Class 11 Accountancy Chapter 2- Accounting Equation

TS Grewal Solutions for Class 11 Accountancy Chapter 2- Accounting Equation is a fundamental concept to be studied by the students. Here, we have provided in a simplistic and a step by step method, which is useful for the students to score well in the board exams.

Board	CBSE
Class	Class 11
Subject	Accountancy
Chapter	Chapter 2
Chapter Name	Accounting Equation
Number of questions solved	7
Category	TS Grewal

Chapter 1- Accounting Equation defines the below-mentioned concepts:

- Balance Sheet and Income Statement
- Balance in accounting
- Fundamental Accounting Equation
- Accounting equation in an Income Statement
- Double-entry bookkeeping system

Ts Grewal Solutions for Class 11 Accountancy Chapter 2- Accounting Equation

Question 1

What will be the impact of the following on the accounting equation?
(i) Mr. Harsh started a company with cash ₹50,000.

(ii) He opened an account in a bank with a deposit of ₹5,000

(iii) He also purchased few products from Vibha & Co. for ₹13,000

Solution:

Sr.No	Transaction	Assets			= Liabilities +	Capital
		Cash Rs.	Bank Rs.	Stock Rs.	Creditors Rs	Capital Rs.
(i)	Started company with cash	50,000				50,000
(ii)	Opened an account in a bank	50,000				
		(50,000)	50,00			
(iii)	Purchased few products from Vibha & Co.	45,000	5,000			50,000
				13,000	13,000	
	Total	**45,000**	**5,000**	**13,000**	**13,000**	**50,000**

Question 2

Draft the accounting equation for the following transaction.

(i)	Ganesh started a new venture with cash	30,000
(ii)	Bought goods from Raj	15,000
(iii)	Sold goods to Rahul for costing Rs. 2,000	1,500
(iv)	Ganesh withdrew from the company	8,000

Solution:

Sr.No	Transaction	Assets		= Liabilities +	Capital	
		Cash	Stock	Debtor	Creditors	Capital

		Rs.	Rs.	Rs.	Rs	Rs.
(i)	Ganesh started a new venture with cash	30,000				30,000
(ii)	Bought goods from Raj	30,000				30,000
			15,000		15,000	
(iii)	Sold goods to Rahul	30,000	15,000		15,000	30,000
			1,800	1,500		300
(iv)	Ganesh withdrew from the company	30,000	13,200	1,500	15,000	29,700
		8,000				8,000
	Total	**22,000**	**13,200**	**1,500**	**15,000**	**21,700**

Question 3

Show the outcome of the following transaction on the accounting equation.
(i) Began a company with cash ₹50,000
(ii) Salaries paid ₹ 5,000
(iii) Wages outstanding ₹1000
(iv) Interest due but not paid ₹500
(v) Rent paid in advance ₹ 300

Solution:

Sr. No.	Transactions	Assets		= Liabilities +	Capital
		Cash Rs.	Advance Exp. Rs	Outstanding Expenses Rs.	Capital Rs.
(i)	Began a company with cash	50,000			50,000
(ii)	Salaries paid	50,000			50,000
		5,000			5,000(exp)

(iii)	Wages outstanding	45,000			45,000
				1,000	1,000
(iv)	Interest due but not paid	45,000		1,000	44,000
				500	500(exp)
(v)	Rent paid in advance	45,000		1,500	43,500
		(300)	300		
	Total	**44,700**	**300**	**1,500**	**43,500**

Question 4

What will be the accounting equation of the following.
(i) Sangya started a company with cash ₹ 25,000
(ii) Bought goods for cash ₹ 7,000 and on credit ₹ 3,000
(iii)Sold goods for cash ₹ 5,000 (costing ₹ 2,500)
(iv) Rent paid ₹ 2,000 and Rent outstanding ₹ 500

Solution:

Sr. No.	Transactions	Assets		=	Liabilities + Capital	
		Cash Rs.	Stock Rs.	Creditors Rs.	Outstanding Rs	Capital Rs.
(i)	Sangya started a company with cash	25,000				25,000
(ii)	Bought goods for cash ₹ 7,000 and on credit ₹ 3,000	25,000				25,000
		7,000	10,000	3,000		
(iii)	Sold goods for cash ₹ 5,000 (costing ₹ 2,500)	18,000	10,000	3,000		25,000
		5,000	2,500			2,500
(iv)	Rent paid ₹ 2,000 and Rent outstanding ₹ 500	23,000	7,500	3,000		27,500
		2,000			500	2,500

	Total	21,000	7,500	3,000	500	25,000

Question 5

Compose accounting equation for the following.
(i) Began business with cash ₹2,00,000 and goods ₹50,000
(ii) Sold goods worth ₹ 15,000 for cash ₹20,000
(iii) Bought furniture on credit for ₹40,000

Solution:

Sr. No.	Transactions	Assets			= Liabilities +	Capital
		Cash Rs.	Stock Rs.	Furniture Rs.	Creditors Rs	Capital Rs.
(i)	Began business with cash and goods	2,00,000	50,000			2,50,000
(ii)	Sold goods	2,00,000	50,000			2,50,00
		15,00	20,000			5,000 (profit)
(iii)	Furniture purchased on Credit	2,15,000	30,000			2,55,000
				40,000	40,000	
	Total	2,15,000	30,000	40,000	40,000	2,55,000

Question 6

Prepare accounting equation and balance sheet of the following.
(i) Nayan started business ₹30,000
(ii) He purchased furniture for 5,000
(iii) He paid rent of ₹500
(iv) He bought goods on credit ₹ 3,000
(iv) He sold goods (cost price ₹ 2000) for ₹5,000 on cash

Solution:

		Assets		= Liabilities +	Capital

Sr. No.	Transactions	Cash Rs.	Stock Rs.	Furniture Rs.	Creditors Rs	Capital Rs.
(i)	Nayan started business	30,000				30,000
(ii)	He purchased furniture	30,000				30,000
		(5,000)	5,000			
(iii)	He paid rent	25,000	5,000			30,000
		500				500(exp)
(iv)	He bought goods on credit	24,500	5,000			29,500
				3,000	3,000	29,500
(v)	He sold goods	24,500	5,000	3,000	3,000	29,500
		5,000		2,000		3,000(exp)
	Total	29,500	5,000	1,000	3,000	32,500

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Capital	32,500	Cash	29,500
Creditors	3,000	Furniture	5,000
		Stock	1,000
Total	35,500		35,000

Question 7

Prepare accounting equation of the following.
(i) Started business ₹80,000
(ii) He purchased furniture for cash ₹10,000 and on credit ₹ 20,000
(iii) He sold goods cash coating ₹10,000 on credit costing ₹20,000 both at a profit of 20%

Solution:

Sr. No.	Transactions	Assets			= Liabilities +	Capital
		Cash Rs.	Stock Rs.	Furniture Rs.	Creditors Rs	Capital Rs.
(i)	Started business for ₹80,000	80,000				80,000
(ii)	He purchased furniture for cash ₹10,000 and on credit ₹ 20,000	80,000				80,000
		10,000	30,000		20,000	80,000
(iii)	He sold goods cash coating ₹5,000 on credit costing ₹15,000 both at a profit of 20%	70,000	30,000		20,000	80,000
			(10,000)			1,000
		11,000	(15,000)	18,00		3,000
	Total	81,000	5,000	18,000		84,000

The above-provided solutions are considered to be the best solutions for 'TS Grewal Solutions Class 11 Accountancy Chapter 2- Accounting Equation. Stay tuned to BYJU'S to learn more.