

# **Processing accounting data**

## **Study Unit 5(A)**

Study Unit 5: Processing Accounting Data

# The Accounting Process

**Lecture 1**

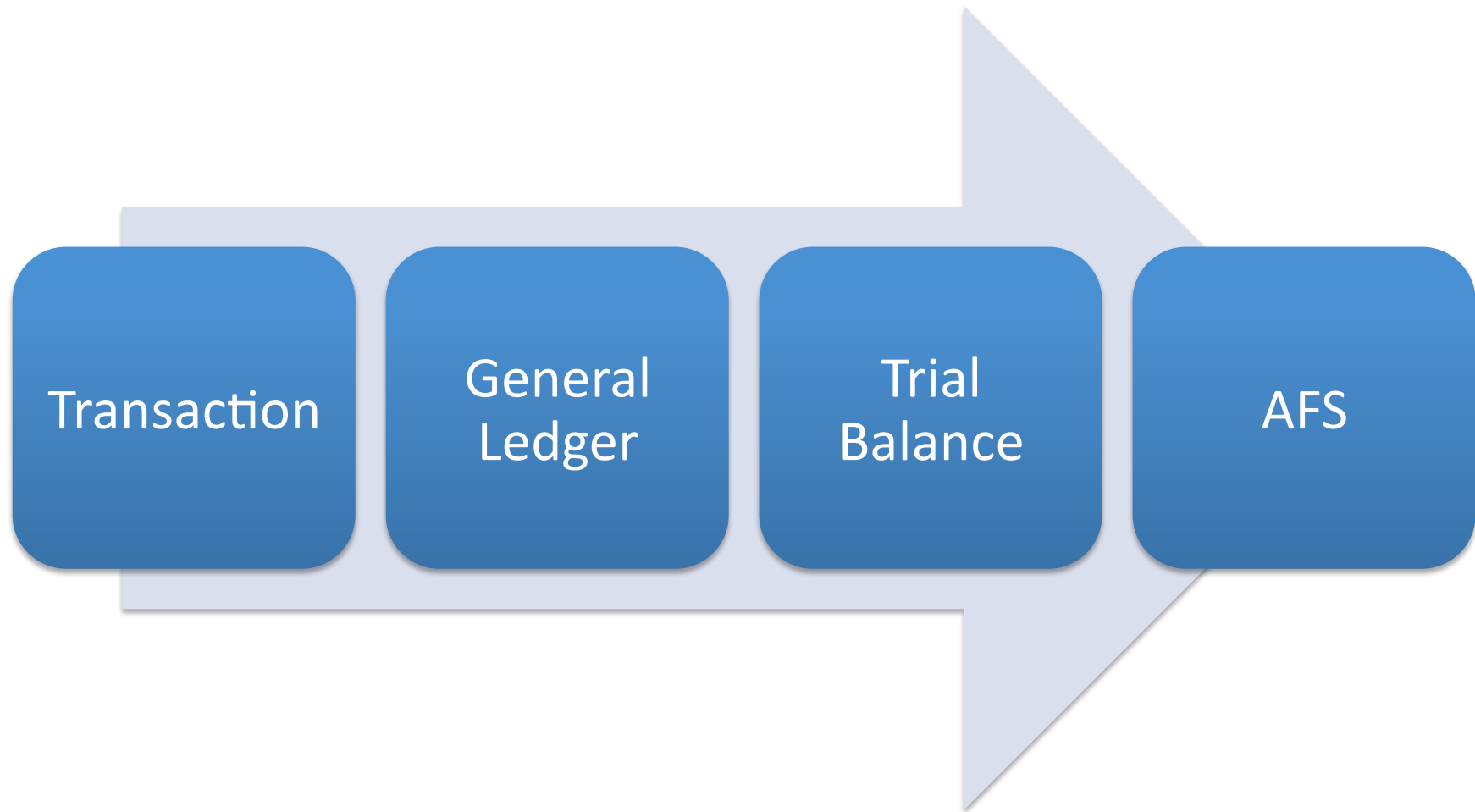
# What is the accounting Process?

- Remember the definition of Accounting?
  - Orderly and systematic recording of the monetary values of the economic transactions of an entity; the reporting on the results of those transactions and the provision of the information in financial statements, whose information is used as a basis for decision-making by the users of the information

(Study Unit 1)

