



ACCOUNTS

BOOKS - SULTAN CHAND & SONS

ACCOUNTS (HINGLISH)

ACCOUNTING EQUATION

Illustration

1. Prepare the Accounting Equation from the following transactios :

1. Sachin started business and introduced capital ₹70,000.
2. Purchased goods in cash ₹50,000.
3. Purchased furniture from M/s Samrat Furniture ₹20,000.
5. Paid M/s Samrat Furniture in cash.



[View Text Solution](#)

2. Prepare the Accounting Equation on the basis of the following:

1. Started business with cash ₹70,000
2. Credit purchases of good ₹18,00.

3. Payment made to creditors in full settlement

₹17,500.

4. Purchase of machinery for cash ₹20,000.



[View Text Solution](#)

3. Prepare the Accounting Equation on the basis of the following:



[View Text Solution](#)

4. Present the following transactions in the Accounting Equation:



[View Text Solution](#)

5. How are the following items dealt in Accounting Equation ?

(i) Interest due but not received ₹500.

(ii) Rent received in advance ₹1,000

(iii) Insurance premium paid in advance ₹1,500.

(iv) Salaries due to not paid ₹2,000.



[View Text Solution](#)

6. Prepare Accounting Equation of the following transactions and also the Balance sheet.



[View Text Solution](#)

7. Anil had the following transactions:

1. Commenced business with cash ₹50,000.
2. Purchased goods for cash ₹20,000 and credit ₹30,000.
3. Sold goods for cash ₹40,000, costing

₹30,000. 4. Rent paid ₹500, Salaries ₹5,000. 5. Rent outetanding ₹100, Salaries Outstanding ₹1,000. 6. Bought furniture for ₹5,000 on credit. 7. Bought refrigerator for personal use ₹5,000. 8. Purchased computer for cash ₹20,000. 9. Cash withdrawn for personal use ₹10,000. 10. Interest on drawings charged ₹500 and the interest on Capital ₹1000. Use Accounting Equation to show the effected the above transactions on his assets, liabilities and capital and also show his Balance Sheet.



[View Text Solution](#)

8. Give an example for each of the following types of transactions:

1. Increase in one asset, decrease in another asset

2 Increase in asset, increase in liability.

3. Increase in asset, increase in owner's capital

4 Decrease in asset, decrease in liability

5. Decrease in asset, decrease in owner's capital.

6 Decrease in liabilities, increase in owner's capital.

7 Increase in one liability, decrease in another liability

8. Increase in liabilities, decrease in owner's capital



[View Text Solution](#)

9. If the capital of a business is ₹70,000 and liabilities are of ₹40,000 calculate the total assets.



[View Text Solution](#)

10. From the following information, calculate the total assets of the business:

Capital ₹4,00,000, Creditors ₹3,00,000, Revenue earned during the period ₹7,50,000

Expenses incurred during the period ₹2,00,000,

Value of unsold stock ₹2,00,000.



View Text Solution

11. A commenced his cloth business on 1st April, 2018 with a capital of ₹30,000. On 31st March 2019, his assets were worth ₹50,000 and

liabilities of ₹10,000. find out his closing capital and profits earned during the year.



[View Text Solution](#)

12. X has following assets and liabilities as on 31st March, 2019. Determine his capital. Cash ₹25,000, Bank ₹ 47,500, Debtors ₹ 18,000, Creditors ₹ 22,000, Plant and Machinery ₹ 80,000, Building ₹2,00,000, Furniture ₹ 24,000, Bills Receivable ₹ 56,500, Bills Payable ₹23,500.



[View Text Solution](#)

13. Calculate total liability if:

1. Owner's capital in the beginning is ₹60,000. 2. Creditors at the is ₹50,000. 3. Revenue during the period the period is ₹70,000. 4. Expenses during the period are ₹65,000.

Also calculate amount of owner's capital at the end.



[View Text Solution](#)

14. X started a business on 1st April , 2018 with a capital of ₹50,000 and a loan of ₹25,000 taken

from Y. During 2018-19, he had introduced additional capital ₹25,000 and had withdrawn 15,000 for personal use. On 31st March , 2019 his assets were ₹1,50,000. Find his capital as on 31st March, 2019 and profit made or loss incurred during the year 2018-19.



[View Text Solution](#)

15. On 31st March , 2019, the total assets and external liabilities were ₹ 1,00,000 and ₹3,000 respectively .During the years ,the proprietor hand introduced additional capital of ₹10,000

and had withdrawn ₹6,000 for personal use. He made a profit of ₹10,000 during the year.

Calculate the capital as on 1st April, 2018.



[View Text Solution](#)

16. Prepare the Accounting Equation from the following transactions :

1. Sachin started business and introduced capital ₹1,70,000.

2. Purchased goods in cash ₹1,50,000.

3. Purchased furniture from M/s Samrat

Furniture $\hat{a},^{1}20,000$.

5. Paid M/s Samrat Furniture in cash.



[View Text Solution](#)

17. Prepare the Accounting Equation on the basis of the following:

1. Started business with cash $\hat{a},^{1}70,000$

2. Credit purchases of good $\hat{a},^{1}18,00$.

3. Payment made to creditors in full settlement $\hat{a},^{1}17,500$.

4. Purchase of machinery for cash $\hat{a},^{1}20,000$.



[View Text Solution](#)

18. Prepare the Accounting Equation on the basis of the following:



View Text Solution

19. Present the following transactions in the Accounting Equation:

Present the following transactions in the Accounting Equation:

| | ₹ | | ₹ |
|--|-------|--------------------------------------|-------|
| 1. Ram started business with cash ₹ 25,000 and cheque of ₹ 25,000 to open a Bank Account | | 2. Purchased goods on credit | 4,000 |
| 3. Purchased goods for cash | 1,000 | 4. Purchased furniture for cash | 500 |
| 5. Withdrew cash for personal use from Bank | 700 | 6. Paid rent | 200 |
| 7. Received interest from Bank | 100 | 8. Sold goods on credit (cost ₹ 500) | 700 |
| 9. Paid to creditors | 400 | 10. Paid Petty Expenses | 200 |



[View Text Solution](#)

20. How are the following items dealt in Accounting Equation ?

(i) Interest due but not received \hat{a} ,¹500.

(ii) Rent received in a dvance \hat{a} ,¹000

(iii) Isurance premium paid in advance \hat{a} ,¹500.

