

APPENDIX 2: GENERAL JOURNALS

The following are examples of acceptable format/setting out for General Journals.

Date	Particulars	Debit	Credit
2016			
June 18	Wages Cash at Bank (Paid Wages)	400	400
June 19	Insurance GST Paid Cash at Bank (Paid Lighthouse Insurance brokers for Insurance for the months July to December)	1500 150	1650

Expected format:

- dates may also be presented in formats such as: June 19th, 19th June 2016, 19/6/2016
- debit entries must be listed first
- credit entries must be indented
- narration must be in brackets and confined to the Particulars column
- only the Particulars column must be ruled off after each transaction.

APPENDIX 4: BALANCING ACCOUNTS

a) Formal balancing

Inventories							
Dec	1	Balance b/d	20 000	Dec	2	Cost of Goods Sold	750
	6	Cash	1 000		4	Cost of Goods Sold	1 550
	12	D Austin	400		19	D Austin	100
					24	Drawings	250
					31	Balance c/d	18 750
			\$21 400				\$21 400
Jan	1	Balance b/d	18 750				

b) Informal or pencil/circle balancing

Inventories							
Dec	1	Balance b/d	20 000	Dec	2	Cost of Goods Sold	750
	6	Cash	1 000		4	Cost of Goods Sold	1 550
	12	D Austin	400		19	D Austin	100
					24	Drawings	250
			18750				

APPENDIX 5.A: INCOME STATEMENT TEMPLATE

Net Sales	\$	\$	\$
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.....
Less Cost of Sales			
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.....
.....
Gross Profit			
Add Other Revenue			
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.....
.....
.....
Less Other Expenses			
<i>Selling and Distribution Expenses</i>			
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<i>General & Administrative Expenses</i>			
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.....
<i>Finance Expenses</i>			
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.....
Net Profit / (Net Loss)			\$
		

APPENDIX 5.B: BALANCE SHEET TEMPLATE

ASSETS	\$	\$	\$	\$
Current Assets				
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.....
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.....
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.....
Add Non-Current Assets				
<i>Other Financial Assets</i>				
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.....
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.....
<i>Property, Plant and Equipment</i>				
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.....
<i>Intangibles</i>				
.....
.....
.....
.....
Total Assets				\$.....

Less LIABILITIES	\$	\$	\$	\$
Current Liabilities				
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.....
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.....
.....
Non-Current Liabilities				
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.....
Total Liabilities				\$.....
NET ASSETS				\$_____
OWNER'S EQUITY				
.....	
.....	
.....	
				\$_____

APPENDIX 6: DISPOSAL OF NON-CURRENT ASSETS (SIMPLIFIED METHOD)

Learners just need to know how to calculate a gain or a loss on disposal based on information given in additional information and how to classify the gain as revenue and the loss as an expense in the statements.

Do not use Disposal or Gain and Loss on Disposal accounts. Journal entries **are not** required.

Written Down Value (book value) = Cost – Accumulated Depreciation

THEREFORE:

Gain or Loss on Disposal = Sale Price (or Trade In) - Written Down Value (book value)

PRACTICAL EXAMPLE

Equipment cost \$600

Accumulated Depreciation \$200

Price received on the sale of the equipment was \$300

∴ Written Down Value = \$600 - \$200 = \$400

∴ Gain (or Loss) on Disposal = \$300 - \$400 = (\$100)

APPENDIX 7: BAD AND DOUBTFUL DEBTS (SIMPLIFIED METHOD)

WRITING OFF BAD DEBTS

General Journal Extract

Date	Particulars	Dr	Cr
17/12/20XX	Bad and Doubtful Debts	100	
	GST Collected	10	
	Accounts Receivable		110
	(Debt Written off as Bad)		

DECREASING THE PROVISION

Trial Balance extract as at 30 June 20XX (before balance day adjustment)

	Dr	Cr
Bad and Doubtful Debts	130 000	
Provision For Doubtful Debts		15 000

Additional information requires the provision to be \$10 750. Simply create the journal entry to make the Provision for Doubtful Debts \$10 750.

