Home Work Problems

1. Show the accounting equation from the following transactions:

a) Started a business with cash of Rs 1,50,000.

b) Purchased goods on cash of Rs 70,000;

c) Sold goods of Rs 20,000 on cash.

d) Paid salary of Rs 10,000.

e) Deposited cash into bank of Rs 15000

Required : Accounting Equation

SN	Particulars	Assets	=	Capital	+	Liabilities
a.	Started business with cash	1,50,000		1,50,000		
	Beginning Equation	1,50,000	=	1,50,000	+	0
b.	Purchased goods on cash	70,000 (70,000) 0				
	New equation	1,50,000	=	1,50,000	+	0
c.	Sold goods on cash	20,000 (20,000) 0				
	New equation	1,50,000	=	1,50,000	+	0
d.	Paid salary	(10,000)		(10,000)		
	New equation	1,40,000	=	1,40,000	+	0
e.	Deposited cash into bank	(15,000) 15,000 0				
	Final equation	1,40,000	=	1,40,000	+	0

2. Develop the accounting equation from the following transaction:

a) Started business with cash of Rs 8,000 and bank balance of Rs 2,000.

b) Purchased goods on credit of Rs 2,000

c) Sold goods on credit of Rs 3,000

d) Received commission of Rs 500.

e) Withdrawn cash from the bank of Rs 1,000.

Required : Accounting Equation

SN	Particulars	Assets	=	Capital	+	Liabilities
a.	Started business with cash and bank balance.	10,000		10,000		
	Beginning equation	10,000	=	10,000	+	0
b.	Purchased goods on credit	2,000				2,000
	New equation	12,000	=	10,000	+	2,000
c.	Sold goods on credit	(3,000)				
		3,000				
		0				
	New equation	12,000	=	10,000	+	2,000
d.	Received commission	500		500		
	New equation	12500	=	10,500	+	2,000
e.	Withdrawn cash from bank	1,000				
		(1,000)				
		0				
	Final equation	12,500	=	10,500	+	2,000

3. You are given the following transactions:

a) Started a new business with cash of Rs 60,000 and stock of Rs 50,000.

b) Borrowed loan from bank Rs 20,000.

c) Purchased goods worth Rs 50,000 and paid Rs 30,000 on cash and the rest on credit.

d) Deposited cash into the bank Rs 30,000.

e) Sold goods for Rs 40,000 (cost price Rs 38,000)

Required: Accounting Equation

SN	Particulars	Assets	=	Capital	+	Liabilities
a.	Started a new business with cash and stocks.	1,10,000		1,10,000		
	Beginning equation	1,10,000	=	1,10,000	+	0
b.	Borrowed loan from bank	20,000				20,000
	New equation	1,30,000	=	1,10,000	+	20,000
c.	Purchased goods and paid partial amount	50,000 (30,000) 20,000				20,000
	New equation	1,50,000	=	1,10,000	+	40,000
d.	Deposited cash into bank	30,000 (30,000) 0				
	New equation	1,50,000	=	1,10,000	+	40,000
e.	Sold goods	40,000 (38,000) 2,000		2,000		
	Final equation	1,52,000	=	1,12,000	+	40,000

4. You are given the following information:

a) Started a business with cash of Rs. 25000 and furniture worth Rs 40,000.

b) Bought goods worth Rs 15,000 from Arpana.

c) Sold goods on cash of Rs 5,000 at a profit of Rs 1,000.

d) Paid rent Rs 2500 and advance rent of Rs. 2500.

Required: Accounting Equation

SN	Particulars	Assets	=	Capital	+	Liabilities
a.	Started business with cash and furniture.	65,000		65,000		
	Beginning Equation	65,000	=	65,000	+	0
b.	Bought goods from Arpana	15,000				15,000
	New equation	80,000	=	65,000	+	15,000
c.	Sold goods on cash	6,000 (5,000) 1,000		1,000		
	New equation	81,000	=	66,000	+	15,000
d.	Paid rent with advance	(5,000) 2500 2500 2500 (2500)		(2500) ~~(5,000)~~		
	Final equation	78,500	=	63,500	+	15,000

5. Show the effects of the following transactions on the accounting equation:

a) Commenced a business with cash of Rs 25,000.
b) Borrowed a loan of Rs. 10,000.
c) Interest due but not paid Rs 500.
d) Rent paid in advance of Rs 1500.

SN	Particulars	Assets	=	Capital	+	Liabilities
a	Commenced business with cash	25,000		25,000		
	Beginning equation	25,000	=	25,000	+	0
b.	Borrowed a loan	10,000				10,000
	New equation	35,000	=	25,000	+	10,000
c.	Interest due but not paid	~~500~~		(500)		500
	New equation	35,000	=	24,500	+	10,500

d. Rent paid in advance	(1500) 1500 0			
Final equation	35000	= 24500	+	10500

6. Develop the accounting equation from the following transactions:

a) Opened a new business. worth Rs 75,000.
b) Paid salaries of Rs 7,000.
c) Wages outstanding of Rs 500.
d) Prepaid insurance of Rs 2,000.
e) Paid salary of Rs 20,000 including advance Rs 8,000.