(iv) Salaries due to not paid \hat{a} ,¹2,000.



[View Text Solution](#)

21. Prepare Accounting Equation of the following transactions and also the Balance sheet.

| | ₹ |
|---|-----------|
| 1. Manu started business with cash. Opened a Bank Account and transferred ₹ 4,00,000 from his Savings Account. | 1,00,000 |
| 2. Purchased a building from Sohan for ₹ 12,00,000 paid by taking a loan from SBI. | 10,00,000 |
| 3. Paid interest on loan ₹ 20,000 and instalment of ₹ 1,00,000. | 1,00,000 |
| 4. Purchased goods from Rohan on credit. | 20,000 |
| 5. Goods returned to Rohan costing | 10,000 |
| 6. Sold goods costing ₹ 40,000 for ₹ 50,000 on credit to Ram. | 5,000 |
| 7. Took goods from business for personal use. | 20,000 |
| 8. Accrued interest. | 10,000 |
| 9. Commission received in advance. | |
| 10. Cash received from Ram. | |



View Text Solution

22. Anil had the following transactions:

1. Commenced business with cash ₹ 1,50,000.
2. Purchased goods for cash ₹ 20,000 and credit

â,130,000. 3. Sold goods for cash â,140,000, costing â,130,000. 4. Rent paid â,1500, Salaries â,15,000. 5. Rent outetanding â,1100, Salaries Outstanding â,1,000. 6. Bought furniture for â,15,000 on credit. 7. Bought refrigerator for personal use â,15,000. 8. Purchased computer for cash â,120,000. 9. Cash withdrawn for personal use â,110,000. 10. Interest on drawings charged â,1500 and the interest on Capital â,11000. Use Accounting Equation to show the effected the above transactions on his assets, liabilities and capital and also show his Balance Sheet.



[View Text Solution](#)

23. Give an example for each of the following types of transactions:

1. Increase in one asset, decrease in another asset

2 Increase in asset, increase in liability.

3. Increase in asset, increase in owner's capital

4 Decrease in asset, decrease in liability

5. Decrease in asset, decrease in owner's capital.

6 Decrease in liabilities, increase in owner's capital.

7 Increase in one liability, decrease in another

liability

8. Increase in liabilities, decrease in owner's capital



[View Text Solution](#)

24. If the capital of a business is $\hat{a},^{1}70,000$ and liabilities are of $\hat{a},^{1}40,000$ calculate the total assets.



[View Text Solution](#)

25. From the following information, calculate the total assets of the business:

Capital â,14,00,000, Creditors â,13,00,000,

Revenue earned during the period â,17,50,000

Expenses incurred during the period â,12,00,000,

Value of unsold stock â,12,00,000.



View Text Solution

26. A commenced his cloth business on 1st April , 2018 with a capital of â,130,000. On 31st March 2019, his assets were worth â,150,000 and

liabilities of ₹10,000. find out his closing capital and profits earned during the year.



[View Text Solution](#)

27. X has following assets and liabilities as on 31st March, 2019. Determine his capital. Cash ₹25,000, Bank ₹ 47,500, Debtors ₹ 18,000, Creditors ₹ 22,000, Plant and Machinery ₹ 80,000, Building ₹2,00,000, Furniture ₹ 24,000, Bills Receivable ₹ 56,500, Bills Payable ₹23,500.



[View Text Solution](#)

28. Calculate total liability if:

1. Owner's capital in the beginning is $\text{â,}^160,000$.

2, Creditors at the is $\text{â,}^150,000$. 3. Revenue

during the period the period is $\text{â,}^170,000$. 4.

Expenses during the period are $\text{â,}^165,000$.

Also calculate amount of owner's capital at the end.



View Text Solution

29. X started a businesss on 1st April , 2018 with a capital of $\text{â,}^150,000$ and a loan of $\text{â,}^125,000$

taken from Y. During 2018-19, he had introduced additional capital of ₹25,000 and had withdrawn ₹15,000 for personal use. On 31st March, 2019 his assets were ₹1,50,000. Find his capital as on 31st March, 2019 and profit made or loss incurred during the year 2018-19.



[View Text Solution](#)

30. On 31st March, 2019, the total assets and external liabilities were ₹1,00,000 and ₹3,000 respectively. During the year, the proprietor introduced additional capital of ₹10,000

and had withdrawn $\hat{a},^{1}6,000$ for personal use. He made a profit of $\hat{a},^{1}10,000$ during the year.

Calculate the capital as on 1st April, 2018.



[View Text Solution](#)

Hots Questions

1. Do you think that a transaction can break the Accounting Equation?



[View Text Solution](#)

2. Goods costing ₹10,000 have been sold for cash at 25% profit . How will the transaciton be shown in the Accounting Equation?



[View Text Solution](#)

3. The Capital of a business is ₹2,00,000 and outside liabilities are ₹1,50,000. Calculate the total assets of a business.



[View Text Solution](#)

4. If the total assets of a business are ₹1,30,000 and capital is ₹80,000, calculate the outside liabilities.



[View Text Solution](#)

5. If the total assets of the business are ₹4,50,000 and outside liabilities are ₹2,00,000 calculate owner's equity.



[View Text Solution](#)

6. Japal has purchased a car for ₹5,00,000 which he get financed form a Bank to the extent of ₹4,00,000.How will it be shown in the accouding equation?



[View Text Solution](#)

7. Amit has incurred an expense of ₹5,000 towards repairs. However, the amount is yet to be paid. How will it be shown in the accountaing equition ?



[View Text Solution](#)

8. Do you think that a transaction can break the Accounting Equation?



[View Text Solution](#)

9. Goods costing $\hat{a},^{10,000}$ have been sold for cash at 25% profit . How will the transaction be shown in the Accounting Equation?



[View Text Solution](#)

10. The Capital of a business is $\hat{a},^12,00,000$ and outside liabilities are $\hat{a},^11,50,000$. Calculate the total assets of a business.



[View Text Solution](#)

11. If the total assets of a business are $\hat{a},^11,30,000$ and capital is $\hat{a},^180,000$, calculate the outside liabilities.



[View Text Solution](#)

12. If the total assets of the business are $\hat{1},4,50,000$ and outside liabilities are $\hat{1},2,00,000$ calculate owner's equity.



