

GRADE 10 | 2024

Accounting: Sole Trader and Source Documents

Accounting

CAPS ALIGNED

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1. The Sole Trader

A sole trader is a business owned and managed by one person. The owner is fully responsible for all debts (unlimited liability).

2. Source Documents

Source documents are original records that prove a transaction took place.

- Invoice: a request for payment (sent by seller to buyer)
- Receipt: acknowledgment of payment received
- Cheque counterfoil: duplicate kept by the person who wrote the cheque
- Deposit slip: proof of money deposited into a bank account
- Credit note: issued when goods are returned

3. Cash Journals

Cash Receipts Journal (CRJ)

Records ALL money received. Columns: Date, Details, Bank (debit), Analysis of receipts (Debtors control, Sales, Sundry).

Cash Payments Journal (CPJ)

Records ALL money paid. Columns: Date, Details, Bank (credit), Analysis of payments (Creditors control, Purchases, Sundry, Wages).

4. The General Ledger

The general ledger contains T-accounts for all accounts. Each T-account has a debit (left) side and a credit (right) side.

FORMULA: Debit entries increase: Assets, Expenses

Credit entries increase: Liabilities, Owner's Equity, Income

KEY POINT: Every transaction affects TWO accounts (double entry). The total of debits MUST equal total of credits.