

## **John Enterprises**

John operated a small-scale business which dealt in selling fruits of all varieties, such as pineapples, oranges, passion fruit, bananas, watermelons, grapes and many others. He received his supplies directly from the farmers. To ensure good operation of the business he tried very hard to keep good records. He maintained a supplies book where he recorded all the supplies from each supplier. In the supplier book he recorded the quantities supplied and the amount of money the supplies were worth. He also maintained a cash book where he recorded the cash sales. He also recorded any credit given to his customers on small pieces of paper. He also recorded all the business expenses in a hard cover book.

John was very happy with the record keeping but one day the pieces of paper on which he recorded the creditors disappeared and subsequently, he was not able to tell how much he was owed by his creditors. John found it difficult to reconstruct the credit from his memory.

In 2020, the IRS visited John's business and demanded to see John's records. John was surprised to hear that he was required to maintain records for the IRS. The IRS staff gave him one month to prepare the records. John did not know where to begin.

1. How effective in your opinion was John at record keeping?
2. In your opinion, what methods could John employ to improve his system?