

GRADE 9 | 2024

Introduction to Accounting and Financial Records

Economic and Management Sciences

CAPS ALIGNED

MatricHub.co.za | South Africa's Matric Resource Hub

1. What is Accounting?

Accounting is the process of recording, classifying, summarising, and interpreting financial transactions of a business.

2. The Accounting Equation

FORMULA: Assets = Liabilities + Owner's Equity

(What you OWN = What you OWE + What belongs to the owner)

- Assets: resources owned by the business (cash, stock, equipment, buildings)
- Liabilities: amounts owed to others (loans, creditors)
- Owner's Equity (Capital): the owner's share of the business

3. Source Documents

Source documents are the original records of a transaction. They are the proof that a transaction occurred.

- Invoice/Tax invoice: sent by seller to buyer when goods are sold on credit
- Receipt: proof of payment received
- Cash slip/Till slip: issued when goods are sold for cash
- Credit note: issued when goods are returned
- Cheque: written order to the bank to pay an amount
- Bank statement: record from the bank of all transactions

4. The Accounting Cycle

FORMULA: Source Document -> Cash Journals -> Ledger -> Trial Balance -> Financial Statements

5. Cash Journals

Cash Receipts Journal (CRJ)

Records all MONEY RECEIVED by the business (cash received from customers, deposits).

Cash Payments Journal (CPJ)

Records all MONEY PAID by the business (payments for expenses, purchases).

KEY POINT: The double-entry principle: every transaction has TWO effects (debit and credit).