to be credited. The debtor is a **current asset** which decreases.

In the GENERAL LEDGER:

ASSET		OWNERS' EQUITY	
Dr (+)	Cr (-)	Dr (-)	Cr (+)
DEBTORS CONTROL	200	DEBTORS ALLOWANCES	200

In the DEBTORS LEDGER:

DEBTOR	
Dr (+)	Cr (-)
H. HLOPE	200

SOLUTION OF EXAMPLE 3.2 (EXTENDED):

Transaction No.	Source doc.	Journal	General Ledger		Debtors Ledger		A	O/E	L
			Account debited	Account credited	Account debited	Account credited			
1.	Duplicate credit note	DAJ	Debtors allowances	Debtors control		J.Jackson	-560	-560	0
			Trading inventory	Cost of sales			+488	+488	0
2.	Duplicate credit note	DAJ	Debtors allowances	Debtors control		H.Hlope	-200	-200	0

EFFECT OF DEBTORS ALLOWANCES ON ACCOUNTING EQUATION:

ACTIVITY 3.8 A - extended from activity 3.8. in LB on p. 114.

1. Issued credit note 54 to debtor L. Lion, as a discount on goods delivered on credit, R450. (Cost of sales, R300)
2. Debtor C. Chirwa returned some of the goods that were previously sold to him on credit, R90. (Cost price, R60) Issued a credit note.

No.	Source doc.	Journal	General Ledger		Debtors Ledger		A	O/E	L
			Account debited	Account credited	Account debited	Account credited			
1.									
2.									

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TEACHER'S GUIDE

DEBTORS ALLOWANCES
SOLUTION OF ACTIVITY 2.4 A

(a) **DEBTORS JOURNAL OF ELECTRO SUPPLIERS - NOVEMBER 20.7 DJ1**

Doc. no.	Day	Debtors	Fol.	Sales		Cost of sales	
112	3	G. Gule		979	50	653	00
113	5	P. Porter		870	00	580	00
114	15	P. Porter		564	00	376	00
115		G. Gule		1 017	00	678	00
				3 430	50	2 287	00

(b) **DEBTORS ALLOWANCES JOURNAL OF ELECTRO SUPPLIERS - NOVEMBER 20.7 DAJ1**

Doc. no.	Day	Debtors	Fol.	Debtors allowances		Cost of sales	
11	7	G. Gule		225	00	150	00
12	20	P. Porter		345	00	-	-
				570	00	150	00

(c) **CASH RECEIPTS JOURNAL OF ELECTRO SUPPLIERS - NOVEMBER 20.7**

CRJ1

Doc. no.	Day	Details	Fol.	Analysis of receipts		Bank		Sales		Cost of sales		Debtors control		Sundry accounts		
														Amount	Fol.	Details
687	25	G. Gule		771	50							771	50			
688		P. Porter		1 089	00	1 860	50					1 089	00			
						1 860	50					1 860	50			

GR. 9 TERM 3:

ADDITIONS TO VIVA ECONOMIC AND MANAGEMENT SCIENCES, VIVLIA PUBLISHERS

TEACHER'S GUIDE

SOLUTION ACTIVITY 3.7 A: LEARNERS SHOULD ADD THE FOLLOWING FOLIO NUMBERS TO THE JOURNALS ON P. 10:

(a) **DEBTORS JOURNAL OF ELECTRO SUPPLIERS - NOVEMBER 20.7 DJ1**

Doc. no.	Day	Debtors	Fol.	Sales		Cost of sales	
112	3	G. Gule		979	50	653	00
113	5	P. Porter		870	00	580	00
114	15	P. Porter		564	00	376	00
115		G. Gule		1 017	00	678	00
				3 430	50	2 287	00
				B7/N1		N2/B6	

(b) **DEBTORS ALLOWANCES JOURNAL OF ELECTRO SUPPLIERS - NOVEMBER 20.7 DAJ1**

Doc. no.	Day	Debtors	Fol.	Debtors allowances		Cost of sales	
11	7	G. Gule		225	00	150	00
12	20	P. Porter		345	00	-	-
				570	00	150	00
				N3/B7		B6/N2	

