

# TS Grewal

Class 11

Accountancy Solutions



## CHAPTER-2 - Accounting Equation

Q1

Solution:

Sr. No.	Transaction	Cash	Bank	Stock	Creditors	Capital
(i)	Started company with cash	45,000				45,000
(ii)	Deposit in bank account	(4,500)	4,500			
(iii)	Purchase of goods from M/s. Sun & Co.			11,200	11,200	
	<b>Total</b>	<b>40,500</b>	<b>4,500</b>	<b>11,200</b>	<b>11,200</b>	<b>45,000</b>

Assets = Bank + Cash + Stock = 4,500 + 40,500 + 11,200 = ₹56,200

Liabilities = ₹11,200 (Creditors)

Capital = ₹45,000

Therefore, Assets – Liabilities = Capital

= 56,200 – 11,200 = 45,000

## Q2

### Solution:

Sr. No.	Transaction	Cash	Stock	Debtors	Creditors	Capital
(i)	Started company with cash	25,000				25,000
(ii)	Purchase of goods from Shyam		10,000		10,000	
(iii)	Sale of Goods to Sohan (at discount of ₹300)		(1,800)	1,500		(300)
(iv)	Withdrawal of Gopinath	(5,000)				(5,000)
	<b>Total</b>	<b>20,000</b>	<b>8,200</b>	<b>1,500</b>	<b>10,000</b>	<b>19,700</b>

Assets = Cash + Stock + Debtors = 20,000 + 8,200 + 1,500 = ₹29,700

Liabilities = ₹10,000 (Creditors)

Capital = ₹19,700

Therefore, Assets – Liabilities = Capital

= 29,700 – 10,000 = 19,700

### Q3

#### Solution:

Sr. No.	Transaction	Cash	Amount Paid in Advance	Outstanding Expenses	Capital
(i)	Started company with cash	50,000			50,000
(ii)	Payment of Salaries	(2,000)			(2,000)
(iii)	Outstanding Wages			200	(200)
(iv)	Interest due but yet to be paid			100	(100)
(v)	Payment of Rent in Advance	(150)	150		
	<b>Total</b>	<b>47,850</b>	<b>150</b>	<b>300</b>	<b>47,700</b>

Given:

Assets = Cash + Amount Paid in Advance = 47,850 + 150 = ₹48,000

Liabilities = ₹300 (Outstanding Expenses)

Capital = 47,700

Therefore, Assets – Liabilities = Capital

= 48,000 – 300 = 47,700

**Q4**

**Solution:**

Sr. No.	Transaction	Cash	Stock	Creditors	Outstanding Expenses	Capital
(i)	Started company with cash	18,000				18,000
(ii)	Purchase of goods (₹5,000 in cash and ₹2,000 on credit)	(5,000)	7,000	2,000		
(iii)	Sale of goods (profit)	4,000	(2,400)			1,600 (Profit)
(iv)	Rent Paid	(1,000)				(1,000)

(v)	Outstanding Rent				200	(200)
	<b>Total</b>	<b>16,000</b>	<b>4,600</b>	<b>2,000</b>	<b>200</b>	<b>18,400</b>

Given:

$$\text{Assets} = \text{Cash} + \text{Stock} = 16,000 + 4,600 = ₹20,600$$

$$\text{Liabilities} = \text{Creditors} + \text{Outstanding Expenses} = 2,000 + 200 = ₹2,200$$

$$\text{Capital} = ₹18,400$$

Therefore, Assets – Liabilities = Capital

$$= 20,600 - 2,200 = 18,400$$

**Q5**

**Solution:**

Sr. No.	Transaction	Cash	Stock	Furniture	Creditors	Capital
(i)	Started company with cash and goods	1,00,000	20,000			1,20,000
(ii)	Sale of Goods	12,000	(10,000)			2,000

(iii)	Purchase of Furniture			30,000	30,000	
	<b>Total</b>	<b>1,12,000</b>	<b>10,000</b>	<b>30,000</b>	<b>30,000</b>	<b>1,22,000</b>

Assets = Cash + Stock + Furniture = 1,12,000 + 10,000 + 30,000 = ₹1,52,000

Liabilities = ₹30,000 (Creditors)

Capital = ₹1,22,000

Therefore, Assets – Liabilities = Capital

= 1,52,000 – 30,000 = 1,22,000

**Q6**

**Solution:**

Sr. No.	Transaction	Cash	Stock	Furniture	Creditors	Capital
(i)	Started company with cash and goods	20,000				20,000
(ii)	Purchase of Furniture	(2,000)		2,000		