[View Text Solution](#)

13. Japal has purchased a car for $\hat{1},5,00,000$ which he get financed form a Bank to the extent of $\hat{1},4,00,000$.How will it be shown in the accouding equation?



[View Text Solution](#)

14. Amit has incurred an expense of ₹1,5,000 towards repairs. However, the amount is yet to be paid. How will it be shown in the accounting equation ?



[View Text Solution](#)

Multiple Choice Questions

1. Which of the following equations is correct ?

A. Assets + Capital = Liabilities

B. Assets- Liabilities = Capital

C. Assets + Liabilities = Capital

D. None of these.

Answer: B



View Text Solution

2. Which of the following is correct ?

A.

| | Assets | Liabilities | Capital |
|-----|----------|-------------|----------|
| (a) | ₹ 785000 | ₹ 125000 | ₹ 660000 |

B.

| | Assets | Liabilities | Capital |
|-----|----------|-------------|-----------|
| (b) | ₹ 820000 | ₹ 280000 | ₹ 1100000 |

C.

| | Assets | Liabilities | Capital |
|-----|----------|-------------|----------|
| (c) | ₹ 955000 | ₹ 115000 | ₹ 820000 |

D.

| | Assets | Liabilities | Capital |
|-----|----------|-------------|----------|
| (d) | ₹ 542000 | ₹ 654000 | ₹ 112000 |

Answer: A



View Text Solution

3. Amount withdrawn by proprietor for personal use will ... Cash and Capital.

A. Increase.

B. Decrease.

C. Not Change.

D. None of these.

Answer: B



View Text Solution

4. Which accounting equation is incorrect cut of the following?

A. Liabilities = Assets-Capital.

B. Assets = Liabilities - Capital.

C. Capital = Assete - Liabilities.

D. Assets = Liabilities + Capital.

Answer: B



View Text Solution

5. The liabilities of a firm are 3,000, the capital of the proprietor is 7,000. The total assets are :

A. ₹7,000.

B. ₹10,000

C. ₹4,000

D. None of these.

Answer: B



View Text Solution

6. 'X' commenced business on 1st April, 2013 with a capital of 6,00,000. On 31st March, 2014 his assets were worth 8,00,000 and liabilities 50,000. Find out his closing capital.

A. ₹7,50,000.

B. ₹ 5,50,000.

C. ₹2,00,000.

D. None of these.

Answer: A



View Text Solution

7. An increase in one asset is accompanied by

A. Decrease in another asset.

B. increase in a liability.

C. Increase in capital.

D. All of these.

Answer: D



View Text Solution

8. Decrease in one liability may lead to

- A. Decrease in an asset.
- B. Increase in another liability.
- C. Either (a) or (b).
- D. None of these.

Answer: C



View Text Solution

9. Purchase of machina by cash means

A. Decrease in asset and decrease in liability.

B. Increase in asset and decrease in asset.

C. Increase in asset and decrease in liability.

D. Decrease in asset and increase in capital.

Answer: B



View Text Solution

10. Payment to a creditor means

A. Increase in asset and decrease in liability.

B. Decrease in asset and decrease in liability.

C. Decrease in asset and increase in liability.

D. Increase in asset and increase in liability

Answer: B



View Text Solution

11. Purchase of furniture on credit means

A. Decrease in asset and increase in liability.

B. Increase in asset and increase in liability.

C. Increase in asset and decrease in liability

D. Decrease in asset and decrease in liability.

Answer: B



View Text Solution

12. Which of the following equations is correct ?

A. $\text{Assets} + \text{Capital} = \text{Liabilities}$

B. $\text{Assets} - \text{Liabilities} = \text{Capital}$

C. $\text{Assets} + \text{Liabilities} = \text{Capital}$

D. None of these.

Answer: B



View Text Solution

13. Which of the following is correct ?

A.

| | Assets | Liabilities | Capital |
|-----|------------|-------------|------------|
| (a) | â,¹ 785000 | â,¹ 125000 | â,¹ 660000 |

B.

| | Assets | Liabilities | Capital |
|-----|------------|-------------|-------------|
| (b) | â,¹ 820000 | â,¹ 280000 | â,¹ 1100000 |

C.

| | Assets | Liabilities | Capital |
|-----|------------|-------------|------------|
| (c) | â,¹ 955000 | â,¹ 115000 | â,¹ 820000 |

D.

| | Assets | Liabilities | Capital |
|-----|------------|-------------|------------|
| (d) | â,¹ 542000 | â,¹ 654000 | â,¹ 112000 |

Answer: A



View Text Solution

14. Amount withdrawn by proprietor for personal use will ... Cash and Capital.

A. Increase.

B. Decrease.

C. Not Change.

D. None of these.

Answer: B



View Text Solution

15. Which accounting equation is incorrect cut of the following?

A. $\text{Liabilities} = \text{Assets} - \text{Capital}$.

B. $\text{Assets} = \text{Liabilities} + \text{Capital}$.

C. $\text{Capital} = \text{Assets} - \text{Liabilities}$.

D. $\text{Assets} = \text{Liabilities} + \text{Capital}$.

Answer: B



[View Text Solution](#)

16. The liabilities of a firm are 3,000, the capital of the proprietor is 7,000. The total assets are :

A. ₹17,000.

B. ₹10,000

C. ₹4,000

D. None of these.

Answer: B



View Text Solution

17. 'X' commenced business on 1st April, 2013 with a capital of 6,00,000. On 31st March, 2014

his assets were worth 8,00,000 and liabilities 50,000. Find out his closing capital.

