

SUVA SANGAM COLLEGE

YEAR 10 COMMERCIAL STUDIES

STRAND 2 BUSINESS INFORMATION SYSTEM

Week 1 5th to 9th July 2021

Sub-Strand : The Accounting Process

Achievement Indicator:

- Differentiate between Vat Inclusive Price, Zero-rate Vat and Vat Exclusive Price.
- Calculate Vat Inclusive Price, Zero-rate Vat and Vat Exclusive Price.

Value Added Tax

Value Added Tax (VAT) is a tax on spending that is levied on the supply of goods and services in Fiji at the rate of 9%

VAT Inclusive Price (VIP) – Are those transactions that contain VAT component. VIP is the total price of goods and services with the integrated VAT component (9%)

VAT Exclusive Price (VEP) – Price of an item on which the VAT is yet to be included.

Zero Rated Vat – items on which no VAT is charged.

VAT calculations

$$\text{VIP} = \text{VEP (cost of the item)} + \text{VAT}$$

$$\text{VAT} = \text{VEP} \times \frac{9}{100}$$

$$\text{VAT} = \text{VIP} \times \frac{9}{109}$$

$$\text{VAT} = \text{VIP} - \text{VEP}$$

Example:

<p>Example: 1 Eddie bought a table for \$810 VIP.</p> <p>a) Calculate amount of VAT paid by Eddie.</p> $\begin{aligned} \text{VAT} &= \text{VIP} \times \frac{9}{109} \\ &= 810 \times \frac{9}{109} \\ &= \underline{\$66.88} \end{aligned}$ <p>b) Calculate VEP.</p> $\begin{aligned} \text{VEP} &= \text{VIP} - \text{VAT} \\ &= 810 - 66.88 \\ &= \underline{\$743.12} \end{aligned}$	<p>Example 2 Maikeli bought a freezer for \$650 VEP</p> <p>a) Calculate amount of VAT Maikeli has to pay.</p> $\begin{aligned} \text{VAT} &= \text{VEP} \times \frac{9}{100} \\ &= 650 \times \frac{9}{100} \\ &= \underline{\$58.50} \end{aligned}$ <p>b) Calculate VIP price.</p> $\begin{aligned} \text{VIP} &= \text{VEP} + \text{VAT} \\ &= 650 + 58.50 \\ &= \underline{\$708.50} \end{aligned}$
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Activity

1. Charlotte bought a vase for \$65

- a) Calculate the amount of VAT paid by Charlotte.
- b) Calculate the Vat Exclusive Price of the Vase.

2) Manuelli wants to sell the chocolate bread he baked .The VEP for the bread is \$40.

- a) Calculate the amount of VAT Manuelli has to add to the original price of the bread
- b) Calculate the Vat Inclusive Price.

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Week 2 12th to 16th July 2021

Achievement Indicator: Identify the types of transactions recorded in each journal.

Journal: is a record of financial transactions **in order by date**. A journal is often defined as the *book of original entry*.

Journal could be further categorized as:

1. **Cash Journal** – Receipts – CRJ
 - Payments- CPJ
2. **Goods Journal** – Credit Sales - SJ
 - Credit Purchase- PJ
 - Credit Sale Return- SRJ
 - Credit Purchase Return- PRJ
3. **General Journal**
 - Buy or sell fixed asset
 - Drawings of goods
 - Interest Charged
 - Writing of accounts
 - Opening Balances

Activity

Identify the journals in which the following will be recorded.

- a) Sold goods to Timoci \$100
- b) Bought goods from J. K Traders \$50
- c) Received Cash from Timoci \$60
- d) Paid Rent \$600
- e) Returned goods to J.K Traders \$10

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Sub-Strand : The Accounting Process

Week 3 : 19th to 23rd July 2021

Achievement Indicator :

- Prepare Cash Receipts Journal

Cash Receipts Journal

- ❖ The cash receipts journal records all cash that the business **receives** that is money that comes in.
- ❖ The cash receipts journal uses the following source documents:
 - Cash Sales Invoices/ Cash Register Tape/ Bank Statement Cr/ Receipts issued

Illustrative Example

- March 1 Cash Sales \$225.00
 Received cash from M. Raza in full settlement \$ 98.00
- 4 Received Commission \$23.00
- 6 Received from Lal& Sons \$187.00 and Discount Allowed \$3.00
 Cash Sales \$149.00
- 8 Sold goods for cash \$120.00
 Issued Cash Sales Invoice for \$95.00
- 14 Received Interest \$12.00
- 22 Mrs. Khan paid her account \$120.00 less 2% discount.
 Cash Sales \$150.00
- 28 Proprietor introduced additional capital in the business \$4 500

Required: Prepare the Cash Receipts Journal using the above information.

225+98= 323

Solution: **Cash Receipts Journal**

<u>Date</u>	<u>Particulars</u>	<u>Receipt No.</u>	<u>Discount [\$]</u>	<u>Detail [\$]</u>	<u>Bank [\$]</u>
Mar { 1	Sales			225.00	
	M.Raza			98.00	323.00
4	Commission				23.00
6	Lal& Sons		3.00	187.00	
	Sales			149.00	336.00
8	Sales			120.00	
	Sales			95.00	215.00
14	Interest				12.00
22	Mrs. Khan		2.40		117.60
28	Capital				4 500
31	Cash at Bank Account Dr , Discount Allowed Account Dr		\$5.40		\$5 526.60

Note: If there is two or more transaction on the same date going to the same cash journal, amount will be entered in the detail and the total will be posted to the bank column.

