

ACCOUNTING EQUATION WS 1

Class 11 - Accountancy

1. Match the columns. [1]

Column I	Column II
(a) Purchased goods for cash	(i) Assets and liabilities will decrease
(b) Capital brought in	(ii) Assets and capital will decrease
(c) Paid rent	(iii) Assets decrease as well as increase
(d) Paid to creditors	(iv) Assets and capital will increase

- a) (a) - (iii), (b) - (i), (c) - (iv), (d) - (ii) b) (a) - (iii), (b) - (iv), (c) - (i), (d) - (ii)
- c) (a) - (iv), (b) - (iii), (c) - (i), (d) - (ii) d) (a) - (iii), (b) - (iv), (c) - (ii), (d) - (i)
2. A mathematical expression, which shows that the _____ and _____ of a firm are equal, is known as accounting equation. [1]
- a) none of these b) liabilities and assets
- c) assets and capital d) liabilities and capital
3. Proprietor is a creditor of the business for _____. [1]
- a) Drawings b) Cash
- c) Liabilities d) Capital
4. Salary is an ____ for the employer and ____ for the employee [1]
- a) Expense, Assets b) Expense, liability
- c) Asset, Income d) Expense, Income
5. There will be _____ by same amount, when a land is purchased by paying the amount from bank account. [1]
- a) Increase in asset, increase in liabilities b) Decrease in asset, decrease in liabilities
- c) Increase: in asset, decrease in liabilities d) Decrease in one asset, increase in another asset
6. To find the net income we deduct _____ from total revenue. [1]
- a) Expenses b) Capital expenditure
- c) Gains d) Depreciation
7. The amount is withdrawn by the proprietor for personal use will _____ Cash and Capital. [1]
- a) increase b) equal
- c) not change d) decrease
8. When goods are returned to supplier assets and _____ are _____ by same amount. [1]

19. Give an example of a transaction where an asset will increase and also the liability. [1]
20. If machinery is purchased for cash, indicate how accounting equation will be affected? [1]
21. If cash is received against services rendered, indicate how accounting equation will be affected? [1]
22. Show the accounting equation if there are no liabilities. [1]
23. Give an example of a transaction due to which owner's capital and an asset will decrease. [1]
24. If total assets of a business are Rs 2,60,000 and capital is Rs 1,60,000 calculate the outside liabilities. [1]
25. If total assets of a business are ₹ 1,30,000 and capital is ₹ 80,000, calculate the outside liabilities. [1]
26. Give fundamental accounting equation. [1]
27. If the Capital is ₹ 2,60,000 and Assets are ₹ 5,00,000, what is the amount of Liabilities? [1]
28. State when is a capital account debited. [1]
29. If total assets of a business are Rs 2,60,000 and net worth is Rs 1,60,000. Calculate the creditors. [1]
30. If the Capital is ₹ 1,00,000 and Outside Liabilities are ₹ 2,50,000, find the Total Assets. [1]
31. Indicate how Accounting Equation is affected if payment is made to a creditor? [1]
32. From the following information, calculate the total assets of the business: [1]
Capital ₹ 4,00,000; Creditors ₹ 3,00,000; Revenue earned during the period ₹ 7,50,000; Expenses incurred during the period ₹ 2,00,000; Value of unsold stock ₹ 2,00,000.
33. When proprietor withdraws cash for his/her personal use what will be the effect on capital? [1]
34. A commenced his cloth business on 1st April, 2012 with a capital of Rs 60,000. On 31st March, 2013 his assets were Rs 1,00,000 and liabilities were Rs 20,000. Find out his closing capital and profits earned during the year. [1]
35. Give one transaction that will increase an asset and decrease another asset. [1]
36. Goods costing ₹10,000 have been sold for cash at 25% profit. How will the transaction be shown in the Accounting Equation? [1]
37. Give an example of a transaction which has effect on two items on the assets side. [1]
38. If total assets of a business are ₹10,00,000 and capital is ₹4,00,000, calculate creditors. [1]
39. Give an example of a transaction that increases one liability and decreases another. [1]
40. Indicate how Accounting Equation is affected if machinery is purchased for cash? [1]
41. Explain in short the meaning of an Accounting Equation. [1]
42. What is the owner's equity? [1]
43. Name the side on which increase in capital is recorded. [1]
44. The position of a businessman on 31th March, 2023 was as follows:- Cash ₹ 5,000; Debtors ₹ 20,000; Machinery ₹ 60,000; Stock ₹ 25,000; Capital ₹ 75,000. Calculate his liabilities. [1]
45. From the following information, calculate the total assets of the business. [1]
Capital Rs 8,00,000, creditors Rs 6,00,000, revenue earned during the period Rs 15,00,000, expenses incurred during the period Rs 4,00,000 and value of unsold stock Rs 4,00,000.
46. If total assets of a business are ₹ 1,30,000 and capital is ₹ 80,000, calculate creditors. [1]
47. Calculate the total assets if [1]
 - i. Capital is ₹ 40,000.
 - ii. Creditors are ₹ 25,000.
 - iii. Revenue during the period is ₹ 50,000.
 - iv. Expenses during the period are ₹ 40,000
48. Which transaction decreases one asset and increases another asset? [1]
49. What is meant by the owner's capital? [1]

