



INDIAN SCHOOL MUSCAT
DEPARTMENT OF COMMERCE AND HUMANITIES
SENIOR SECTION
CLASS – XI
ACCOUNTANCY (055)
WORKSHEET NO: - 04
ACCOUNTING EQUATION

Date:-----

I MULTIPLE CHOICE QUESTIONS

1. The correct accounting equation is
 - (a) $\text{Assets} = \text{Liabilities} + \text{Capital}$
 - (b) $\text{Assets} = \text{Liabilities} - \text{Capital}$
 - (c) $\text{Liabilities} = \text{Assets} + \text{Capital}$
 - (d) $\text{Capital} = \text{Assets} + \text{Liabilities}$
2. Owner's capital in beginning was ₹.45, 000. Creditors at the end were ₹.30, 000. Revenue during the period was ₹.65, 000. Expenses during the period were ₹.40, 000. Total equity at the year-end will be
 - (a) ₹.1,00,000
 - (b) ₹.1,20,000
 - (c) ₹.80,000
 - (d) None of these
3. Payment of rent will
 - (a) Decrease assets and liabilities
 - (b) Increase assets but reduce capital
 - (c) Decrease assets and capital
 - (d) Increase assets and reduce liabilities
4. Owner's Equity is
 - (a) Balance of capital a/c
 - (b) Balance of creditors a/c
 - (c) Balance of cash a/c
 - (d) Balance of drawings a/c
5. Interest on drawings charged is ₹.1, 500. In accounting equation, it will be shown as
 - (a) Increase capital by ₹.1,500 and decrease cash by ₹.1,500
 - (b) Increase and decrease capital by ₹.1,500
 - (c) (c) Increase capital and interest on drawings by ₹.1,500
 - (d) Decrease capital and cash by ₹.1,500

II State whether the following statements are True or False

- (a) Accrued Income will Increase Assets and capital
- (b) If ₹.920 is received from debtors of ₹.1,000 in full settlement, capital will be decreased by ₹.80.
- (c) Outstanding expenses are shown on assets side of Balance Sheet

1. Give one transaction for each of the following that will bring about:

1. Increase in asset and Increase in liability
2. Decrease in asset and decrease in liability
3. Decrease in asset and decrease in capital

2. How will you deal with the following items in Accounting Equation

- (a) Interest on Capital
- (b) Interest on Drawings
- (c) Accrued Income
- (d) Prepaid Expenses
- (e) Outstanding Expenses

3. Calculate Total Assets if Capital is ₹.40,000, Creditors ₹.30,000, Revenue earned during the period ₹.75,000, Expenses incurred during the period ₹.20,000. Value of Stock unsold ₹.20,000.

4. Peter has the following Assets and Liabilities as on 31st December 2010. Ascertain his Capital: Cash ₹.2,500; Bank ₹.4,750; Debtors ₹.1,800; Creditors ₹.2,200; Plant and Machinery ₹.8,000; Building ₹.20,000; Furniture ₹.2,400; Bills receivable ₹.5,650; Bills Payable ₹.2,350.

5. Prepare an Accounting Equation from the following:

1. Started business with Cash ₹.50,000.
2. Paid Salary ₹.5,000.
3. Rent Outstanding ₹.1,000.
4. Accrued Interest ₹.1,500
5. Interest on Capital ₹.2,500.
6. Bought goods for cash ₹.30,000 and on Credit for ₹.50,000.
7. Goods costing ₹.10,000 sold at a profit of 25%, out of which ₹.7,000 received in cash.
8. Purchased a Television for personal use ₹.2,500.

6. Prepare Accounting Equation from the following:

1. Nitin started business with cash ₹.75,000; Goods ₹.30,000; Machinery ₹.50,000 and Furniture ₹.25,000.
2. 1/3rd of the above goods sold at a profit of 10% on cost and half of the payment is received in cash.
3. Depreciation on Machinery provided at 10%.
4. Cash withdrawn for personal use ₹.10,000.
5. Interest on drawing charged @ 5%.
6. Goods sold to Jacob for ₹.5,000 and received a Bill Receivable for the same amount for three months.
7. Received ₹.5,000 from Jacob against the Bill Receivable on its maturity.

