



Provincial Department of Education-Sabaragamuwa

Subject : Business and Accounting Studies

Week:24th May -28th May 2021

Grade : 10

Prepared by : Educational Zone - Dehiowita

Read the lesson Accounting Equation (page 58 and page 59) and write the answers to given questions.

Lesson 05 : Accounting Equation

All assets of the business should be equal to the total ownership of those assets.

Assets = Equity (All assets are financed by the owner of the business)

Assets = Equity + Liability(Assets are financed by the owner of the business and external parties)

Eg: Gihan started a business investing Rs. 100,000 in cash and Rs 500,000 worth building. He purchased goods on Credit Rs.50000 from Perera Stores.

Accordingly,

Assets of the business = Building Rs.500,000 + Cash 100,000 + Stock 50000

Equity of the business = Building Rs. 500,000 + Cash 100,000

Liabilities of the business= Creditor (Perera Stores – Purchased stock on credit) Rs. 50000

Assets	=	Equity	+	Liability
Cash Rs.100,000				
Building Rs.500,000	=	Capital Rs.600,000	+	Creditors 50000
Stock Rs. 50,000				
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650000	=	600,000	+	50000

Exercise

Show the following transactions under the accounting equations separately.

Assets = Equity + Liability.

1. Asanka invested cash Rs .100,000 and Moter car Rs. 400,000
2. Gihan invested cash Rs. 50,000 and building Rs. 100,000 and obtained a bank loan Rs. 100,000.
3. Sanka invested Rs. 25,000 and equipment Rs. 100,000 .
Sanka obtained bank loan Rs. 50,000 and he Purchased goods at Rs. 30,000 on credit basis.