A. ₹17,50,000.

B. ₹15,50,000.

C. ₹12,00,000.

D. None of these.

Answer: A



View Text Solution

18. An increase in one asset is accompanied by

A. Decrease in another asset.

B. increase in a liability.

C. Increase in capital.

D. All of these.

Answer: D



View Text Solution

19. Decrease in one liability may lead to

A. Decrease in an asset.

B. Increase in another liability.

C. Either (c) or (b).

D. None of these.

Answer: C



View Text Solution

20. Purchase of machina by cash means

A. Decrease in asset and decrease in liability.

B. Increase in asset and decrease in asset.

C. Increase in asset and decrease in liability.

D. Decrease in asset and increase in capital.

Answer: B



View Text Solution

21. Payment to a creditor means

A. Increase in asset and decrease in liability.

B. Decrease in asset and decrease in liability.

C. Decrease in asset and increase in liability.

D. Increase in asset and increase in liability

Answer: B



View Text Solution

22. Purchase of furniture on credit means

A. Decrease in asset and increase in liability.

B. Increase in asset and increase in liability.

C. Increase in asset and decrease in liability

D. Decrease in asset and decrease in liability.

Answer: B



View Text Solution

Very Short Answer Type Questions

1. Briefly explain the Accounting Equation.



View Text Solution

2. What is meant by owner's capital ?



View Text Solution

3. Give an example of decrease in an asset and decrease in a liability.



[View Text Solution](#)

4. Give an example of a transaction where an asset will increase and also the liability.



[View Text Solution](#)

5. Give an example of a transaction where an asset and owner's capital will increase



[View Text Solution](#)

6. Give an example of a transaction due to which owner's capital and an asset will decrease



[View Text Solution](#)

7. Which transaction decreases one asset and increases another asset?



View Text Solution

8. Give an example of a transaction which increases one liability and decreases another.



View Text Solution

9. Give an example of a transaction which has effect on two items on the assets side.



[View Text Solution](#)

10. Indicate how Accounting Equation is affected if machinery is purchased for cash?



[View Text Solution](#)

11. Indicate how Accounting Equation is affected if cash is received against services rendered?



View Text Solution

12. Indicate how Accounting Equation is affected if payment is made to a creditor?



View Text Solution

13. Briefly explain the Accounting Equation.



View Text Solution



[View Text Solution](#)

14. What is meant by owner's capital ?



[View Text Solution](#)

15. Give an example of decrease in an asset and decrease in a liability.



[View Text Solution](#)

16. Give an example of a transaction where an asset will increase and also the liability.



[View Text Solution](#)

17. Give an example of a transaction where an asset and owner's capital will increase



[View Text Solution](#)

18. Give an example of a transaction due to which owner's capital and an asset will decrease



View Text Solution

19. Which transaction decreases one asset and increases another asset?



View Text Solution

20. Give an example of a transaction which increases one liability and decreases another.



[View Text Solution](#)

21. Give an example of a transaction which has effect on two items on the assets side.



[View Text Solution](#)

22. Indicate how Accounting Equation is affected if machinery is purchased for cash?



View Text Solution

23. Indicate how Accounting Equation is affected if cash is received against services rendered?



View Text Solution

24. Indicate how Accounting Equation is affected if payment is made to a creditor?



[View Text Solution](#)

Short Answer Type Questions

1. From the following information find the capital of Vijay: Total, Assets ₹5,00,000, Creditors ₹1,00,000, Loan from Bank ₹1,50,000.



[View Text Solution](#)

2. If the Capital is ₹2,60,000 and Assets are ₹5,00,000, what is amount of Liabilities ?



[View Text Solution](#)

3. If the Capital is ₹1,00,000 and Outside Liabilities are ₹2,50,000, find the Total Assets.



[View Text Solution](#)

4. Ram started business on 1st April, 2018 with a capital of ₹2,50,000 and a loan of ₹12,500. On 31st March , 2019 his assest wrer ₹50,000 . Find his capital as on 31 st March, 2019 and the profit earned during the year.



[View Text Solution](#)

5. Calculate total assets if :

Capitail is ₹2,00,000, Creditors ₹50,000, Revnue during the years ₹5,00,000, and Expenses during the years ₹4,00,000.



[View Text Solution](#)

6. A starts a business and invests ₹50,000 on 1st April, 2018, his assets are ₹65,000 and liabilities are ₹6,000. Find out the amount of capital on 31st March, 2019 and his profit.



[View Text Solution](#)

7. Determine the missing amounts on the basis of the Accounting Equation:





[View Text Solution](#)

8. The assets of a business on 31st March, 2019 are ₹50,000 and its capital is ₹35,000. Calculate its liabilities on that date.



[View Text Solution](#)

9. From the following information find the capital of Vijay: Total, Assets ₹15,00,000, Creditors ₹1,00,000, Loan from Bank ₹1,50,000.



[View Text Solution](#)

10. If the Capital is $\hat{a},^12,60,000$ and Assets are $\hat{a},^15,00,000$, what is amount of Liabilites ?



[View Text Solution](#)

11. If the Capital is $\hat{a},^11,00,000$ and Outside Liabilities are $\hat{a},^12,50,000$, find the Total Assets.



[View Text Solution](#)

12. Ram started business on 1st April, 2018 with a capital of $\text{â,}^12,50,000$ and a loan of $\text{â,}^112,500$. On 31st March, 2019 his assets were $\text{â,}^150,000$. Find his capital as on 31st March, 2019 and the profit earned during the year.



[View Text Solution](#)

13. Calculate total assets if :

Capital is $\text{â,}^12,00,000$, Creditors $\text{â,}^150,000$, Revenue during the year $\text{â,}^15,00,000$, and Expenses during the year $\text{â,}^14,00,000$.





[View Text Solution](#)

14. A starts a business and invests $\text{â,}^150,000$ on 1st April, 2018, his assets are $\text{â,}^165,000$ and liabilities are $\text{â,}^16,000$. Find out the amount of capital on 31st March, 2019 and his profit.



[View Text Solution](#)

15. Determine the missing amounts on the basis of the Accounting Equation:

| | Assets | = | Liabilities | + | Capital |
|-------|----------|---|-------------|---|----------|
| (i) | ₹ 20,000 | = | ₹ 15,000 | + | ? |
| (ii) | ? | = | ₹ 5,000 | + | ₹ 10,000 |
| (iii) | ₹ 10,000 | = | ? | + | ₹ 8,000 |



[View Text Solution](#)

16. The assets of a business on 31st March, 2019 are ₹ 1,50,000 and its capital is ₹ 1,35,000. Calculate its liabilities on that date.



[View Text Solution](#)

Practical Problems

1. What will be effect of the following on the Accounting Equation ?

Started business with cash ₹45,000 (ii) Opened a Bank form M/s. Sum & Co, for ₹11,200.



[View Text Solution](#)

2. Show the Accounting Equation for the following transactions:



[View Text Solution](#)

3. Show the effect of the following transactions on the Accounting Equation:

(i) Started business with cash ₹50,000.

(ii) Salaries paid ₹2,000.

(iii) Wages outstanding ₹200.