**Lecture 1**

# What have we covered so far?



## Lecture 1

# There's more?!

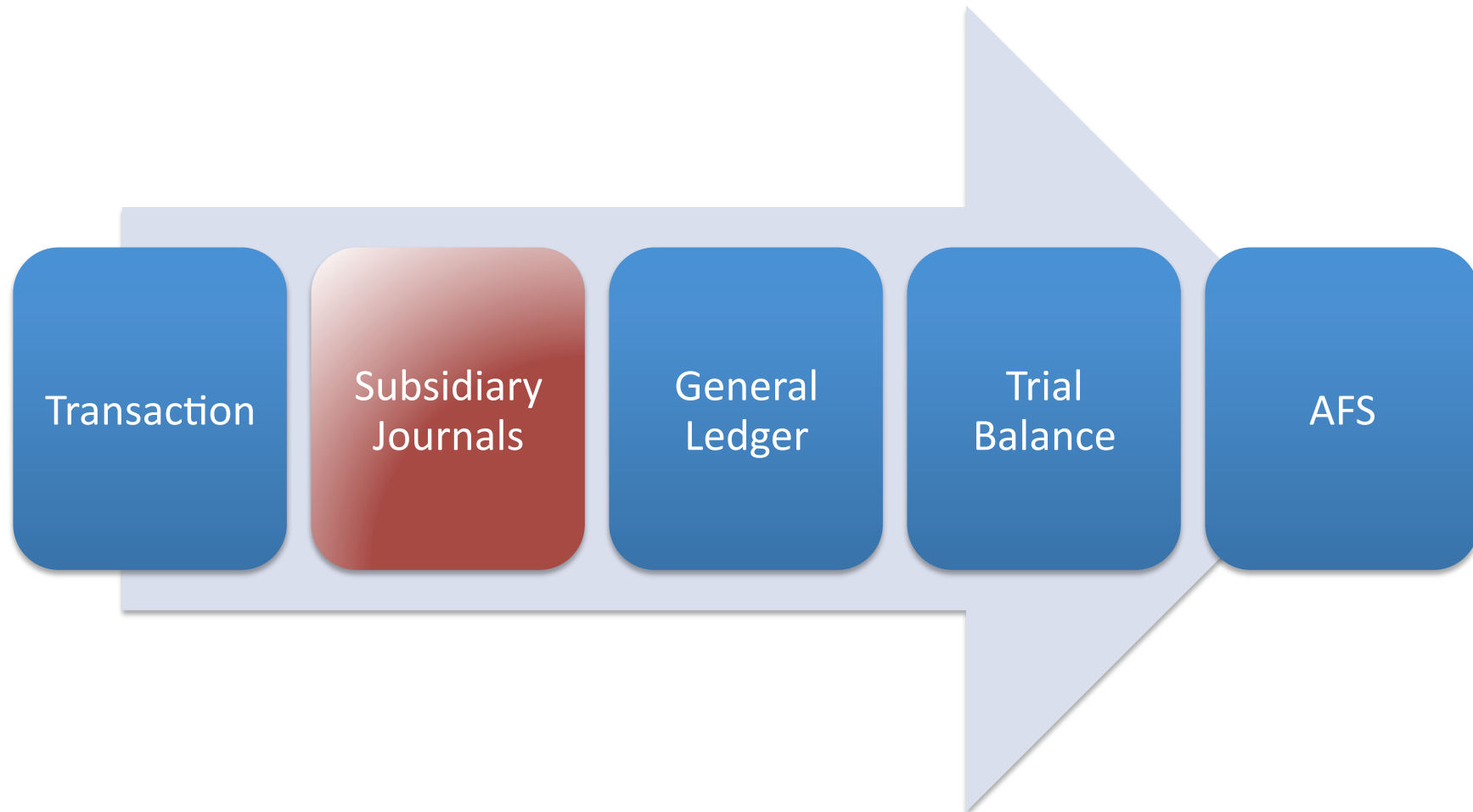
- The large volume of transactions, and various types of transactions mean the General Ledger would be enormous!
- We NEVER post transactions directly to the General Ledger
- We use subsidiary journals (books of first entry) to capture the transactions

Study Unit 5: Processing Accounting Data

# Subsidiary Journals

**Lecture 1**

# Subsidiary Journals



## Lecture 1

# Subsidiary Journals

- Every transaction is journalised before being posted to the General Ledger
- Each transaction will have a 'source document'
  - Sales are recorded on Sales Invoices or Cash Register Rolls
  - Purchases are recorded from Purchase Invoices
- Transactions of the same kind are grouped and captured in the same subsidiary journal



# Types of Subsidiary Journals

- Cash Receipts Journal (CRJ)
- Cash Payments Journal (CPJ)
- Sales Journal
- Sales Returns Journal
- Purchases Journal
- Purchases Returns Journal
- General Journal

**Lecture 1**

Study Unit 5: Processing Accounting Data

# Journal Entries

**Lecture 2**

# Transaction = Journal

- Every transaction should be journalised before being posted to the GL
  - This means that we must be able to identify the debits and credits for each transaction
- Theoretically, every transaction can be journalised using the General Journal

# General Journal Entries

Date	Details	Fol	Debit	Credit
	Account to be debited			
	Account to be credited			
	<i>Narration</i>			

# Example: General Journal

- 3 August - Purchased a vehicle from Ace Dealers for the business for R86 000, paid out of the bank account

J1

Date	Details	Fol	Debit	Credit
3 Aug	Vehicle	B1	86 000	
	Bank	B2		86 000
	Purchased vehicle from Ace Dealers			