(iii)	Rent Paid	(200)				(200)
(iv)	Purchase of Goods on Credit		3,000		3,000	
(v)	Sale of Goods (Profit)	5,000	(2,000)			3,000 (Profit)
	<b>Total</b>	<b>22,800</b>	<b>1,000</b>	<b>2,000</b>	<b>3,000</b>	<b>22,800</b>

Assets = Cash + Stock + Furniture = 22,800 + 1,000 + 2,000 = ₹25,800

Liabilities = ₹3,000 (Creditors)

Capital = ₹22,800

Therefore, Assets – Liabilities = Capital

= 25,800 – 3,000 = 22,800

Please find below the extract of the balance sheet:

**Balance Sheet**  
as at...

<b>Liabilities</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>
Capital	22,800	Cash	22,800



Creditors	3,000	Furniture	2,000
		Stock	1,000
<b>Total</b>	<b>25,800</b>	<b>Total</b>	<b>25,800</b>

**Q7**

**Solution:**

Sr. No.	Transaction	Cash	Stock	Debtors	Creditors	Capital
(i)	Started company with cash and goods	1,00,000				1,00,000
(ii)	Purchase of Goods (₹20,000 in cash and ₹30,000 on credit)	(20,000)	50,000		30,000	
(iii)	Sale of Goods	12,000	(25,000)	18,000		5,000
	<b>Total</b>	<b>92,000</b>	<b>25,000</b>	<b>18,000</b>	<b>30,000</b>	<b>1,05,000</b>

Assets = Cash + Stock + Debtors = 92,000 + 25,000 + 18,000 = ₹1,35,000

Liabilities = ₹30,000 (Creditors)

Capital = ₹1,05,000

Therefore, Assets – Liabilities = Capital

= 1,35,000 – 30,000 = 1,05,000

**Q8**

**Solution:**

Sr. No.	Transaction	Cash	Stock	Creditors	Capital
(i)	Started Business with Cash and Goods	50,000			50,000
(ii)	Purchase of Goods with Cash	(30,000)	30,000		
	Purchase of Goods on Credit		20,000	20,000	
(iii)	Sale of Goods	12,000	(10,000)		2,000 (Profit)
(iv)	Purchase of Furniture		2,000	2,000	
(v)	Paid off Creditor	(15,000)		(15,000)	
(v)	Payment of Salary	(1,000)			(1,000)

	<b>Total</b>	<b>16,000</b>	<b>42,000</b>	<b>7,000</b>	<b>51,000</b>
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**Q9**

**Solution:**

<b>Sr. No.</b>	<b>Transaction</b>	<b>Cash</b>	<b>Stock</b>	<b>Machinery</b>	<b>Creditors</b>	<b>Capital</b>
(i)	Started company with cash and goods	70,000				70,000
(ii)	Purchase of Goods on Credit		18,000		18,000	
(iii)	Payment to Creditors (discount received)	(17,500)			(18,000)	500
(iv)	Purchase of Machinery	(20,000)		20,000		
(v)	Depreciation (Machinery)			(2,000)		(2,000)
	<b>Total</b>	<b>32,500</b>	<b>18,000</b>	<b>18,000</b>	<b>-</b>	<b>68,500</b>

Assets = Cash + Stock + Machinery = 32,500 + 18,000 + 18,000 = ₹68,500

Liabilities = Nil

Capital = ₹68,500

Therefore, Assets – Liabilities = Capital

= 68,500 – 0 = 68,500

## Q10

### Solution:

Sr. No	Transactions	Cash	Prepaid Rent	Stock	Creditors	Outstanding Salary	Capital
(i)	Started Business with Cash	60,000					60,000
(ii)	Rent Paid in Advance	(500)	500				
(iii)	Good purchased with cash	(30,000)		30,000			
	Goods purchased on credit			20,000	20,000		
(iv)	Sale of Goods (Profit)	30,000		20,000			10,000
(v)	Salary Paid + Outstanding Salary	(500)				100	(600)
(vi)	Purchase of Motorcycle	(5,000)					(5,000)
	<b>Total</b>	<b>54,000</b>	<b>500</b>	<b>30,000</b>	<b>20,000</b>	<b>100</b>	<b>64,400</b>

### Balance Sheet as at...

Liabilities	Amount	Asset	Amount
Capital	64,400	Cash	54,000
Creditors	20,000	Prepaid	500