7. Show the accounting equation on the basis of the following transactions & also show the Balance Sheet.

1. Started the business with Cash ₹.80,000; Goods ₹.30,000; Furniture ₹.40,000.
2. Purchased goods on credit from Nidhi, ₹.15,000 and on cash from Meera ₹.10,000.
3. Bought a refrigerator for personal use ₹.5,000.
4. Goods costing ₹.6,000 sold at the loss of 10% out of which ₹.2,000 received in cash.
5. Received cash from debtors ₹.3,200 in full settlement.
6. Sold goods for cash ₹.5,000.
7. Introduced fresh capital ₹.1,00,000.
8. Rent outstanding ₹.5,000.
9. Accrued interest ₹.10,000.

8. Prepare an Accounting Equation from the following:

1. Started the business with Cash ₹.1,00,000; goods ₹.50,000 and loan ₹.15,000.
2. Goods costing ₹.24,000 sold at a profit of $33\frac{1}{3}$ % and $\frac{3}{4}$ th payment received in Cash.
3. Paid three months rent in advance for office ₹.6,000.
4. Goods withdrawn for personal use ₹.10,000.
5. Interest on drawings at the rate of ₹.55.
6. Goods given as charity ₹.1,000.
7. Loss of cash by theft ₹.1,000.
8. Loan taken was repaid with interest ₹.150.
9. Purchased Securities ₹.10,000.
10. Sold Securities costing ₹.3,000 for ₹.3,500.

9. Prepare an Accounting Equation from the following information:

Jacob started business with ₹.15,00,000.

1. Opened a bank account in State Bank Of India with ₹.4,80,000.
2. Bought Furniture for ₹.60,000 and a cheque was issued on the same day.
3. Bought Plant and Machinery for business for ₹.1,25,000 and advance of ₹.10,000 in cash is paid to M/s Ramjee Lal.
4. Goods purchased from M/s Sunil Traders for ₹.55,000.
5. Goods costing ₹.25,000 sold to Rajani Enterprises for ₹.35,000.
6. Paid salary ₹.2,500 and salary outstanding ₹.1,000.
7. Depreciation on Plant and Machinery ₹.1,200.

10. Prepare an Accounting Equation from the following information:

- 1-4-2009 Business started with Cash ₹.1,50,000.
1-4-2009 Goods purchased from Manisha ₹.36,000.
1-4-2009 Stationery purchased for cash ₹.2,200.
2-4-2009 Opened a bank account with SBI for ₹.32,000.
3-4-2009 Goods sold to Priya for ₹.16,000.
5-4-2009 Purchased goods from Namita for ₹.20,000.
10-4-2009 Insurance paid by cheque ₹.2,250.
11-4-2009 Cash withdrawn for household purpose ₹.5,000.
13-4-2009 Interest received ₹.250 in cash.
14-4-2009 Rent paid in advance ₹.550.

11. Calculate the capital as on 1-1-2010 in each of the following cases

1. On 31-12-2010 the total assets and external liabilities were ₹.30,000 and ₹.900 respectively. During the year the proprietor earned ₹.3,000.
2. If in the preceding case the proprietor had introduced additional capital ₹.3,000 and had withdrawn ₹.1,800 for personal use.

12. Calculate total equity and owners' equity if:

1. Owner's equity in the beginning ₹.36,000.
2. Equity of Creditors at the end ₹.30,000.
3. Revenue during the period is ₹.42,000.
4. Expenses during the same period are ₹.39,000.

13. Show the effect of the following transactions on Accounting Equation and also prepare a Balance Sheet.

1. Started business with cash amounting to ₹.35,000 and goods ₹.15,000.
2. Salaries paid ₹.2,000.
3. Wages Outstanding ₹.200.
4. Prepaid Insurance ₹.700.
5. Interest due but not paid ₹.100.
6. Rent paid in advance ₹.150.

14. Show the accounting equation on the basis of the following transactions

1. Started business with Cash ₹.60,000.
2. Rent received ₹.2,000.
3. Accrued Interest ₹.500.
4. Commission received in advance ₹.1,000.

15. Mr. Pai started a business with a cash investment of ₹.21,00,000. The following business transactions have been recorded:

1. Paid three months advance rent for office accommodation ₹.2,520.
2. Bought Car for Office ₹.12,00,000.
3. Purchased furniture ₹.42,250.
4. Bought Computer from Computer Visions ₹.25,000.
5. Sold furniture at cost to Peter for ₹.21,000.
6. Peter paid ₹.15,000 in Cash and accepted a bill at three months for the balance.
7. Paid telephone bill ₹.2,500 and electricity bill of ₹.4,500.
8. Peter paid the amount of the bill due on maturity.
9. Collected ₹.3,500 as Commission and Commission received in advance ₹.2,500.
10. Purchased goods for ₹.11,250 at a trade discount of 10%.