ACTIVITY

1) Mirini Wata operates a grocery business. During the month of April, 2018, the following transactions occurred:

April 2 Cash sales \$150.

7 Sold goods for cash to Salesi \$120. 11

Received rent \$300.

Mohini settled her account in full \$90.

15 Sold a computer for \$500 cash. 26

Cash sales \$80.

Required

Use the information given above to prepare: Cash Receipts Journal

2)

The following information was provided by Meli's Food Mart for the month of September, 2008.

3/9/2008 Cash Sales \$700

Received Commission \$50

4/9/2008 Cash Purchases \$200

Received \$200 from Mate less \$10 discount

6/9/2008 Bought goods from Jone \$800

20/9/2008 Bought a van on credit \$900

Required:

Use the information given above to prepare the Cash Receipts Journal for Meli's Food Mart.

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Sub-Strand : The Accounting Process Lesson

Week 4 26th to 30th July 2021

Achievement Indicator:

- Prepare Cash Payments Journal

Cash Payments Journal

❖ Cash Payments Journal records all cash that is paid out by the business OR the money that goes out. ❖
The cash payments journal uses the following source documents:

- Cheque Butt
- Payment Vouchers
- Receipts received

Illustrative Example

- March 1 Cash Purchases cheque # 00801 \$332.00
Paid business insurance cheque # 00802 \$ 225.00
- 3 Issued cheque # 00803 \$66 to Hakeem on account. Discount received \$4.
- 7 Issued cheque # \$ 00804; telephone \$95, interest \$33, general expenses \$75
- 11 Paid wages to the security \$90.00 cheque # 00805
Proprietor wrote cheque #00806 for own use \$100.00
- 20 Bought computer for cash cheque # 00807 \$2220.00
- 25 Paid Suzanne Enterprise cheque # 00808 \$220.00 less 3% discount.
Bought goods for cash cheque # 00809 \$175.00
- 31 Paid rent cheque # 00810 \$250

Required: Prepare the Cash Payments Journal using the above information.

Solution:

Cash Payments Journal

Date	Particulars	Cheque No.	Discount [\$]	Detail [\$]	Bank [\$]
Mar 1	Purchases	00801		332.00	557.00
	Insurance	00802		225.00	
3	Hakeem	00803	4.00		66.00
7	Telephone	00804		95.00	203.00
	Interest			33.00	
	General Expenses			75.00	
11	Wages	00805		90.00	
	Drawings	00806		100.00	190.00
20	Computer	00807			2220.00
25	Suzanne Enterprise	00808	6.60		213.40
	Purchases	00809			175.00
31	Rent	00810			250.00
31	Cash at Bank Account Cr , Discount Received Account Cr		\$10.60		\$3874.00

95+33+75

Note: If there is only more than two transactions the amounts should be first posted to detail and the total of the same date should be going to bank.

Activity

During the month of March 2019, Nethan Store had the following transactions:

Date	Particulars	\$
January 1	Nethan started business with cash	1 000
3	Bought goods for cash	100
7	Cash Sales	50
10	Paid electricity bill	45
12	Bought goods on credit from ABC Ltd	80
15	Sold goods to Kaipa on credit	200
18	Nethan took cash for his own use	50
21	Returned goods to ABC Ltd	10
24	Paid ABC Ltd \$70 less \$7 discount	
25	Kaipa returned goods	30
27	Nethan contributed additional cash into the business	150
31	Paid rates	75

Use the **relevant** transactions from the table given above to prepare Nethan's Cash Payments Journal.

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Sub-Strand : The Accounting Process

Week 5 2nd to 6th August 2021

Achievement Indicator : Prepare sales journal

Sales Journal

Sales Journal

Date	Debtors	Invoice No.	Dr [\$]	Cr [\$]
Mar 4	M. Singh	051	200.00	
6	MotiLal	052	150.00	
10	Manasa	053	109.00	
14	A.Chand	054	350.00	
22	R. Narayan	055	<u>90.00</u>	
	Sales Account Cr			<u>\$899.00</u>

Activity :1) Mirini Wata operates a grocery business. During the month of April, 2018, the following

- ❖ Sales Journal records all credit sales
- ❖ Sales Journal uses the tax invoice issued to record credit sales.

Illustrative Example

March 4	Sold goods to M.Singh tax invoice # 051	\$200.00	
6	Sold goods MotiLal invoice # 052	\$150.00	
10	Issued tax invoice #053 to Manasa	\$109.00	14
	Issued tax invoice # 054 to A. Chand	\$350.00	
22	Sold goods to R.Narayan tax invoice #055	\$90.00	

Required: Prepare the Sales Journal **Solution**

transactions occurred: April 2 Cash sales \$150.

4 Issued tax invoice to Mohini \$90.

7 Sold goods for cash to Salesi \$120.

15 Bought a computer for \$500 cash.

18 Sold goods on account to Ronesh \$150.

22 Sold goods on credit to Simla \$70.

Required : Use the information given above to prepare: Sales Journal

2) Wong Chang operates a grocery business. The following are the transactions for the month of June, 2017:

June 4 Sold goods to Simione \$10 000.

8 Bought goods from Raman Lal \$2 000.

10 Issued invoice to Umesh \$9 200.

25 Sold goods to Timoci \$500.

27 Returned damaged goods to Sunia \$200.

Required : From the information given above, prepare Sales Journal