		Rent	
Outstanding Salary	100	Stock	30,000
<b>Total</b>	<b>84,500</b>	<b>Total</b>	<b>84,500</b>

## Q11

### Solution:

Sr. No	Transactions	Cash	Accrued Interest	Commission Received in Advance	Capital
(i)	Started Business with Cash	60,000			60,000
(ii)	Rent Received	2,000			2,000
(iii)	Interest Accrued		500		500
(iv)	Commission Received in Advance	1,000		1,000	
(v)	Withdrawal of Money	(5,000)			(5,000)
	<b>Total</b>	<b>58,000</b>	<b>500</b>	<b>1,000</b>	<b>57,500</b>

Assets = Cash + Accrued Interest = 58,000 + 500 = ₹58,500

Liabilities = ₹1,000 (Commission Received in Advance)

Capital = ₹57,500

Therefore, Assets – Liabilities = Capital

= 58,500 – 1,000 = 57,500

Please find below the extract of balance sheet:

**Balance Sheet**  
as at...

<b>Liabilities</b>	<b>Amount</b>	<b>Asset</b>	<b>Amount</b>
Capital	57,500	Cash	58,000
Commission Received in Advance	1,000	Accrued Interest	500
<b>Total</b>	<b>58,500</b>	<b>Total</b>	<b>58,500</b>

**Q12**

**Solution:**

<b>Sr. No</b>	<b>Transactions</b>	<b>Cash</b>	<b>Prepaid Rent</b>	<b>Stock</b>	<b>Creditors</b>	<b>Outstanding Salary</b>	<b>Capital</b>
(i)	Started Business with Cash	10,000					10,000
(ii)	Payment of Rent	(300)	300				

	in Advance						
(iii)	Purchase of Goods in Cash	(5,000)		5,000			
	Purchase of Goods on Credit			2,000	2,000		
(iv)	Sale of Goods (Profit)	8,000		(4,000)			4,000 (Profit)
(v)	Salary Paid + Outstanding Salary	(450)				100	(550)
(vi)	Purchase of Motorcycle	(3,000)					(3,000)
	<b>Total</b>	<b>9,250</b>	<b>300</b>	<b>3,000</b>	<b>2,000</b>	<b>100</b>	<b>10,450</b>

Assets = Cash + Prepaid Rent + Stock = 9,250 + 3,000 + 300 = ₹12,550

Liabilities = Creditors + Outstanding Salary = 2,000 + 100 = ₹2,100

Capital = ₹10,450

Therefore, Assets – Liabilities = Capital

= 12,550 – 2,100 = ₹10,450

### Q13

#### Solution:

Sr. No	Transactions	Cash	Stock	Furniture	Debtors	Creditors	Capital
(i)	Started Business with Cash	70,000					70,000
(ii)	Purchase of		14,000			14,000	

	Goods on Credit						
(iii)	Withdrawal of Money	(1,700)					(1,700)
(iv)	Purchased Goods for Cash	(10,000)	10,000				
(v)	Wages Paid	(300)					(300)
(vi)	Payment to Creditors	(10,000)				(10,000)	
(vii)	Sale of Goods on Credit		(15,000)		15,000		
(viii)	Sale of Goods for Cash (Profit)	4,000	(3,000)				1,000 (Profit)
(ix)	Purchase of Furniture	(500)		500			
	<b>Total</b>	<b>51,500</b>	<b>6,000</b>	<b>500</b>	<b>15,000</b>	<b>4,000</b>	<b>69,000</b>

Please find below the extract of balance sheet:

Balance Sheet  
as at...

<b>Liabilities</b>	<b>Amount</b>	<b>Asset</b>	<b>Amount</b>
Capital	69,000	Cash	51,500
Creditors	4,000	Stock	6,000
		Furniture	500
		Debtors	15,000
<b>Total</b>	<b>73,000</b>	<b>Total</b>	<b>73,000</b>

**Q14**

**Solution:**



Sr. No.	Transaction	Cash	Bank	Stock	Furniture	Motorcycle	Creditors	Outstanding Rent	Capital
(i)	Started Business with Cash	50,000							50,000
(ii)	Bank Deposit	(10,000)	10,000						
(iii)	Purchased Goods for Cash	(20,000)		20,000					
	Purchased Goods on Credit			30,000			30,000		
(iv)	Sale of Goods (Profit)	40,000		(30,000)					10,000
(v)	Paid Rent	(500)							(500)
(vi)	Outstanding Rent							100	(100)
(vii)	Purchase of Furniture on Credit				5,000		5,000		
(viii)	Purchase of Refrigerator (Drawings)	(5,000)							(5,000)
(ix)	Purchase of Motorcycle	(50,000)				20,000			
	<b>Total</b>	<b>34,500</b>	<b>10,000</b>	<b>20,000</b>	<b>5,000</b>	<b>20,000</b>	<b>35,000</b>	<b>100</b>	<b>54,400</b>

