JAFFNA HINDU COLLEGE

Risk Holiday Self - Education Worksheet (2) – 2020

Grade – 10 | Business & Accounting

Name/Index No : …… Mr.T.Nisanthan, BBA (Hons)

INSTRUCTIONS :

- Answer all the questions.
- Answer the questions on answer sheets only.
- Read the respective lesson units thoroughly and comprehend before you attempt answering the questions.
- File the completed answer and hand over to the class teacher when the school reopens.

Unit 05 - Accounting equation

The equation which shows the relationship between the business resourses & the people who are supplying resourses to the business.

There is a dual affect on the transactions measurable in term of money, taking place in a business. An Equation can be built to record this dual affect. This is the accounting equation.

Components of the Accounting equation.

- Assets
- Liabilities
- equity

The accounting equation when only the owner provides recourses.

Assets= equity

The accounting equation when the owner and external parties have provided resources.

Assets=equity+ liabilities

Instance where equity changes

- Introduction of additional capital
- Income

→ Increase the owner's equity

- Expenses
- Drawings

→ Decrease the owner's equity

www.lkedu.lk

Activity 01

The following are the transactions relevant to the month of March 2020 of kathir´s business.

- Mar 02 -Owner invested Rs 250000 as capital.
- Mar 05-Obtained bank loan of Rs 75000.
- Mar07-Purchased goods at Rs 25000 on cash basis.
- Mar 10-Paid telephone charge Rs 5000.
- Mar 12-Sold goods which costed for Rs 25000 at Rs 45000.
- Mar15-Received commission income Rs 12000.
- Mar17-Purchased goods at Rs 30000 on credit basis.
- Mar 19-Paid Rs 10000 to creditor.
- Mar23-Settled bank loan Rs 40000.
- Mar 25-Owner withdrew Rs 12000 from business for his personnel use.

Required:-show the impact of each of transaction with amounts in the basic accounting equation**.(Assets=equity+ liabilities)**

Activity -02

The following balances were extracted as at 01.01.2020 from umesh´s business.

Assets-machinery- Rs 400000

Stocks- Rs 75000

Debtors –Rs 80000

Bank balance- Rs25000

Cash balance- Rs150000

Liabilities-bank loan- Rs 200000

Creditor- Rs 120000

The Following transaction occurred in the month of January 2020.

i. Purchased goods at Rs 25000.
ii. Settled Rs 40000 bank loan instalment including Rs 5000 as the interest
iii. Paid to creditor Rs 20000.
iv. Received from debtors Rs 50000.
v. Sold goods which cost Rs 20000 at Rs 30000 on credit basis.
vi. Paid electricity bill Rs 7500.
vii. Received dividend income Rs 5000.
viii. Owner withdrew Rs 10000 worth of goods from business for his private use.
ix. Purchased machinery at Rs 50000.
x. Deposited cash of Rs 20000 in the bank current account.
xi. Rs 3000 worth of goods were damaged by the fire incident.

Required:-
a)-calculate equity as at 01.01.2020. **(Equity=assets- liabilities**)
(b)-show the impact of each of transaction with amount in the accounting equation

www.lkedu.lk

	Assets					**= equity**	**+ liabilities**	
	machinery	**+stocks**	**+debtors**	**+bank**	**+cash**	**equity**	**+bank loan**	**+creditor**
Opening balances	**400000**	**75000**	**80000**	**25000**	**150000**	**?**	**200000**	**120000**
I								
ii								
Iii								
Iv								
V								
Vi								
Vii								
Viii								
Ix								
X								
Xi								
Closing balance								

Activity 03

The following accounting equation of sajeev´s business show the impacts of the transactions occurred in may 2019

	Assets					=equity	+ liabilities	
	building	+furniture	+stocks	+debtor	+cash	equity	+bank loan	+creditor
03.05	+200000				+400000	+600000		
05.05		+20000			-20000			
10.05			+75000					+75000
12.05			-10000	+20000		+10000		
14.05					-7500	-7500		
17.05					+12000	+12000		
21.05					+45000		+45000	
23.05					-5000			-5000
25.05				-15000	+15000			
27.05			-9000			-9000		

Required: - describe the each transaction with the related amounts.

www.ikeduk

Activity -04

Following detail are extracted from jenagan´s business for the year of 2018

Capital as at 01.01.2018-Rs 243000

Drawing of the year-Rs 23000

Additional capital-Rs 50000

Expenses of the year-Rs 45000

Income of the year-Rs 75000

Required: - calculate the owner's equity as at 31.12.2018.

Final equity=initial capital + additional capital +income-(expenses +drawing)

***

www.lkedu.lk