



Q9. Transactions of M/s. Vipin Traders are given below.  
Show the effects on Assets, Liabilities and Capital with the help of accounting Equation.

	Rs
(a) Business started with cash	1,25,000
(b) Purchased goods for cash	50,000
(c) Purchase furniture from R.K. Furniture	10,000
(d) Sold goods to Parul Traders (costing Rs 7,000 vide bill no. 5674)	9,000
(e) Paid cartage	100
(f) Cash Paid to R.K. furniture in full settlement	9,700
(g) Cash sales (costing Rs 10,000)	12,000
(h) Rent received	4,000
(i) Cash withdrew for personal use	3,000

Answer:

S.N o.	Explanation	Assets				=	Liabilities	+ Capital
		Cash	+ Stock	+ Furniture	+ Debtors		Creditors	
(a)	Increase in cash	1,25,000						
	Increase in capital							1,25,000
		1,25,000	+			=	NIL	+ 1,25,000
(b)	Increase in stock		50,000					
	Decrease in cash	(50,000)				=		
		75,000	+	50,000		=	NIL	+ 1,25,000
(c)	Increase in furniture			10,000		=		
	Increase in creditors					=	10,000	
		75,000	+	50,000	10,000	=	10,000	+ 1,25,000
(d)	Increase in debtors				9,000			
	Decrease in stock		(7,000)					
	Increase in capital (Profit)							2,000
		75,000	+	43,000	10,000	9,000	=	10,000 + 1,27,000
(e)	Decrease in capital (Cartage Expenses)							(100)
	Decrease in cash	(100)						
		74,900	+	43,000	10,000	9,000	=	10,000 + 1,26,900
(f)	Decrease in creditors						(10,000)	
	Decrease in cash	(9,700)						
	Increase in capital (Discount-received)							300

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