16. Amit had the following transactions. Use accounting equation to show the effect on his assets, liabilities and Capital.

1. Commenced business with Cash ₹.12,50,000.
2. Purchased securities for ₹.15,000 in cash.
3. Purchased goods for ₹.1,00,000 at a trade discount of 10% and cash discount of 5% from Mahek. Paid the cash on the same day and availed the cash discount.
4. Sold goods costing ₹.1,000 for ₹.1,200.
5. Received dividend on securities ₹.250.
6. Goods lost by fire ₹.1,000.
7. Purchased goods for cash ₹.12,000 and on credit ₹.15,000.
8. Mr. White sold goods to us ₹.23,500.
9. Settled Mr. White's account by paying ₹.23,000.
10. Mr. Black purchased goods from us ₹.10,000 and accepted a bill of exchange.
11. Settled the Creditors account by paying ₹.14,500.

17. Show the Accounting equation on the basis of the following transactions and prepare a Balance Sheet.

1. Shyam commenced business with cash ₹.35,00,000; Goods ₹.80,000; Furniture ₹.2,00,000.
2. Sold goods costing ₹.24,000 for cash to Ramesh ₹.26,500.

3. Commission received in advance ₹.2,500.
4. Depreciation on furniture ₹.4050.
5. Deposited in the bank ₹.2,50,000.
6. Purchased household goods for ₹.15,000 giving ₹.5,000 in cash and balance through a loan.
7. Paid ₹.7500 for loan and ₹.250 as interest.
8. Accrued interest ₹.250.
9. Goods destroyed by fire (Cost ₹.500, Sale price ₹.600)
10. Withdrew ₹.550 for personal use.

18. Show the accounting equation on the basis of the following transactions:

1. Shri Ganesh commenced business with cash ₹.35,000, goods ₹.8,000 and furniture ₹.7,000.
2. Bought furniture from M/s Mohan Furniture on credit for ₹.3,000.
3. Purchased goods from Sohan for cash ₹.35,000.
4. Sold goods to Shyam for cash ₹.40,000, (costing ₹.30,000).
5. Bought goods from Ramesh ₹.30,000.
6. Sold goods to Shyam costing ₹.30,000 for ₹.50,000.
7. Received ₹.49,500 from Shyam in full settlement.
8. Paid ₹.29,700 to Ramesh in full settlement.
9. Paid half the amount owed to M/s Mohan.
10. Withdrew ₹.1,000 for personal use.
11. Withdrew goods for personal use (cost ₹.500, sale price ₹.600).
12. Purchased household goods for ₹.15,000 giving ₹.5,000 in cash and the balance through a loan.
13. Paid cash ₹.500 for loan and ₹.300 for interest.
14. Goods destroyed by fire (cost ₹.500, sale price ₹.600)
15. Paid salary ₹.500 and salary outstanding ₹.100.
16. Paid rent in advance ₹.2,000.
17. Accrued interest ₹.500.
18. Commission received in advance ₹.1,000.
19. Charged depreciation of ₹.400 on furniture.

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

- (a) Increase in one asset, decrease in another asset.
- (b) Increase in asset, increase in liability.
- (c) Increase in asset, increase in owner's capital.
- (d) Decrease in asset, decrease in liability.
- (e) Decrease in asset, decrease in owner's capital.
- (f) Increase in one liability, decrease in another liability.
- (g) Increase in liability, decrease in owner's capital.
- (h) Decrease in liability, increase in owner's capital.

20. Mr. X commenced his business on 1st April, 2008 by introducing capital of ₹.50,000. During the year, following transactions had taken place

| | Amount ₹. |
|------------------------------|-----------|
| (a) Bought Machine for cash. | 20,000 |
| (b) Purchased goods for | 24,000 |

| | | |
|-----|--|--------|
| (c) | Sold goods (costing ₹.9, 500) to Om for cash. | 20,000 |
| (d) | Purchased goods from Azhar. | 14,000 |
| (e) | Introduced additional capital. | 16,000 |
| (f) | Commission received in advance. | 2,000 |
| (g) | Paid to Creditors ₹.10,500 in full settlement. | |
| (h) | Bought Computer for his personal use. | 10,000 |
| (i) | Rent paid for the year. | 10,000 |
| (j) | Payment for stationery | 400 |
| (k) | Sold goods (costing ₹.12, 000) for ₹.16,000. Out of which ₹.2, 000 received in cash. | |

Show the above transactions in accounting equations.