1. Show	w the Accounting Equation on the basis of the following transactions and	present a			
Balance Sheet on the last new equation balance:					
<i>(i)</i>	Raj commenced business with Cash	70,000			
(ii)	Purchased goods on credit	14,000			
(iii)	Withdrew for private use	1,700			
(iv)	Goods purchased for cash	10,000			
<i>(v)</i>	Paid wages	300			
(vi)	Paid to creditors	10,000			
(vii)	Sold goods on credit for	15,000			
(viii)	Sold goods for cash (cost price was ₹ 3,000)	4,000			
(ix)	Purchased furniture for	500			
[Assets: Cash ₹ 51.500 + Stock ₹ 9.000 + Furniture ₹ 500 + Debtors ₹ 15.00					

= Liabilities: ₹ 4,000 + Capital: ₹ 72,000.]

- 2. Draw an Accounting Equation from the following transactions:
  - (i) Commenced business with cash ₹ 50,000, cheque ₹ 1,00,000, goods ₹ 30,000 and furniture
    ₹ 20,000.
  - (ii) Car, personal asset of the proprietor, was sold for ₹ 1,00,000 against cheque which he deposited in his Savings Account.
  - (iii) An amount of ₹ 50,000 was transferred from his Savings Account to the firm's Bank Account.
  - (iv) A new car was purchased for ₹ 6,00,000 for office use. It was paid by taking loan from Bank of ₹ 5,00,000 and balance by issue of cheque from firm's Bank Account.
  - (v) Sold goods to Ajay on credit costing ₹ 4,000 for ₹ 5,000.
  - (*vi*) Sold goods for cash costing ₹ 12,000 for ₹ 16,000.
  - (vii) Purchased goods for cash ₹ 40,000.
  - (*viii*) Purchased goods on credit for  $\gtrless$  20,000.
  - (*ix*) Paid rent ₹ 3,000 including ₹ 2,000 in advance.
  - (x) Paid salaries  $\gtrless 2,000$ .
  - (*xi*) Sold goods costing ₹ 8,000 for ₹ 10,000.
  - (*xii*) Salaries outstanding ₹ 1,000.
  - (*xiii*) Charge depreciation on furniture ₹ 500.

[Assets: ₹ 7,73,500 = Liabilities: ₹ 5,21,000 + Capital: ₹ 2,52,500.]

[**Hint:** In transaction (*xiii*), furniture will be reduced by ₹ 500 and capital will also be reduced by ₹ 500 because of loss due to depreciation.]

- 3. Prove that the Accounting Equation is satisfied in all the following transactions of Sameer Goel:
  - (*i*) Started business with  $cash \notin 10,000$ .
  - (*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 ₹ 450 and salary outstanding being ₹ 100.
  - (vi) Bought motorcycle for personal use ₹ 3,000.

(KVS)

[Assets: Cash ₹ 9,250 + Prepaid Rent ₹ 300 + Stock ₹ 3,000 = Liabilities: Salary Outstanding ₹ 100 + Creditor ₹ 2,000 + Capital: ₹ 10,450.]

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

S. No.	Transactions	Assets (₹)	=	Liabilities (₹)	+	Capital (₹)
( <i>i</i> )	B Invested ₹ 50,000 in cash	50,000	=	(1)	+	(2)
( <i>ii</i> )	Purchased securities for ₹ 7,500 in cash	(3)	=	0	+	(4)
	New Equation	(5)	=	0	+	(6)
(iii)	Purchased a <i>shop</i> for ₹ 15,000 giving ₹ 5,000					
	in cash and the balance through a loan	(7)	=	(8)	+	0
	New Equation	(9)	=	(10)	+	50,000
(iv)	Sold securities costing ₹ 1,000 for ₹ 1,500	(11)	=	0	+	(12)
	New Equation	(13)	=	10,000	+	(14)
( <i>v</i> )	Purchased an old car for ₹ 2,800 in cash	(15)	=	0	+	(16)
	New Equation	60,500	=	(17)	+	(18)
(vi)	Received cash as Commission ₹ 3,600	(19)	=	0	+	(20)
	New Equation	(21)	=	10,000	+	(22)
(vii)	Paid loan's instalment ₹ 800 including ₹ 300 for interest	(23)	=	(24)	+	(25)
	New Equation	63,300	=	(26)	+	(27)

## **Accounting Equation**

- 5. Prepare an Accounting Equation from the following:
  - (i) 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 profit of 20%.

[Assets: Cash ₹ 92,000 + Stock ₹ 25,000 + Debtors ₹ 18,000 =

*Liabilities: Creditors* ₹ 30,000 + *Capital:* ₹ 1,05,000.]

- 6. Show the accounting equation on the basis of following transactions:
  - (a) Ram started business with ₹ 25,000.
  - (b) Purchased goods from Shyam ₹ 10,000.
  - (c) Sold goods to Sohan costing  $\gtrless$  1,500 for  $\gtrless$  1,800. (MSE Chandigarh)

[Capital: ₹ 25,300 + Liabilities: Creditors ₹ 10,000 = Assets: Cash ₹ 25,000

+ Debtors ₹ 1,800 + Stock ₹ 8,500.]