Please find below the extract of balance sheet:

**Balance Sheet**  
as at...

<b>Liabilities</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>
Capital	54,400	Cash	34,500
Creditors	35,000	Bank	10,000
Outstanding Rent	100	Stock	20,000

		Furniture	5,000
		Motorcycle	20,000
<b>Total</b>	<b>89,500</b>	<b>Total</b>	<b>895,000</b>

## Q15

### Solution:

Sr. No.	Transaction	Cash	Stock	Creditors	Outstanding Rent	Capital
(i)	Started Business with Cash and Goods	50,000	30,000			80,000
(ii)	Purchase of Goods with Cash	(30,000)	30,000			
	Purchase of Goods on Credit		20,000	20,000		
(iii)	Sale of Goods	55,000	(40,000)			15,000 (Profit)
(iv)	Drawings	(10,000)				(10,000)
(v)	Outstanding Rent				2,000	(2,000)
	<b>Total</b>	<b>65,000</b>	<b>40,000</b>	<b>20,000</b>	<b>2,000</b>	<b>83,000</b>

## Q16

### Solution:

Sr. No.	Transaction	Cash	Bank	Stock	Machinery	Furniture	Debtors	Bills Receivable	Capital
(i)	Started Business	50,000	1,00,000	60,000	1,00,000	50,000			3,60,000
(ii)	1/3 Goods Sold at Profit (half of payment received in cash)	11,000		(20,000)			11,000		2,000 (Profit)
(iii)	Depreciation on Machinery				(10,000)				(10,000)
(iv)	Withdrawal of Cash (Drawings)	(10,000)							(10,000)
(v)	Interest on Drawings								(500)
(vi)	Sale of Goods and Bills Receivable			(10,000)				10,000	
(vii)	Bills Received	10,000						(10,000)	
	<b>Total</b>	<b>61,000</b>	<b>1,00,000</b>	<b>30,000</b>	<b>90,000</b>	<b>50,000</b>	<b>11,000</b>	<b>Nil</b>	<b>3,42,000</b>

## Q17

### Solution:

Sr. No.	Transaction	Cash	Stock	Debtor	Creditors	Capital
(i)	Started Business with Cash	1,00,000				1,00,000
(ii)	Purchase of Goods on Cash	(20,000)	20,000			
	Purchase of Goods on Credit		30,000		30,000	
(iii)	Sale of Goods (Profit)	12,000	(25,000)	18,000		5,000 (Profit)

(iv)	Salaries Paid	(8,000)				(8,000)
	<b>Total</b>	<b>84,000</b>	<b>25,000</b>	<b>18,000</b>	<b>30,000</b>	<b>97,000</b>

## Q18

### Solution:

Sr. No.	Transaction	Cash	Stock	Debtor	Creditors	Capital
(i)	Started Business with Cash	25,000				25,000
(ii)	Purchase of Goods on Credit		10,000		10,000	
(iii)	Sale of Goods (Profit)		-1,500	1,800		300 (Profit)
	<b>Total</b>	<b>25,000</b>	<b>8,500</b>	<b>1,800</b>	<b>10,000</b>	<b>25,300</b>

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## Q19

### Solution:

Given:

Capital = ₹3,00,000

Liabilities = ₹50,000

Loss = ₹70,000

Total Assets = Capital + Liabilities – Loss

$$= 3,00,000 + 50,000 - 70,000 = 2,80,000$$

Therefore, total assets of the company = ₹2,80,000.

## Q20

### **Solution:**

Given:

$$\text{Total Assets} = ₹1,30,000$$

$$\text{Net Worth} = ₹80,000$$

$$\text{Creditors} = \text{Total Assets} - \text{Net Worth}$$

$$= 1,30,000 - 80,000 = 50,000$$

Therefore, total creditors = ₹50,000

## Q21

### **Solution:**

Given:

$$\text{Opening Capital} = ₹30,000$$

$$\text{Assets} = ₹50,000$$

$$\text{Liabilities} = ₹10,000$$

$$\text{Closing Capital} = \text{Assets} - \text{Liabilities}$$

$$=50,000 - 10,000 = 40,000$$

Therefore, the closing capital of the company = ₹40,000

Profit for the Year = Closing Capital – Opening Capital

$$= 40,000 - 30,000 = 10,000$$

Therefore, profits for the year = ₹10,000



**Q22**

**Solution:**

Given:

