

# Answers – Page 12 - Business and Accounting Studies 1<sup>st</sup> term tutorial - Grade 10

## Chapter 04: Introduction to Accounting

1. Categorize each of the below items under assets, liabilities, equity, income and expenses.

Electricity Chargers	Investment	Investment interest
Commission received	Bank overdraft	Cash
Vehicle repair expense	Stocks	Advertising expense
Bank loan	Bank loan interest	Drawings
Capital	Creditors	Debtors
Bank Overdraft interest	Rent received	Motor Vehicles
<b>Carriage inwards</b>	Purchases	Sales
<b>Carriage outwards</b>	<b>Bad debts</b>	<b>Depreciation</b>

Assets	Expenses	Equity	Liabilities	Income
Investment	Electricity Chargers	Drawings	Bank overdraft	Investment interest
Cash	Vehicle repair expense	Capital	Bank loan	Commission received
Stock	Advertising expense		Creditors	Rent received
Debtors	Bank Overdraft interest			Sales
Motor Vehicles	Purchases			
	<b>Carriage inwards</b>			
	<b>Carriage outwards</b>			
	<b>Bad debts</b>			
	<b>Depreciation</b>			

2. A business has Rs. 600 000 worth of assets and Rs. 250 000 worth of liabilities. Calculate the amount of equity.

$$\begin{aligned}
 \text{Equity} &= \text{Assets} - \text{Liabilities} \\
 &= \text{Rs. } 600\,000 - 250\,000 \\
 &= \underline{\text{Rs. } 350\,000}
 \end{aligned}$$

3. Following are the list of assets and liabilities of a business. Calculate the amount of equity.

Assets : Stock Rs.85,000; Cash Rs.21,000.  
 Liabilities : Creditors Rs.30,000; bank loan Rs.40,000

$$\begin{aligned}
 \text{Equity} &= \text{Assets} - \text{Liabilities} \\
 &= \text{Rs. } 106\,000 - 70\,000 \\
 &= \underline{\text{Rs. } 36\,000}
 \end{aligned}$$



4. Calculate the amount of equity of ABC business using the following information.

Bank Rs. 55 000

Bank loan Rs. 100,000

Cash Rs. 75 000

Creditors Rs. 50 000

Debtors Rs. 60 000

Bank overdraft Rs. 25 000

Equipment Rs. 40 000

Stock Rs 80 000

Furniture Rs. 60 000

Equity	= Assets (Rs.)	-	Liabilities (Rs.)
	Bank		Creditors
	55 000		50 000
	Cash		Bank loan
	75 000		100 000
	Equipment		Bank overdraft
	40 000		25 000
	Debtors		
	60 000		
	Stock		
	80 000		
	Furniture		
	60 000		
	<u>370 000</u>		<u>175 000</u>
	<u><u>= Rs. 195 000</u></u>		

