



Q6. Show the accounting equation on the basis of the following transaction:

(a)	Udit started business with:	Rs
(i)	Cash	5,00,000
(ii)	Goods	1,00,000
(b)	Purchased building for cash	2,00,000
(c)	Purchased goods from Himani	50,000
(d)	Sold goods to Ashu (Cost Rs 25,000)	36,000
(e)	Paid insurance premium	3,000
(f)	Rent outstanding	5,000
(g)	Depreciation on building	8,000
(h)	Cash withdrawn for personal use	20,000
(i)	Rent received in advance	5,000
(j)	Cash paid to Himani on account	20,000
(k)	Cash received from Ashu	30,000

Answer:

S.No.	Explanation	Assets				=	Liabilities + Capital			
		Cash	+ Stock	+ Building	+ Debtors		Creditors	+ Outstanding	+ Unaccrued Income	
(a)	Increase in cash	5,00,000								
	Increase in stock		1,00,000							
	Increase in capital									6,00,000
		5,00,000+	1,00,000				= NIL			+ 6,00,000
(b)	Increase in building			2,00,000						
	Decrease in cash	(2,00,000)					=			
		3,00,000+	1,00,000+	2,00,000			= NIL			+ 6,00,000
(c)	Increase in stock		50,000							
	Increase in creditors						= 50,000			
		3,00,000+	1,50,000 +	2,00,000			= 50,000			

***** END *****

