

Systematic Studies for Professionals
(Where Your Quest For Quality Education Ends)

Accounting Equation – Master Questions

General Instructions: Use of calculator strictly prohibited.

Q-1. Show the accounting equation on the basis of the following transactions and also show the Balance Sheet:

1.	Mr. A Started Business With Cash	₹ 50,000
2.	Purchased Goods For Cash	₹ 10,000
3.	Cash Deposited Into Bank	₹ 5,000
4.	Sold Goods For Cash	₹ 2,000
5.	Purchased The Furniture	₹ 15,000
6.	Purchased The Goods From Mr. Shyam	₹ 7,500
7.	Paid Telephone Expenses	₹ 2000
8.	Payment Made To Mr. Shyam By Cheque On Account.	₹ 2,500
9.	Cash Withdrawn From Bank For Personal Use	₹ 1,250
10.	Received Dividend From Shares in Bank.	₹ 800
11.	Payment Made To Mr. Shyam In Full Settlement	₹ 4,900
12.	Outstanding Salary	₹ 1,000
13.	Prepaid Telephone Expenses	₹ 2,000
14.	Accrued Interest (Interest Earned But Not Yet Received)	₹ 3000
15.	Rent Received In Advance	₹ 4,000

Balance Sheet of Mr. A

Liabilities	₹	Assets	₹
Capital	49,650	Cash	17,100
Outstanding Salary	1,000	Stock	15,500
Adv. Rent	4,000	Bank	2,050
		Furniture	15,000
		Prepaid Expenses	2,000
		Accrued Interest	3,000
	54,650		54,650

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Q-2. Show the accounting equation on the basis of the following transactions and also show the Balance Sheet:

1.	Mr. B Started Business With Cash	₹ 10,000
	Stock	₹ 20,000
	& Furniture	₹ 30,000
2.	Purchased Goods From Mr. Radheshyam In Cash	₹ 5,000
3.	Sold Goods To Mr. Mohan Of Costing ₹ 3,000 At ₹ 4,000 & Received A Cheque In Respect Of Them	
4.	Paid Rent By Cheque	₹ 500
5.	Received Security Deposit From Tenant In Cheque.	₹ 5,000
6.	Sold Goods Costing ₹ 5,000 At A Profit Of 20% & Received Half Payment In Cash.	
7.	Purchased Machinery Of ₹ 4,000 From Mr. Rohan	
8.	Paid ₹ 1,000 on installation of machinery	
9.	Stock used in making fixed assets	₹ 2,000
10.	Depreciate fixed assets	10%
11.	Sold furniture at a loss of	₹ 2,000
12.	Interest on capital	10%
13.	Interest on drawings	₹ 500
14.	Paid LIC premium	₹ 1000
15.	Paid Income Tax By cheque	₹ 2,000

Balance Sheet of Mr. B

Liabilities	₹	Assets	₹
Capital	52,800	Cash	31,000
Security Deposit	5,000	Stock	15,000
Rohan	4,000	Furniture	0
		Bank	6,500
		Debtor	3,000
		Machinery	6,300
	61,800		61,8000

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Accounting Equation – Master Questions

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Q-3. Show the accounting equation on the basis of the following transactions and also show the Balance Sheet:

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|-----|--|------------|
| 1. | Mr. C started business by taking loan from Mr. Rakesh | ₹ 1,00,000 |
| 2. | Opened a bank account and deposited ₹ 75,000 in it. | |
| 3. | Purchased the goods of ₹ 20,000 and issued a cheque in respect of them. | ₹ 15,000 |
| 4. | Sold goods costing ₹ 2,000 at a profit of 20% on sale value. | |
| 5. | Cash Withdrawn From Bank For office Use | ₹ 10,000 |
| 6. | Purchase the horse of ₹10,000 by cheque and cart ₹2,500 for providing services to customer. | |
| 7. | Mr. C used goods costing ₹ 1,000 having sale value ₹1,500 for personal use. | |
| 8. | Mr. C sold his household furniture of ₹ 6,800 for ₹ 8,000 and invested the same amount in business. | |
| 9. | Sold goods costing ₹ 15,000 at a profit of 20%, out of which ₹5,000 received in cash and ₹3,000 in cheque. | |
| 10. | Goods returned by customer – Sales Return / Return Inward | ₹ 1,000 |
| 11. | Goods returned to supplier – Purchase Return / Return Outward | ₹ 2,000 |
| 12. | Purchased Motorcycle for Personal Use | ₹ 5,000 |
| 13. | Bank Allowed Interest | ₹ 500 |
| 14. | Bank Charges | ₹ 100 |
| 15. | Goods given as Free Sample / Charity / Advertisement. | ₹ 100 |

Balance Sheet of Mr. C

Liabilities	₹	Assets	₹
Capital	5,800	Cash	43,000
Loan	1,00,000	Bank	43,400
Creditors	3,000	Stock	900
		Livestock	10,000
		Cart	2,500
		Debtor	9,000
	1,08,800		1,08,800