(iv) Interest due but not paid ₹100.

(v) Rent paid in advance ₹150.



View Text Solution

4. What will be the effect of the following on the Accounting Equation ?

(i) Harish started business with cash ₹ 18,000

(ii) Purchased goods for cash ₹ 5, 000 and on credit ₹ 2,000

(iii) Sold goods for cash ₹ 4,000 (costing ₹ 2,400)

(iv) Rent paid ₹ 1,000 and rent outstanding ₹ 200



[View Text Solution](#)

5. Perpare Accounting Equation from the following :

(i) Started business with cash ₹1,00,000 and

Goods ₹20,000.

(ii) Sold goods worth ₹10,000 for cash ₹12,000

(iii) Purchased furniture on credit for ₹ 30,000.



[View Text Solution](#)

6. Prepare an Accounting Equation and Balance sheet of the following business:

(i) Ajeet started business with cash ₹20,000.

(ii) He Purchased furniture for ₹2,000.

(iii) He paid rent of ₹ 200.

(iv) He purchased goods on credit ₹3,000.

(v) He sold goods (cost price ₹2,000) for ₹5,000 on cash.



[View Text Solution](#)

7. Prepare an Accounting Equation from the following:

Started business with cash ₹1,00,000.

(ii) Purchased goods for cash 20,000 and on credit ? ₹30,000.

(iii) Sold goods for cash costing 10,000 and on credit costing ₹15,000 both at a of 20%.



[View Text Solution](#)

[View Text Solution](#)

8. Develop an Accounting Equation from the following transactions :



[View Text Solution](#)

9. Prepare an Accounting Equation on the following transactions :

(i) Started business with cash ₹ 70,000.

(ii) Credit purchase of goods ₹ 18,000.

(iii) Payment made to creditors in full settlement

₹17,500.

(iv) Purchase of machinery for cash ₹ 20,000.

(v) Depreciation on machinery ₹ 2,000.



[View Text Solution](#)

10. Prove that the Accounting Equation is satisfied in all the following transactions of Suresh.

Also prepare a Balance sheet.

(i) Commenced business with cash ₹60,000.

(ii) Paid rent in advance ₹500.

(iii) Purchased goods for cash ₹20,000.

(iv) Sold goods for cash ₹30,000 costing ₹20,000.

(v) Paid salary ₹500 and salary outstanding being ₹100.

(vi) Bought motorcycle for personal use ₹5,000.



[View Text Solution](#)

11. Show the effect of the following transactions and also prepare a Balance Sheet :

(i) Started business with ₹60,000.

(ii) Rent received ₹2,000.

(iii) Accrued interest ₹500.

(iv) Commission received in advance ₹ 1,000.

(v) Amount withdrawn ₹5,000.



[View Text Solution](#)

12. Prove that the Accounting Equation is satisfied in all the following transactions of Sameer Goel :

(i) Started business with cash ₹1,000.

(ii) Paid rent in advance ₹300.

(iii) Purchased goods for cash ₹5,000 and credit ₹2000.

(iv) Sold goods for cash ₹8,000 costing ₹4000.

(v) Paid salary ₹450 and salary outstanding being ₹ 100.

(vi) Bought motorcycle for personal use ₹3000.



[View Text Solution](#)

13. Raghunath had the following transactions in an accounting year :

(i) Commenced business with cash ₹ 50,000.

(ii) Paid into bank ₹10,000.

(iii) Purchased goods for cash ₹20,000 and credit ₹30,000.

(iv) Sold goods for cash ₹40,000 costing ₹30,000.

(v) Rent paid ₹500.

(vi) Rent outstanding ₹100.

(vii) Bought furniture ₹5,000 on credit.

(viii) Bought refrigerator for personal use ₹5,000.

(ix) Purchased motorcycle for cash ₹20,000.

Create an Accounting Equation to show the effect of the above and also shown his Balance Sheet.



[View Text Solution](#)

14. Prepare an Accounting Equation from the following :

(i) Started business with cash ₹50,000 and goods ₹30,000.

(ii) Purchased good cash ₹30,000 and on credit from Karan ₹20,000.

(iii) Goods costing ₹40,000 were sold for ₹55,000. ItBRgt (IV) Withdrew cash for presonal use ₹10,000

(v) Rent outstading ₹2,000.



View Text Solution

15. Show an Accounting Equation for the following transactions:

D. Mahaptra commenced business with cash ₹50,000 and ₹1,00,000 by cheque, goods ₹60,000, machinery ₹1,00,000 and furniture ₹50,000.

(ii) 1/3 rd of the above goods sold at a profit of 10% on cost and half of the payment is received in cash.

(iii) Depreciation on machinery provided @ 10%.

(iv) Cash withdrawn for personal use ₹10,000.

(v) Interest on drawings charged @ 5%.

(vi) Goods sold to Gupta for ₹ 10,000 and received a Bill Receivable for the same amount for 3 months.

(vii) Received ₹ 10,000 from Gupta against the Bills Receivable on its maturity.



[View Text Solution](#)

16. Prepare Accounting Equation from the following "

(a) Started business with cash ₹1,00,000. Itbgt
rgt (b) Purchased goods for cash ₹20,000 and
on credit ₹30,000.

(c) Sold goods for cash ₹10,000 and on credit costing ₹15,000 both at the profit of 20%.

(d) Paid salaries ₹8,000.



[View Text Solution](#)

17. Shown the accounting equation on the following transactions :

(a) Ram started business with ₹25,000.

(b) Purchases goods from Shyam ₹10,000.

(c) Sold goods to Sohan costing ₹1,500 for ₹1,800.



[View Text Solution](#)

[View Text Solution](#)

18. If the capital of a business is ₹3,00,000 and liabilities are ₹50,000 loss ₹70,000 calculate the total assets of the business.



[View Text Solution](#)

19. If the total assets of a business are ₹1,30,000 and net worth is ₹80,000, calculate the creditors.

[Hint : New Worth = Assests - Liabilities.]





[View Text Solution](#)

20. A commenced his cloth business on 1st April, 2018 with a capital of ₹30,000. On 31st March 2019, his assets were worth ₹50,000 and liabilities of ₹10,000. find out his closing capital and profits earned during the year.



[View Text Solution](#)

21. If capital of a business is ₹1,40,000 and liabilities are of ₹80,000, calculate the total

assets of the business.



