



Department of Education, Sabaragamuwa/weekly school

week- July 4

Subject-Accounting

Grade-12

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Competency 2.0 – Presents transactions and events of a business through an accounting equation.

Competency Level 2.1- Evaluates how the total assets of a business agree with its total of liabilities and equity.

01. Select the statements that only affect a change in equity.

- A. Investment by the owner of Rs.400,000 of his cash on land & buildings for the business.
- B. Payment of Rs.50,000 for the owner's domestic telephone bill.
- C. Payment of Rs.150,000 for the business electricity bill.
- D. Purchase of a computer for the business for a payment of Rs.100,000.
- E. Receipt of Rs.20,000 being interest on a business fixed deposit.

(i) ABDE (ii) ABCD (iii) ABCE (iv) BCDE (v) only ABC

02. Select the **correct** word from the following to fill the blank in the statements below:
(inputs: drawings, expenses, income, equity, additional capital)

- (i) The investment of additional resources/cash to an existing business is known as _____. This increases equity.
- (ii) When carrying on a business different types of _____ needs to be incurred. This will reduce equity.
- (iii) The money value of resources withdrawn from the business by the owner is known as _____.
- (iv) As a result of a business' operating activities different inputs are received. These are known as _____. These transactions result in an increase in equity.
- (v) The ownership of the business owners is known as _____.