50. What is Credit? [1]
51. Give an example of a decrease in an asset and a decrease in a liability. [1]
52. Indicate how Accounting Equation is affected if cash is received against services rendered? [1]
53. The capital of a business is ₹ 2,00,000 and outside liabilities are ₹ 1,50,000. Calculate the total assets of the business. [1]
54. If the capital of a business is ₹ 3,00,000 and liabilities are ₹ 50,000, loss ₹ 70,000, calculate the total assets of the business. [1]
55. If the Capital of a business is ₹ 1,00,000 and outside liabilities are ₹ 60,000, Calculate the total assets of the business. [1]
56. If total assets of the business are ₹ 4,50,000 and outside liabilities are ₹ 2,00,000, calculate owner's equity. [1]
57. Do you think that a transaction can break the accounting equation? [1]
58. If payment is made to a creditor, indicate how accounting equation will be affected? [1]
59. Briefly explain the accounting equation. [1]
60. If the capital of a business is ₹ 70,000 and liabilities are of ₹ 40,000, calculate the total assets. [1]
61. If the capital of a business is Rs 2,40,000 and outside liabilities are Rs 40,000. Calculate total assets of the business. [1]
62. What is Debit? [1]
63. Why are the rules of debit and credit same for both liability and capital? [1]
64. Goods costing Rs 20,000 have been sold for cash at 25% profit. How will you show the transaction in the accounting equation? [1]
65. Calculate the amount of **cash** if, other assets Rs 10,000; total liabilities Rs 10,000 and total capital Rs 5,000. [1]
66. 'X' commenced business on 1st April 2022 with a capital of ₹ 6,00,000. On 31st March 2023, his assets were worth ₹ 8,00,000 and liabilities ₹ 50,000. Find out his closing capital and profits earned during the year. [1]
67. Determine the missing amount on the basis of the Accounting Equation: [1]
- | | Asset (₹) | Liabilities (₹) | Capital (₹) |
|-------|-----------|-----------------|-------------|
| (i) | 20,000 | = 15,000 | + ? |
| (ii) | ? | = 5,000 | + 10,000 |
| (iii) | 10,000 | = ? | + 8000 |
68. Calculate total assets if: Capital is ₹ 2,00,000; Creditors ₹ 50,000; Revenue during the year ₹ 5,00,000; and Expenses during the year ₹ 4,00,000. [1]
69. Give an example of a transaction where an asset and owner's capital will increase. [1]
70. If total assets of a business are ₹ 2,00,000 and net worth (Capital) is ₹ 1,50,000. Calculate Creditors. [1]
71. What is the accounting equation? [1]
72. If the Capital of a business is ₹5,00,000 and Outside liabilities are ₹2,00,000, calculate the total assets of the business. [1]
73. If the Capital of a business is ₹ 1,20,000 and Outside liabilities are ₹ 20,000, calculate total assets of the business. [1]
74. Aakash has incurred an expense of ₹ 5,000 towards repairs. However, the amount is yet to be paid. How will it be shown in the accounting equation? [1]
75. The capital of a business is Rs 4,00,000 and external liabilities are Rs 3,00,000. Calculate the total assets of the business. [1]