[View Text Solution](#)

22. Calculate the total assets if :

(i) Capital is ₹400.

(ii) Creditors are ₹25,000.

(iii) Revenue during the period ₹50,000. Itbr. (iv)

Expenses during the period are ₹40,000.



[View Text Solution](#)

23. (a) A had a capital of ₹ 75,000 on 1st April , 2018. He had also goods amounting to ₹ 15,000 which he had purchased on credit and the payment had not been made. Find out the value to the total assets of the business.

(b) After a period of one month, he came to know that the he had suffered a loss ₹ 1,700. He withdrew ₹ 800 for his personal use . Find out this capital and assets of the business.



View Text Solution

24. (a) Mohan started a business on 1st April 2018 with a capital of ₹10,000 and borrowed ₹ 3,000 from a friend. He earned a profit of ₹5,000 during the year ended 31st March, 2019 and withdrew cash ₹4,000 for personal use. What is his capital on 31st March, 2019?

Mahesh started a business with a capital of ₹15,000 on 1st April, 2018. During the year, he made a profit of ₹3,000. He owes ₹2,500 to suppliers of goods. What is the total of assets in his business on 31st March, 2019



[View Text Solution](#)

25. Mohan started a business on 1st April, 2018 with a capital of ₹25,000 and a loan of ₹12,500 borrowed from Shyam. During 2018-19 he had introduced additional capital of ₹12,500 and had withdrawn ₹7,500 for personal use. On 31st March, 2019 his assets were ₹75,000. Find out his capital as on 31st March, 2019 and profit made or loss incurred during the year 2018-19.



View Text Solution

26. On 31st March, 2019, the total assets and external liabilities were ₹2,00,000 and ₹6,000 respectively. During the year, the proprietor had introduced capital of ₹20,000 and withdrawn ₹12,000 for personal use. He made a profit of ₹20,000 during the year. Calculate the capital as on 1st April, 2018.



View Text Solution

27. Show an Accounting Equation on the basis of the following transactions



[View Text Solution](#)

28. What will be effect of the following on the Accounting Equation ?

Started business with cash \hat{a} ,¹45,000 (ii) Opened a Bank form M/s. Sum & Co, for \hat{a} ,¹11,200.



[View Text Solution](#)

29. Show the Accounting Equation for the following transactions:

| | |
|---|--------|
| (i) Gopinath started business with cash | ₹ |
| (ii) Purchased goods from Shyam | 25,000 |
| (iii) Sold goods to Sohan costing ₹ 1,800 | 10,000 |
| (iv) Gopinath withdrew from business | 1,500 |
| | 5,000 |



[View Text Solution](#)

30. Show the effect of the following transactions on the Accounting Equation:

(i) Started business with cash ₹1,50,000.

(ii) Salaries paid ₹12,000.

(iii) Wages outstanding ₹1,200.

(iv) Interest due but not paid $\hat{a},^{1}100$.

(v) Rent paid in advance $\hat{a},^{1}150$.



[View Text Solution](#)

31. What will be the effect of the following on the Accounting Equation ?

(i) Harish started business with cash $\hat{a},^{1} 18,000$

(ii) Purchased goods for cash $\hat{a},^{1} 5, 000$ and on credit $\hat{a},^{1} 2,000$

(iii) Sold goods for cash $\hat{a},^{1} 4,000$ (costing $\hat{a},^{1} 2,400$)

(iv) Rent paid $\hat{,}^1$ 1,000 and rent outstanding $\hat{,}^1$ 200



[View Text Solution](#)

32. Prepare Accounting Equation from the following :

(i) Started business with cash $\hat{,}^1$ 1,00,000 and Goods $\hat{,}^1$ 20,000.

(ii) Sold goods worth $\hat{,}^1$ 10,000 for cash $\hat{,}^1$ 12,000

(iii) Purchased furniture on credit for $\hat{,}^1$ 30,000.



[View Text Solution](#)

33. Prepare an Accounting Equation and Balance sheet of the following basis:

(i) Ajeet started business with cash ₹20,000.

(ii) He Purchased furniture for ₹2,000.

(iii) He paid rent of ₹200.

(iv) He purchased goods on credit ₹3,000.

(v) He sold goods (cost price ₹2,000) for ₹5,000 on cash.



View Text Solution

34. Prepare an Accounting Equation from the following:

Started business with cash $\hat{a},^11,00,000$.

(ii) Purchased goods for cash 20,000 and on credit ? $\hat{a},^130,000$.

(iii) Sold goods for cash costing 10,000 and on credit costingt $\hat{a},^115,000$ both at a of 20%.



View Text Solution

35. Develop an Accounting Equation from the following transactions :

| | |
|--|--------|
| (i) Mohan commenced business with cash | 50,000 |
| (ii) Purchased goods for cash | 30,000 |
| (iii) Purchased goods on credit | 20,000 |
| (iv) Sold goods (costing ₹ 10,000) for | 12,000 |
| (v) Bought furniture on credit | 2,000 |
| (vi) Paid cash to a creditor | 15,000 |
| (vii) Salary paid | 1,000 |

[Assets: Cash ₹ 16,000 + Stock ₹ 40,000 + Furniture ₹ 2,000 =

Liabilities: Creditors ₹ 5,000 + Vendor for Furniture ₹ 2,000 + Capital: ₹ 51,000.]



[View Text Solution](#)

36. Prepare an Accounting Equation on the following transactions :

(i) Started business with cash ₹ 70,000.

(ii) Credit purchase of goods ₹ 18,000.

(iii) Payment made to creditors in full settlement ₹ 17,500.

(iv) Purchase of machinery for cash $\text{â,}^1 20,000$.

(v) Depreciation on machinery $\text{â,}^1 2,000$.



[View Text Solution](#)

37. Prove that the Accounting Equation is satisfied in all the following transactions of Suresh.

Also prepare a Balance sheet.

(i) Commenced business with cash $\text{â,}^1 60,000$.

(ii) Paid rent in advance $\text{â,}^1 500$.

(iii) Pruchased goods for cash $\text{â,}^1 20,000$.

(iv) Sold goods for cash $\text{â,}^1 30,000$ costing

â,120,000.

(v) Paid salary â,1500 and salary outstanding being â,1100.

(vi) Bought motorcycle for personal use â,15,000.



