

## The double-entry system

### Required:

Identify how the following transactions affect the Basic Accounting Equation:

Tim Miller started a garden services business on 1 March 2013. He entered into the following transactions during March:

<u>Trns</u>	<u>Date</u>	<u>Details</u>
1	2 March	Tim deposited R100 000 into the bank account of the business as capital

ASSETS	=	EQUITY	+	LIABILITIES
+ 100 000	=	+ 100 000	+	0

- 2 3 March Tim purchased two lawnmowers for his business and paid for them out of the bank account. They amounted to R8 000

ASSETS	=	EQUITY	+	LIABILITIES
	=		+	

- 3 3 March He paid R3 500 from the business account to New Market to design pamphlets for him to advertise the business

ASSETS	=	EQUITY	+	LIABILITIES
	=		+	

- 4 4 March Tim purchased a bakkie on credit from PayLess Fleet for R95 000

ASSETS	=	EQUITY	+	LIABILITIES
	=		+	

- 5 4 March He was paid R500 for services rendered to B Smith, in cash

ASSETS	=	EQUITY	+	LIABILITIES
	=		+	

- 6 5 March Tim gave his wife R2 000 from the business account to go shopping

ASSETS	=	EQUITY	+	LIABILITIES
	=		+	

- 7 6 March Tim paid wages of R400 to his staff from the bank account

ASSETS	=	EQUITY	+	LIABILITIES
	=		+	

- 8 6 March Tim rendered services to R Naidoo, with the agreement that he would be paid for the services at the end of the month. R650

ASSETS	=	EQUITY	+	LIABILITIES
	=		+	

- 9 10 March He refilled the bakkie with petrol (R870) and paid with money from the business account

ASSETS	=	EQUITY	+	LIABILITIES
	=		+	

- 10 12 March He brought a chainsaw for the business and paid from his personal account. R5 600

ASSETS	=	EQUITY	+	LIABILITIES
	=		+	

- 11 15 March He paid for printing of advertising pamphlets from the business account, it came to R430

ASSETS	=	EQUITY	+	LIABILITIES
	=		+	

- 12 15 March He performed services for two townhouse complexes and was paid R1500. The amount was deposited in the business account.

ASSETS	=	EQUITY	+	LIABILITIES
	=		+	

- 13 18 March He purchased tools for the business, which came to R2 300. He paid this from the business account

ASSETS	=	EQUITY	+	LIABILITIES
	=		+	

- 14 19 March He opened an account with the local hardware store DIY Stuff, and purchased more tools on account to the value of R3 700

ASSETS	=	EQUITY	+	LIABILITIES
	=		+	

- 15 20 March He transferred his personal computer to the business. The value of the computer was R12 800

ASSETS	=	EQUITY	+	LIABILITIES
	=		+	

- 16 26 March R Naidoo paid R650 into the business account in settlement of his account (See Trns 8)

ASSETS	=	EQUITY	+	LIABILITIES
	=		+	

- 17 29 March Tim paid R300 to DIY Stuff in part payment of the amount he owes them (See Trns 14). He paid from the business account

ASSETS	=	EQUITY	+	LIABILITIES
	=		+	

18 30 March The business bank account earned R54 in interest for March

ASSETS	=	EQUITY	+	LIABILITIES
	=		+	

19 31 March Tim drew R30 000 from the business bank account for salaries

ASSETS	=	EQUITY	+	LIABILITIES
	=		+	

20 31 March Tim obtained a loan from the bank for R30 000 which he plans to use for additional equipment for the business

ASSETS	=	EQUITY	+	LIABILITIES
	=		+	

21 31 March He paid R5 000 to PayLess Fleet as an instalment on the bakkie, from the business account

ASSETS	=	EQUITY	+	LIABILITIES
	=		+	

## The double-entry system

### Required:

Identify how the following transactions affect the Basic Accounting Equation:

Tim Miller started a garden services business on 1 March 2013. He entered into the following transactions during March:

### Trns    Date    Details

- 1    2 March    Tim deposited R100 000 into the bank account of the business as capital

