QUESTION 1 - BASIC ACCOUNTING EQUATION & DOUBLE ENTRY SYSTEM

Toto Electrical is a service business. The business is not registered for VAT. Toto Electrical uses the perpetual inventory system. The following transactions were entered into by Toto Electrical during September 20.5:

September

4	Electrical repair service rendered on credit to L Logo – R1 200.
10	Advertising fees paid by credit card of the business – R350.
15	Electrical tools and equipment bought from Top Electrical for cash – R8 500.
20	L Logo did a direct payment into the bank account of Toto Electrical in part payment of their account – R700.
22	Electrical repair service rendered for cash – R4 050.
23	The owner took electric wires from the inventory of the business for own use – R450.
28	Bought electric wires on credit from Wires Inc – R3 000.
30	Wages paid cash – R5 000.

REQUIRED

For each of the transactions listed above, indicate the effect of the transaction on the accounting equation. Use a "+" sign to indicate an increase and a "–" sign to indicate a decrease in the elements of the accounting equation. Also indicate the General Ledger Accounts affected.

Where applicable assume that the bank balance is positive.

Example: Owner deposited R25 000 directly into the bank account of the business.

Date	Assets	=	Equity	+	Liabilities	General ledger accounts	
						Dr	Cr
Example	+ R25 000		+ R25 000	+	0	Bank	Capital