(c) **CASH RECEIPTS JOURNAL OF ELECTRO SUPPLIERS - NOVEMBER 20.7**

CRJ1

Doc. no.	Day	Details	Fol.	Analysis of receipts		Bank	Sales	Cost of sales	Debtors control	Sundry accounts		
										Amount	Fol.	Details
687	25	G. Gule		771	50				771	50		
688		P. Porter		1 089	00	1 860	50		1 089	00		
						1 860	50		1 860	50		
						B8			B7			

SOLUTION ACTIVITY 3.7 A:

DEBTORS LEDGER OF ELECTRO SUPPLIERS

G. GULE

D1

Date		Details	Fol.	Debit		Credit		Balance	
20.7 Nov	3	Invoice 112	DJ1	979	50			979	50
	7	Credit note 11	DAJ1			225	00	754	50
	15	Invoice 115	DJ1	1 017	00			1 771	50
	25	Receipt 687	CRJ1			771	50	1 000	00

P. PORTER

D2

Date		Details	Fol.	Debit		Credit		Balance	
20.7 Nov	5	Invoice 113	DJ1	870	00			870	00
	15	Invoice 115	DJ1	564	00			1 434	00
	20	Credit note 12	DAJ1			345	00	1 089	00
	25	Receipt 688	CRJ1			1 089	00	-	-

Debtors list on 30 November 20.7

G. Gule	D1	1 000	00
P. Porter	D2	-	-
		1 000	00

**GENERAL LEDGER OF ELECTRO SUPPLIERS
BALANCE SHEET ACCOUNT SECTION**

Dr

TRADING INVENTORY

B6

Cr

Date		Details	Fol.	Amount		Date		Details	Fol.	Amount	
20.7 Nov	1	Balance	b/d	2 860	00	20.7 Nov	30	Cost of sales	DJ1	2 287	00
	30	Cost of sales	DAJ1	150	00			Balance	c/d	723	00
				3 010	00					3 010	00
20.7 Dec	1	Balance	b/d	723	00						

Dr

DEBTORS CONTROL

B7

Cr

Date		Details	Fol.	Amount		Date		Details	Fol.	Amount	
20.7 Nov	30	Sales	DJ1	3 430	50	20.7 Nov	30	Debtors allowances	DAJ1	570	00
								Bank	CRJ2	1 860	50
								Balance	c/d	1 000	00
				3 430	50					3 430	50
20.7 Dec	1	Balance	b/d	1 000	00						

SOLUTION ACTIVITY 3.7 A: continued

Dt		BANK				B8		Cr	
Date		Details	Fol.	Amount		Date	Details	Fol.	Amount
20.7 Nov	1	Balance	b/d	3 530	00				
	30	Total Receipts	CRJ1	1 860	50				
				5 390	50				

NOMINAL ACCOUNT SECTION

Dr		SALES				N1		Cr	
Date		Details	Fol.	Amount		Date	Details	Fol.	Amount
						20.7 Nov	30 Debtors control	DJ1	3 430 50

Dr		COST OF SALES				N2		Cr	
Date		Details	Fol.	Amount		Date	Details	Fol.	Amount
20.7 Nov	30	Trading inventory	DJ1	2 287	00	20.7 Nov	30 Trading inventory	DAJ1	150 00
							Balance	c/d	2 137 00
				2 287	00				2 287 00
20.7 Dec	1	Balance	b/d	2 137	00				

Dr		DEBTORS ALLOWANCES				N3		Cr	
Date		Details	Fol.	Amount		Date	Details	Fol.	Amount
20.7 Nov	30	Debtors control	DJ1	570	00				

SOLUTION TO ACTIVITY 3.8 A

extended from activity 3.8. in LB on p. 114.

1. Issued credit note 54 to debtor L. Lion, as a discount on goods delivered on credit, R450. (Cost of sales, R300)
2. Debtor C. Chirwa returned some of the goods that were previously sold to him on credit, R90. (Cost price, R60) Issued a credit note.

SOLUTION TO ACTIVITY 3.8.A - EXTENDED from activity 3.8 in LB on p. 114.:

No.	Source doc.	Journal	General Ledger		Debtors Ledger		A	OE	L
			Account debited	Account credited	Account debited	Account credited			
1.	Duplicate credit note	DAJ	Debtors allowances	Debtors control		L. Lion	-450	-450	0
2.	Duplicate credit note	DAJ	Debtors allowances	Debtors control		C. Chirwa	-90	-90	0
			Trading inventory	Cost of sales			+60	+60	0

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