Capital = ₹1,40,000

Liabilities = ₹80,000

Total Assets = Capital + Liabilities

$$= 1,40,000 + 80,000 = 2,20,000$$

Therefore, the total assets of the company = ₹2,20,000

### **Q23**

#### **Solution:**

Given:

Capital = ₹40,000

Creditors = ₹25,000

Revenue for the Year = ₹50,000

Expenses during the Year = ₹40,000

Capital after Adjustments = Capital + Revenue - Expenses  
= 40,000 + 50,000 - 40,000 = 50,000

Therefore, Total Assets = Capital after Adjustments + Creditors  
= 50,000 + 25,000 = 75,000

Therefore, the total assets of the company = ₹75,000

### **Q24**

#### **Solution:**

Given:

Capital = ₹75,000

Creditors = ₹15,000

Loss = ₹1,700

Drawings = ₹800

a)

Total Assets = Capital + Creditors

= 75,000 + 15,000 = 90,000

Therefore, the total assets of the company = ₹90,000

b)

Revised Capital = Capital – Loss - Drawings

= 75,000 – 1,700 – 800 = 72,500

Assets = Revised Capital + Creditors

= 72,500 + 15,000 = 87,500

**Q25**

**Solution:**

a)

Given:



Old Capital = ₹10,000

Creditors = ₹3,000

Profit for the Year = ₹5,000

Drawings = ₹4,000

New Capital = Old Capital + Profit – Drawings

= 10,000 + 5,000 – 4,000 = 11,000

Therefore, the capital as on 31<sup>st</sup> March, 2019 = ₹11,000

b)

Given:

Creditors = ₹2,500

Profit = ₹3,000

Total Assets = Capital + Profit + Creditors

= 15,000 + 3,000 + 2,500 = 20,500

Therefore, the total assets as on 31<sup>st</sup> March, 2019 = ₹20,500

**Q26**

**Solution:**

Given:

Old Capital = ₹25,000

Loan = ₹12,500

Additional Capital = ₹12,500

Drawings = ₹7,500

Assets = ₹75,000

New Capital = Assets – Loan

= 75,000 – 12,500 = 62,500

Profit/Loss = Capital + Drawings – (Additional Capital + Old Capital)

= 62,500 + 7,500 – (12,500 + 25,000) = 32,500

Therefore, profit for the year 18-19 = ₹32,500

## **Q27**

### **Solution:**

Given:

Total Assets = ₹2,00,000

Liabilities = ₹6,000

Additional Capital = ₹20,000

Drawings = ₹12,000

Profit = ₹20,000

Old Capital = Total Assets – Liabilities

= 2,00,000 – 20,000 = 1,94,000

New Capital = Old Capital – Additional Capital – Profit + Drawings

= 1,94,000 – 20,000 – 20,000 + 12,000 = 1,66,000

Therefore, capital as on 1<sup>st</sup> April, 2018 = ₹1,66,000



## Q28

### Solution:

Sr. No.	Transactions	Cash	Bank	Building + Furniture	Stock	Debtors	Creditors	Security Deposit	Capital
(i)	Started Business with Cash	1,50,000							1,50,000
(ii)	Bank Deposit	(25,000)	25,000						
(iii)	Sale of Car and Deposited Money		50,000						50,000

	in Bank A/c								
(iv)	Purchase of Building and Furniture	(1,00,000)		1,00,000					
(v)	Purchase of Goods on Credit				50,000		50,000		
(vi)	Payment of Cartage	(500)							(500)
(vii)	Sale of Goods to Shyam				(6,000)	9,000			3,000 (Profit)
(viii)	Rent Received	1,000							1,000 (Income)
(ix)	Security Deposit Received	1,500						1,500	
(x)	Purchase of Stationery	(100)							(100)
(xi)	Invested in Shares (Drawings)		(50,000)						(50,000) (Drawings)
(xii)	Interest Received in Cash	200							200
(xiii)	Additional Capital	25,000							25,000
(xiv)	Goods Destroyed by Fire				(500)				(500)
	<b>Total</b>	<b>52,100</b>	<b>25,000</b>	<b>1,00,000</b>	<b>43,500</b>	<b>9,000</b>	<b>50,000</b>	<b>1,500</b>	<b>1,78,100</b>