[View Text Solution](#)

38. Show the effect of the following transactions and also prepare a Blacance Sheet :

(i) Started business with â,160,000.

(ii) Rent recevied â,12,000.

(iii) Accrued interest â,1500.

(iv) Commission received in advance ₹ 1,000.

(v) Amount withdrawn ₹ 5,000.



[View Text Solution](#)

39. Prove that the Accounting Equation is satisfied in all the following transactions of Sameer Goel :

(i) Started business with cash ₹ 1,000.

(ii) Paid rent in advance ₹ 300.

(iii) Purchased goods for cash ₹ 5,000 and credit ₹ 2,000.

(iv) Sold goods for cash ₹ 8,000 costing ₹ 4,000.

(v) Paid salary $\hat{1},450$ and salary outstanding being $\hat{1},100$.

(vi) Bought motorcycle for personal use $\hat{1},3000$.



[View Text Solution](#)

40. Raghunath had the following transactions in an accounting year :

(i) Commenced business with cash $\hat{1},50,000$.

(ii) Paid into bank $\hat{1},10,000$.

(iii) Purchased goods for cash $\hat{1},20,000$ and credit $\hat{1},30,000$.

(iv) Sold goods for cash $\hat{1},40,000$ costing

â,130,000.

(v) Rent paid â,1500.

(vi) Rent outstanding â,100.

(vii) Bought furniture â,15,000 on credit.

(viii) Bought refrigerator for personal use
â,15,000.

(ix) Purchased motorcycle for cash â,120,000.

Create an Accounting Equation to show the effect of the above and also shown his Balcnce Sheet.



[View Text Solution](#)

41. Prepare an Accounting Equation from the following :

(i) Started business with cash $\text{â,}^150,000$ and goods $\text{â,}^130,000$.

(ii) Purchased good cash $\text{â,}^130,000$ and on credit from Karan $\text{â,}^120,000$.

(iii) Goods costing $\text{â,}^140,000$ were sold for $\text{â,}^155,000$. ItBRgt (IV) Withdrew cash for presonal use $\text{â,}^110,000$

(v) Rent outstading $\text{â,}^12,000$.



View Text Solution

42. Show an Accounting Equation for the following transactions:

D. Mahaptra commenced business with cash ₹1,50,000 and ₹1,00,000 by cheque, goods ₹60,000, machinery ₹1,00,000 and furniture ₹50,000.

(ii) 1/3 rd of the above goods sold at a profit of 10% on cost and half of the payment is received in cash.

(iii) Depreciation on machinery provided @ 10%.

(iv) Cash withdrawn for personal use ₹10,000.

(v) Interest on drawings charged @ 5%.

(vi) Goods sold to Gupta for ₹ 10,000 and received a Bill Receivable for the same amount for 3 months.

(vii) Received ₹ 10,000 from Gupta against the Bills Receivable on its maturity.



[View Text Solution](#)

43. Prepare Accounting Equation from the following "

(a) Started business with cash ₹ 1,00,000. Itbgt

rgt (b) Purchased goods for cash ₹ 20,000 and on credit ₹ 30,000.

(c) Sold goods for cash ₹10,000 and on credit costing ₹15,000 both at the profit of 20%.

(d) Paid salaries ₹8,000.



[View Text Solution](#)

44. Shown the accounting equation on the following transactions :

(a) Ram started business with ₹25,000.

(b) Purchases goods from Shyam ₹10,000.

(c) Sold goods to Sohan costing ₹1,500 for ₹1,800.



[View Text Solution](#)

[View Text Solution](#)

45. If the capital of a business is $\text{â,}^13,00,000$ and liabilities are $\text{â,}^150,000$ less $\text{â,}^170,000$ calculate the total assets of the business.



[View Text Solution](#)

46. If the total assets of a business are $\text{â,}^11,30,000$ and net worth is $\text{â,}^180,000$, calculate the creditors.

[Hint : New Worth = Assests - Liabilities.]





[View Text Solution](#)

47. A commenced his cloth business on 1st April, 2018 with a capital of $\text{â,}^130,000$. On 31st March 2019, his assets were worth $\text{â,}^150,000$ and liabilities of $\text{â,}^110,000$. find out his closing capital and profits earned during the year.



[View Text Solution](#)

48. If capital of a business is $\text{â,}^11,40,000$ and liabilities are of $\text{â,}^180,000$, calculate the total

assets of the business.



[View Text Solution](#)

49. Calculate the total assets if :

(i) Capital is â,^1400 .

(ii) Creditors are $\text{â,}^125,000$.

(iii) Revenue during the period $\text{â,}^150,000$. Itbr.

(iv) Expenses during the period are $\text{â,}^140,000$.



[View Text Solution](#)

50. (a) A had a capital of $\text{â,}^1 75,000$ on 1st April , 2018. He had also goods amounting to $\text{â,}^1 15,000$ which he had purchased on credit and the payment had not been made. Find out the value to the total assets of the business.

(b) After a period of one month, he came to know that the he had suffered a loss $\text{â,}^1 1,700$. He withdrew $\text{â,}^1 800$ for his personal use . Find out this capital and assets of the business.



[View Text Solution](#)

51. (a) Mohan started a business on 1st April 2018 with a capital of ₹10,000 and borrowed ₹3,000 from a friend. He earned a profit of ₹15,000 during the year ended 31st March, 2019 and withdrew cash ₹4,000 for personal use. What is his capital on 31st March, 2019?

Mahesh started a business with a capital of ₹15,000 on 1st April, 2018. During the year, he made a profit of ₹3,000. He owes ₹2,500 to suppliers of goods. What is the total of assets in his business on 31st March, 2019



[View Text Solution](#)

52. Mohan started a business on 1st April, 2018 with a capital of ₹1,25,000 and a loan of ₹1,12,500 borrowed from Shyam. During 2018-19 he had introduced additional capital of ₹1,12,500 and had withdrawn ₹1,75,000 for personal use. On 31st March, 2019 his assets were ₹1,75,000. Find out his capital as on 31st March, 2019 and profit made or loss incurred during the year 2018-19.



View Text Solution

53. On 31st March, 2019, the total assets and external liabilities were ₹1,20,000 and ₹1,6,000 respectively. During the year, the proprietor had introduced capital of ₹1,20,000 and withdrawn ₹1,12,000 for personal use. He made a profit of ₹1,20,000 during the year. Calculate the capital as on 1st April, 2018.



