



Q2. Prepare accounting equation from the following:

**Prepare accounting equation from the following:**

	Rs
(a) Kunal started business with cash	2,50,000
(b) He purchased furniture for cash	35,000
(c) He paid commission	2,000
(d) He purchases goods on credit	40,000
(e) He sold goods (costing Rs 20,000) for cash	26,000

Answer:

S.No.	Explanation	Assets			Liabilities + Capital	
		Cash	+ Furniture	+ Stock	= Creditors	
(a)	Increase in cash	2,50,000				
	Increase in capital					2,50,000
(b)	Increase in furniture		35,000			
	Decrease in cash	(35,000)				
(c)	Decrease in capital (Expense)					(2,000)
	Decrease in cash	(2,000)				
(d)	Increase in stock			40,000		
	Increase in creditors				40,000	
(e)	Increase in cash	26,000				

\*\*\*\*\* END \*\*\*\*\*