

## ACCOUNTING EQUATION

**TIME 1 HOUR**

**TEST**

**MARKS 20**

**Q.1** Show the accounting equation on the basis of the following transactions:

1. Commenced business with cash Rs 50,000, goods Rs 10,000 and furniture Rs 1,000.
2. Sold goods to Rakesh on credit costing Rs 400 for Rs 500.
3. Paid rent in advance Rs 500.
4. Good purchased from Ram Bhiari Rs 2,000.
5. Charged depreciation of @ 10% on furniture.
6. Goods destroyed by fire Rs 500 (Sale Price Rs 600)
7. Purchased household goods for Rs 15,000, giving Rs 5,000 in cash and balance through a loan.
8. Accrued interest Rs 500.
9. Commission received 1,000 and Rs 300 for work yet to be done ie in advance.
10. Interest due but not paid Rs 100.
11. Deposit Rs 3,000 into the bank.
12. Paid 80% of the amount due to trade creditors on account.
13. Interest on capital Rs 1,000
14. Received only Rs 450 by a cheque from debtors in full settlement.
15. Paid Rs 2,500 including Rs 500 for interest and balance for loan.

**15**

**Q.2** . Give example of the transaction which affect

1. Two types of assets and owner's equity
2. One type of current assets and owner's equity
3. One type of current liability and owner's equity
4. Two type of current liability

**2**

**Q.3** On 1.1.2004, X started a business with a capital of Rs 10,000 and a loan of Rs 5,000 borrowed from a friend. During 2004, he earned a profit of Rs 5,000, introduced an additional capital of Rs 6,000 and had withdrawn Rs 3,000 for his personal use. Calculate his total assets as on 31-12-2004.

**1½**

**Q.4. Owner's** equity in the beginning of the year Rs 36,000.

Equity of the creditors at the end of the year Rs 30,000

Revenue during the year Rs 42,000

Expenses during the same period are Rs 39,000

Calculate the total equity.

**1½**