SN	Particulars	Assets	=	Capital	+	Liabilities
a.	Opened a new business.	75,000		75,000		
	Beginning equation	75,000	=	75,000	+	0
b.	Paid salaries	(7,000)		(7,000)		
	New equation	68,000	=	68,000	+	0
c.	Wages outstanding	~~(500)~~		(500) ~~(500)~~		500
	New equation	68000 ~~67,500~~	=	67,500	+	500
d.	Prepaid insurance	(2,000)		(2,000)		
	New equation	66000 ~~65,500~~	=	65,500	+	0 500
e.	Paid salary including advance.	(20,000) 8,000 (				

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SN	Particulars	Assets	=	Capital	+ Liabilities
a	Opened a new business	75,000		75,000	
	Beginning Equation	75,000	=	75,000	+ 0
b.	Paid salaries	(7,000)		(7,000)	
	New equation	68,000	=	68,000	+ 0
c.	Wages outstanding			(500)	500
	New equation	68000	=	67500	+ 500
d.	Prepaid insurance	(2,000) 2000 0			
	New equation	68000	=	67500	+ 500
e.	Paid salary including advance	(20000) 8000 (12000)		(12000)	
	Final equation	56000	=	55000	+ 500

7. Show the accounting equation based on the following transactions:

a) Invested in a new business of Rs 5,00,000
b) Purchased machinery of Rs 1,00,000
c) Paid wages for the installation of machinery of Rs 10,000
d) Paid wages to workers of Rs 1,000

SN	Particulars	Assets	=	Capital	+ Liabilities
a.	Invested in a new business	5,00,000		5,00,000	
	Beginning equation	500000	=	500000	+ 0
b.	Purchased machinery	(100000) 100000 0			
	New equation	500000	=	500000	+ 0

c. Paid wages for the installation of machinery	(10,000) 10,000 0				
New equation	500000	=	500000	+	0
d. Paid wages to workers	(1000)		(1000)		
Final equation ~~New equation~~	499000	=	499000	+	0

8. You are provided with the following information:
a) Started a business with cash of Rs. 10,00,000.
b) Purchased a building for Rs 5,00,000.
c) Received Rs 9,000 for the rent of 3 months in advance.
d) Electricity charges of Rs 2,000 were overdue.
Required: Accounting equation

SN	Particulars	Assets	=	Capital	+	Liabilities
a.	Started business with cash	1000000		1000000		
	Beginning equation	1000000	=	1000000	+	0
b.	Purchased a building	(500000) 500000 0				
	New equation	1000000	=	1000000	+	0
c.	Received rent for 3 months in advance	9000				9000
	New equation	1009000	=	1000000	+	9000
d.	Electricity charges overdue			(2000)		2000
	Final equation	1009000	=	998000	+	11000

9. Insert the following transactions in following transactions :

a) Invested Rs. 50,000 in a business.

b) Bought some goods of Rs 5,000 in cash and Rs 7,500 on credit.

c) Withdrew Rs 500 for private use.

d) Paid Rs 1,000 for salary and still salary outstanding Rs 500.

SN	Particulars	Assets	=	Capital	+	Liabilities
a	Invested in a business	50000		50000		
	Beginning Equation	50000	=	50000	+	0
b.	Bought goods on cash and credit.	12500 (5000) 7500		~~(5000)~~		7500
	New equation	~~42500~~ 57500	=	~~45000~~ 50000	+	7500
c.	Withdrew for private use	(500)		(500)		
	New equation	57000	=	49500	+	7500
d.	Paid salary and still outstanding	(1000)		(1500)		500
	~~New eq~~ Final equation	56000	=	48000	+	8000

10. You are provided with the following information :

a) Commenced a business with cash of Rs 15000 and stock of goods worth Rs 15000.

b) Sold goods costing Rs 5000 for Rs 4500

c) Distributed goods worth Rs 100 as free samples.

d) Took goods worth Rs 400 for personal use.

Required: Accounting Equation

SN	Particulars	Assets	=	Capital	+	Liabilities
a.	Commenced a business with cash and stock of goods.	30000		30000		
	Beginning equation	30000	=	30000	+	0
b.	Sold goods	(5000) 4500 (500)		(500)		
	New equation	29500	=	29500	+	0
c.	Distributed goods as free samples.	(100)		(100)		
	New equation	29400	=	29400	+	0
d.	Took goods for Personal use	(400)		(400)		
	Final equation	29000	=	29000	+	0