View Text Solution

54. Show an Accounting Equation on the basis of the following transactions

| | |
|---|-----------------|
| (i) Sunil started business with cash | 1,50,000 |
| (ii) Opened a Bank Account by depositing ₹ 25,000 out of cash | |
| (iii) He sold his personal car for ₹ 50,000 and deposited the amount in the firm's Bank Account | |
| (iv) He purchased a building and furniture for | 1,00,000 |
| (v) He purchased goods from Ram on credit | 50,000 |
| (vi) He paid cartage | 500 |
| (vii) He sold to Shyam on credit goods costing ₹ 6,000 for | 9,000 |
| (viii) Received rent from tenants | 1,000 |
| (ix) Received security deposit from tenants | 1,500 |
| (x) Purchased stationery for cash | 100 |
| (xi) Invested in shares (personal) | 50,000 |
| (xii) Received interest in cash | 200 |
| (xiii) Introduced fresh capital | 25,000 |
| (xiv) Goods destroyed by fire | 500 |
| | 1,78,100 |

[Assets: ₹ 2,29,600 = Liabilities: ₹ 51,500 + Capital: ₹ 1,78,100.]



[View Text Solution](#)

Evaluation Questions

1. Complete the following Accounting Equation by filling the missing amounts:



[View Text Solution](#)

2. Complete the following Accounting Equation by filling the missing amount



 [View Text Solution](#)

3. Complete the following Accounting Equation by filling the missing amounts:



 [View Text Solution](#)

4. Complete the following Accounting Equation by filling the missing amounts:

| S. No. | Transactions | Assets (₹) | = | Liabilities (₹) | + | Capital (₹) |
|--------|--|------------|---|-----------------|---|-------------|
| 1. | Manu started business with cash ₹ 50,000 | 50,000 | = | ... | + | ... |
| 2. | Purchased goods on credit ₹ 4,000 | ... | = | ... | + | ... |
| | New Equation | 54,000 | = | 4,000 | + | ... |
| 3. | Purchased goods for cash ₹ 1,000 | ... | = | 0 | + | ... |
| | New Equation | ... | = | 4,000 | + | 50,000 |
| 4. | Purchased furniture for ₹ 500 | ... | = | 0 | + | ... |
| | New Equation | ... | = | ... | + | 50,000 |
| 5. | Paid Rent ₹ 200 | ... | = | 0 | + | ... |
| | New Equation | ... | = | 4,000 | + | ... |
| 6. | Withdrew for personal use ₹ 700 | ... | = | 0 | - | 700 |
| | New Equation | 53,100 | = | 4,000 | + | ... |
| 7. | Received interest for ₹ 100 | 100 | = | 0 | + | ... |
| | New Equation | ... | = | 4,000 | + | ... |
| 8. | Sold goods on credit for ₹ 700 costing ₹ 500 | ... | = | 0 | + | 200 |
| | New Equation | 53,400 | = | 4,000 | + | ... |
| 9. | Paid to creditors ₹ 400 | ... | = | ... | + | 0 |
| | New Equation | ... | = | ... | + | 49,400 |
| 10. | Paid salary ₹ 200 | ... | = | 0 | + | ... |
| | New Equation | 52,800 | = | ... | + | ... |



[View Text Solution](#)

5. Complete the following Accounting Equation by filling the missing amount

| S. No. | Transactions | Assets (₹) | = | Liabilities (₹) | + | Capital (₹) |
|--------|---|------------|---|-----------------|---|-------------|
| (i) | A Commenced business with cash ₹ 50,000 | ...(1)... | = | 0 | + | ...(2)... |
| (ii) | Purchased goods for cash ₹ 20,000 and credit ₹ 30,000 | ...(3)... | = | ... | + | ... |
| | New Equation | 80,000 | = | ... | + | ... |
| (iii) | Sold goods for cash ₹ 40,000 costing ₹ 30,000 | ...(7)... | = | 0 | + | ...(8)... |
| | New Equation | 90,000 | = | ... | + | ... |
| (iv) | Rent paid ₹ 500 | ...(11)... | = | 0 | + | ...(12)... |
| | New Equation | ... | = | ... | + | 58,500 |
| (v) | Rent outstanding ₹ 500 | 0 | = | ... | + | ... |
| | New Equation | 89,500 | = | ... | + | ... |
| (vi) | Bought furniture for ₹ 5,000 on credit | ...(19)... | = | ... | + | 0 |
| | New Equation | ... | = | 35,500 | + | ... |
| (vii) | Bought refrigerator for personal use for ₹ 5,000 | ... | = | 0 | + | ... |
| | New Equation | ... | = | 35,500 | + | ... |
| (viii) | Purchased building for cash ₹ 20,000 | ...(27)... | = | ... | + | 0 |
| | New Equation | 89,500 | = | ... | + | ... |



[View Text Solution](#)

6. Complete the following Accounting Equation by filling the missing amounts:

| S. No. | Transactions | Assets (₹) | = | Liabilities (₹) | + | Capital (₹) |
|--------|---|------------|---|-----------------|---|-------------|
| (i) | B Invested ₹ 50,000 in cash | 50,000 | = | ...(1)... | + | ...(2)... |
| (ii) | Purchased securities for ₹ 7,500 in cash | ...(3)... | = | 0 | + | ...(4)... |
| | New Equation | ... | = | 0 | + | ... |
| (iii) | Purchased a shop for ₹ 15,000 giving ₹ 5,000 in cash and the balance through a loan | ...(7)... | = | ... | + | 0 |
| | New Equation | ... | = | ... | + | 50,000 |
| (iv) | Sold securities costing ₹ 1,000 for ₹ 1,500 | ...(11)... | = | 0 | + | ...(12)... |
| | New Equation | ... | = | 10,000 | + | ... |
| (v) | Purchased an old car for ₹ 2,800 in cash | ...(15)... | = | 0 | + | ... |
| | New Equation | 60,500 | = | ... | + | ... |
| (vi) | Received cash as Commission ₹ 3,600 | ...(19)... | = | 0 | + | ... |
| | New Equation | ... | = | 10,000 | + | ... |
| (vii) | Paid loan's instalment ₹ 800 including ₹ 300 for interest | ... | = | ... | + | ... |
| | New Equation | 63,300 | = | ... | + | ... |



[View Text Solution](#)