

PENANG SANGAM HIGH SCHOOL

P. O BOX 44, RAKIRAKI

LESSON NOTES Week 18

SUBJECT: ACCOUNTING

YEAR/LEVEL: 12

Strand 6: SYSTEMS FOR IMPLEMENTING THE ACCOUNTING PROCESS

Sub-strand 6.1 ACCOUNTING FOR CREDIT TRANSACTIONS

Content Learning Outcome: Examine the basic internal control procedures over credit transactions.

Greetings to all my students, we have started with strand 6: systems for implementing the accounting process and this week (week 18) we will attempt more activities on this strand to better understand the concepts learnt. If there are any queries do contact me in our 12A Viber group.

Activity (Ref: MOE Year 12 Accounting Text pg. 170 act. 6.1.2)

Short Answers:

1. Define the term Accounts Receivable.
2. State one reason for keeping an Accounts Receivable subsidiary ledger.
3. One of the most serious problems faced by firms is bad debts. List three ways in which the business can reduce bad debts.
4. Explain the significance of preparing the schedule of debtors.
5. Debtors usually return damaged or faulty goods to the business. Identify three checks to be made when debtors return goods to the business.
6. The credit worthiness of a customer is normally checked by the credit control department before any credit sales is approved. Explain why it is important.
7. Give a reason for the inventory department for not releasing stock until proper authorised dispatch docket is received.

8. Case study

Sakuisa is the purchasing manager of Jojos Ltd. Sometimes he buys goods for personal use and charges them to the firms account in order to take advantage of the trade discount. He is also responsible for writing and signing cheques to accounts payable when his boss is away on overseas trips.

- i) Identify the weaknesses in the internal control procedure given above.
- ii) Recommend the necessary changes to improve the system.

(Solutions of these activities will be provided later for verification, Best wishes for week 18 studies, take care and Stay Safe)