



Q3. Mohit has the following transactions, prepare accounting equation:

	Rs
(a) Business started with cash	1,75,000
(b) Purchased goods from Rohit	50,000
(c) Sales goods on credit to Manish (Costing Rs 17,500)	20,000
(d) Purchased furniture for office use	10,000
(e) Cash paid to Rohit in full settlement	48,500
(f) Cash received from Manish	20,000
(g) Rent paid	1,000
(h) Cash withdrew for personal use	3,000

Answer:

S.No	Explanation	Assets				Liabilities + Capital	
		Cash	+	Stock	+	Debtors	Furniture = Creditors
(a)	Increase in cash	1,75,000					
	Increase in capital						1,75,000
(b)	Increase in stock	1,75,000		50,000			1,75,000
	Increase in creditors (Rohit)						= 50,000 + 1,75,000
(c)	Increase in debtors (Manish)	1,75,000	+	50,000		20,000	= 50,000 + 1,75,000
	Decrease in stock			(17,500)			
	Increase in capital (Profit)						2,500
		1,75,000	+	32,500	+	20,000	= 50,000 + 1,77,500
(d)	Increase in furniture						10,000
	Decrease in cash	(10,000)					

***** END *****