

**National Institute of Open Schooling**  
**Secondary Course : Accountancy**  
**Lesson 4 : Accounting Equation**  
**Worksheet - 4**

1. Assets are always equal to liabilities. In the light of this statement explain the significance of accounting equation.
2. Business owes nothing and owns nothing. With the help of an example explain the effect of business transactions on accounting equation.

**How will the following effect an accounting equation (Ques 3-6)-**

3. Anita started business with cash Rs. 15,00,000 introduced as capital.
4. Anita purchased goods worth Rs. 1,00,000
5. Anita sold goods to Rohit for Rs. 2,00,000 costing Rs.1,50,000.
6. The inter-relationship between assets, liabilities and capital can be expressed in various forms. Describe nine combinations that can be created giving examples.
7. Explain the treatment of revenue and expense in an accounting equation.
8. Your friend Ajay could not understand accounting equations. Explain to him the rules for accounting equations.
9. Show the effect of following transactions on Accounting equation-

Ratna started business with	Rs.
Cash	8,00,000
Goods	3,50,000
Purchased goods for cash	1,00,000
Sold goods (costing Rs. 50,000)	60,000
Salaries paid	90,000
Rent outstanding	25,000
Purchased machinery for cash	60,000
Purchased car for son	3,00,000

10. Identify any ten business transactions of your choice and prepare an accounting equation for them.