

BIT- Tutorial 07
Accounting and Finance

1. Which of the following statements is incorrect?

- (a) $\text{Liabilities} + \text{Assets} = \text{Capital}$
- (b) $\text{Assets} - \text{Liabilities} = \text{Capital}$
- (c) $\text{Liabilities} + \text{Capital} = \text{Assets}$
- (d) $\text{Assets} - \text{Capital} = \text{Liabilities}$

2. On January 1st, 2009 an entity's balance sheet showed total assets of Rs. 750 and liabilities of Rs. 250. Owners' equity at January 1st was?

- (a) Rs. 750
- (b) Rs. 1,000
- (c) Rs. 500
- (d) Rs. 250

3. If the assets of a business are Rs. 100,000 and equity is Rs. 20,000, the value of liability will be?

- (a) Rs. 100,000
- (b) Rs. 80,000
- (c) Rs. 120,000
- (d) 20,000

4. Find out the missing value liabilities in an accounting equation with the help of given data?

Furniture	Rs. 90,000
Cash	Rs.100, 000
Debtors	Rs.10,000
Other Assets	Rs. 1,000
Owner's equity	Rs. 90,000

- (a) Rs. 201,000 liabilities
- (b) Rs. 111, 000 liabilities
- (c) Rs. 290, 000 liabilities
- (d) Rs. 291, 000 liabilities

5. Consider the following data?

Particulars	Rs.
Assets	820,000
Owner's equity	380,000
Liabilities	?

- (a) Rs. 49,000
- (b) Rs. 55,000
- (c) Rs. 440,000
- (d) Rs. 250, 000

6. Complete the columns to show the effects of the following transactions:

Transaction	Effect upon		
	Assets	Liabilities	Capital
1) We pay a creditor \$ 70 in cash.			
2) Bought fixtures \$ 200 paying by cheque.			
3) The proprietor introduces \$ 500 cash into the firm.			
4) Bought goods on credit \$ 275.			
5) J walker lends the firm \$ 200 in cash.			
6) A debtor pays us \$ 50 by cheque.			
7) We return goods costing \$ 60 to a supplier whose bill we had not paid.			
8) Bought additional shop premises paying \$ 5,000 by cheque.			
9) Bought a van on credit \$ 8,700 from C.Perera			
10) Repaid by cash a loan owed to F Duff \$ 10,000.			
11) Bought goods for \$ 1,400 paying by cheque.			
12) The owner puts further \$ 4,000 cash into business.			
13) A debtor returns to us \$ 150 goods.			
14) Bought goods on credit \$ 760.			
15) The owner takes out \$ 200 cash for his personal use.			
16) We pay a creditor \$ 1,150 by cheque.			

7. Mr.Perera started a retail shop in January 2011 and following transactions were occurred during the first month. Apply the following transactions in to the accounting equation.

I. Commenced the business by investing Rs.80 000 in cash, a land worth of Rs.350 000 and a machine worth of Rs.50 000.

II. Purchased goods worth of Rs. 5000 by paying cash.

III. Purchased goods worth of Rs.15 000 on credit.

IV. Sold goods for Rs.3000 on credit basis

V. Invested Rs. 50 000 as new capital

VI. The firm lent Rs.1000 to Mr.Kumara by cheque.

VII. Cash drawings (withdrawals) worth of Rs.2000 for the personal use.

VIII. Paid Rs.4000 to creditors.