Lecture 2

# Example: Posting to GL

Dr Vehicle B1 Cr

<u>Date</u>	<u>Details</u>	<u>Fol</u>	<u>Amount</u>		<u>Date</u>	<u>Details</u>	<u>Fol</u>	<u>Amount</u>
3 Aug	Bank	J1	86 000					
Dr			Bank				B2	Cr

<u>Date</u>	<u>Details</u>	<u>Fol</u>	<u>Amount</u>		<u>Date</u>	<u>Details</u>	<u>Fol</u>	<u>Amount</u>
					3 Aug	Vehicle	J1	86 000

Lecture 2

# A General Journal for every transaction?

- Judging by the example, we'd have a GJ for every single transaction
  - EVERY Sale; EVERY Purchase
- The volumes of transactions makes this impossible to achieve, and very inefficient
- Solution?

**Cash Receipts Journal; Cash Payments Journal; Sales Journal; Purchases Journal**

**Lecture 2**

Study Unit 5: Processing Accounting Data

# Cash Receipts Journal (CRJ)

**Lecture 3**



# Why do we use it?

- Check out the infographic on the CRJ

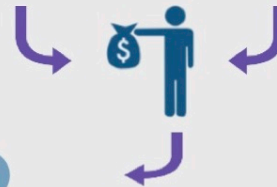
Visualise why we need a CRJ and the types of transactions it will record

# CASH RECEIPTS JOURNAL



What do we use it for?

The entity receives cash...



Accountant must record how much cash has been received and where it came from...

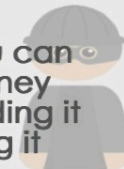


... and deposit the cash into the bank account

Cash receipts journal						
Date	Details	Folio	Bank	Income	Debtors	Sundry
1	Capital	S1	15,000	-	-	15,000
7	Loan	S2	5,000	-	-	5,000
10	Sales - DEFI Inc.	I1	10,500	10,500	-	-
18	Mrs. Crabapple	I2	5,300	-	5,300	-
20	Mr. Rodriguez	I4	1,400	-	1,400	-
29	Mr. Chen	I5	700	-	700	-
<b>Total</b>			37,900	10,500	7,400	20,000



Make sure that you can keep track of money received, by recording it before depositing it



## Lecture 3

# Why do we use it?

- Watch the video on the CRJ and note the following
  - Where the cash can come from and the source documents (CRR / Rec)
  - The need to record what's deposited in the bank account
  - The format of the CRJ

Study Unit 5: Processing Accounting Data

# **Class Example: Fussy Pet Foods**

## **(CRJ & GL)**

**Lecture 5**

# Class Example: CRJ

- Download the handouts for Fussy Pet Foods– We'll use this to create the CRJ from the case study
- Use the blank CRJ formats I've provided to attempt these yourself

You need to learn to write these out yourself,  
the structure, the time and the detail can be  
challenging

**Lecture 5**

# Class Example: GL

- Use the blank GL format I've given you to post the CRJ to the GL

Follow my processes in the video, it helps you to get comfortable with how to work between the two (CRJ and GL)

Study Unit 5: Processing Accounting Data

# The Cash Payments Journal (CPJ)

**Lecture 7**

# Why do we use it?

- Check out the infographic on the CPJ

Visualise why we need a CPJ and the types of transactions it will record



# CASH PAYMENTS JOURNAL



What do we use it for?



Entity has a business bank account

The entity pays out cash...



**EFT Payment**  
Electronic Funds Transfer

Accountant must record how much cash has been paid and what it was for...

Cash payments journal						
Date	Details	Folio	Expenses	Creditors	Sundry	Ba
8	Equipment purchased	A1	-	-	12,000	12,
9	Drawings	S3	-	-	600	
12	Salary	E1	4,000	-	-	4,
13	Telephone company	I2	-	200	-	
15	Loan repayment	S4	-	-	4,000	4,
<b>Total</b>			<b>4,000</b>	<b>200</b>	<b>16,500</b>	<b>20,</b>



Make sure all payments made from the bank account can be traced to actual expenses...

## Lecture 7

# Why do we use it?

- Watch the video on the CPJ and note the following
  - Where the cash can come from and the source documents
  - The need to record what's been paid from the account
  - The format of the CPJ

Study Unit 5: Processing Accounting Data

# **Class Example: Fussy Pet Foods**

## **(CPJ & GL)**

**Lecture 9**

# Class Example: CPJ

- Download the handouts for Fussy Pet Foods– We'll use this to create the CPJ from the case study
- Use the blank CPJ formats I've provided to attempt these yourself

You need to learn to write these out yourself,  
the structure, the time and the detail can be  
challenging

**Lecture 9**

# Class Example: GL

- Use the blank GL format I've given you to post the CPJ to the GL

Follow my processes in the video, it helps you to get comfortable with how to work between the two (CPJ and GL)