ASSETS	=	EQUITY	+	LIABILITIES
+ 100 000	=	+ 100 000	+	0

- 2    3 March    Tim purchased two lawnmowers for his business and paid for them out of the bank account. They amounted to R8 000

ASSETS	=	EQUITY	+	LIABILITIES
+ 8 000				
- 8 000	=	0	+	0

- 3    3 March    He paid R3 500 from the business account to New Market to design pamphlets for him to advertise the business

ASSETS	=	EQUITY	+	LIABILITIES
- 3 500	=	- 3 500	+	0

- 4    4 March    Tim purchased a bakkie on credit from PayLess Fleet for R95 000

ASSETS	=	EQUITY	+	LIABILITIES
+ 95 000	=	0	+	+ 95 000

- 5    4 March    He was paid R500 for services rendered to B Smith, in cash

ASSETS	=	EQUITY	+	LIABILITIES
+ 500	=	+ 500	+	0

**Trns**    **Date**    **Details**  
 6    5 March    Tim gave his wife R2 000 from the business account to go shopping

ASSETS	=	EQUITY	+	LIABILITIES
- 2 000	=	- 2 000	+	0

7    6 March    Tim paid wages of R400 to his staff from the bank account

ASSETS	=	EQUITY	+	LIABILITIES
- 400	=	- 400	+	0

8    6 March    Tim rendered services to R Naidoo, with the agreement that he would be paid for the services at the end of the month. R650

ASSETS	=	EQUITY	+	LIABILITIES
+ 650	=	+ 650	+	0

9    10 March    He refilled the bakkie with petrol (R870) and paid with money from the business account

ASSETS	=	EQUITY	+	LIABILITIES
- 870	=	- 870	+	0

10    12 March    He brought a chainsaw for the business and paid from his personal account. R5 600

ASSETS	=	EQUITY	+	LIABILITIES
+ 5 600	=	+ 5 600	+	0

11    15 March    He paid for printing of advertising pamphlets from the business account, it came to R430

ASSETS	=	EQUITY	+	LIABILITIES
- 430	=	- 430	+	0

**Trns**    **Date**    **Details**

- 12    15 March    He performed services for two townhouse complexes and was paid R1500. The amount was deposited in the business account.

ASSETS	=	EQUITY	+	LIABILITIES
+ 1 500	=	+ 1 500	+	0

- 13    18 March    He purchased tools for the business, which came to R2 300. He paid this from the business account

ASSETS	=	EQUITY	+	LIABILITIES
+ 2 300				
- 2 300	=	0	+	0

- 14    19 March    He opened an account with the local hardware store DIY Stuff, and purchased more tools on account to the value of R3 700

ASSETS	=	EQUITY	+	LIABILITIES
+ 3 700	=	0	+	+ 3 700

- 15    20 March    He transferred his personal computer to the business. The value of the computer was R12 800

ASSETS	=	EQUITY	+	LIABILITIES
+ 12 800	=	+ 12 800	+	0

- 16    26 March    R Naidoo paid R650 into the business account in settlement of his account (See Trns 8)

ASSETS	=	EQUITY	+	LIABILITIES
+ 650				
- 650	=	0	+	0

- 17    29 March    Tim paid R300 to DIY Stuff in part payment of the amount he owes them (See Trns 14). He paid from the business account

ASSETS	=	EQUITY	+	LIABILITIES
- 300	=	0	+	- 300

**Trns    Date    Details**

18    30 March    The business bank account earned R54 in interest for March

ASSETS	=	EQUITY	+	LIABILITIES
+ 54	=	+ 54	+	0

19    31 March    Tim drew R30 000 from the business bank account as a salary

ASSETS	=	EQUITY	+	LIABILITIES
- 30 000	=	- 30 000	+	0

20    31 March    Tim obtained a loan from the bank for R30 000 which he plans to use for additional equipment for the business

ASSETS	=	EQUITY	+	LIABILITIES
+ 30 000	=	0	+	+ 30 000

21    31 March    He paid R5 000 to PayLess Fleet as an instalment on the bakkie, from the business account

ASSETS	=	EQUITY	+	LIABILITIES
- 5 000	=	0	+	- 5 000