General Journal Extract

Date	Particulars	Dr	Cr
30/06/20XX	Provision For Doubtful Debts	4 250	
	Bad and Doubtful Debts		4 250
	(Provision for doubtful debts to \$10 750)		

Trial Balance extract as at 30 June 20XX (after balance day adjustment)

	Dr	Cr
Bad and Doubtful Debts	125 750	
Provision For Doubtful Debts		10 750

INCREASING THE PROVISION

Trial Balance extract as at 30 June 20XX (before balance day adjustment)

	Dr	Cr
Bad and Doubtful Debts	10 000	
Provision For Doubtful Debts		15 000

Additional information requires the provision to be \$16 000. Simply create the journal entry to make the Provision for Doubtful Debts \$16 000.

General Journal Extract

Date	Particulars	Dr	Cr
30/06/20XX	Bad and Doubtful Debts	1 000	
	Provision For Doubtful Debts		1 000
	(Provision for doubtful debts to \$16 000)		

Trial Balance extract as at 30 June 20XX (after balance day adjustment)

	Dr	Cr
Bad and Doubtful Debts	11 000	
Provision For Doubtful Debts		16 000

APPENDIX 8: CASH FLOW STATEMENT TEMPLATE

	\$	\$	\$
Cash Flows from Operating Activities			
Inflows			
Outflows			
Net Cash provided by Operating Activities			
Cash Flows from Investing Activities			
Inflows			
Outflows			
Net Cash provided by Investing Activities			
Cash Flows from Financing Activities			
Inflows			
Outflows			
Net Cash provided by Financing Activities			
Net Increase (Decrease) in Cash Held			
Cash at Beginning of the Reporting Period			
Cash at End of the Reporting Period			
			\$

APPENDIX 9.A: SCHEDULE OF COLLECTIONS FROM ACCOUNTS RECEIVABLE TEMPLATE

Statement of Estimated Receipts from Accounts Receivable				
Month of Credit Sales:	Amount	Estimated Cash to be received in:		
	\$			
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Any other working:				

APPENDIX 9.B: CASH BUDGET TEMPLATE

Cash Budget for the three months ending			
Estimated Cash Receipts			
	\$	\$	\$
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.....
.....
Total Estimated Receipts			
Estimated Cash Payments			
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.....
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.....
Total Estimated Payments			
Bank Balance at the start of the month			
Excess of Receipts over Payments			
Excess of Payments over Receipts			
Bank Balance at the end of the month	\$	\$	\$

APPENDIX 10: FORMULAE SHEET

Depreciation formulae

Diminishing Balance Method = Rate of Depreciation × (Original Cost – Accumulated Depreciation)

Straight Line Method = $\frac{\text{Original Cost} - \text{Estimated Residual Value}}{\text{Estimated Life}}$

Financial decision-making formulae

Measures of profitability

Gross Profit Ratio = $\frac{\text{Gross Profit}}{\text{Net Sales}} \times 100$

Net Profit Ratio = $\frac{\text{Net Profit}}{\text{Net Sales}} \times 100$

Rate of Return on Owner's Equity = $\frac{\text{Net Profit}}{\text{Average Owner's Equity}} \times 100$

Rate of Return on Total Assets = $\frac{\text{Net Profit} + \text{Interest Expense}}{\text{Average Total Assets}} \times 100$

Expenses to Sales Ratio = $\frac{\text{Expense}}{\text{Net Sales}} \times 100$

Measures of liquidity

Current (or Working Capital) Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

Quick Asset (or Acid Test) Ratio = $\frac{\text{Cash Assets} + \text{Receivables}}{\text{Current Liabilities}}$

Measures of financial stability

Debt Ratio = $\frac{\text{Total Liabilities}}{\text{Total Assets}} \times 100$

Equity Ratio = $\frac{\text{Total Owner's Equity}}{\text{Total Assets}} \times 100$

Measures of efficiency

Debtors Collection period (number of days) = $\frac{\text{Average Accounts Receivable}}{\text{Net Credit Sales}} \times 365$

Turnover of Inventories (times per year) = $\frac{\text{Cost of Goods Sold}}{\text{Average Inventories}}$