**XXX Secondary School**

**20xx-20xx**

**Business, Accounting and Financial Studies**

**Basics of Accounting: Accounting Equation – Homework Worksheet 2**

Name：\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Class：\_\_\_\_\_ Class No：\_\_\_\_ Date：\_\_\_\_\_\_\_\_\_

**Part 1: Definition Questions**

Please write down the definitions of the below accounting terms.

1. Assets: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2. Capital: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

3. Liabilities: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Part 2: Accounting Equation Questions**

Please write down the accounting equation.

1. Assets = \_\_\_\_\_\_\_\_\_\_\_\_\_\_+\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2. Assets = \_\_\_\_\_\_\_\_\_+ (\_\_\_\_\_\_\_\_\_\_ - \_\_\_\_\_\_\_\_\_\_\_\_) -\_\_\_\_\_\_\_\_\_\_\_\_\_ +\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Part 3: Multiple Choices and Fill in the blanks Questions**

1. Which of the following accounting equation is correct？
2. Assets = Capital + Liabilities

(2) Assets = Capital + Revenues – Expenses – Drawings + Liabilities

(3) Capital + Liabilities = Revenues

1. (1) and (2) only
2. (1) and (3) only
3. (2) and (3) only
4. (1), (2) and (3)

2. Which of the following belongs to Liability of a business？

A. Cash

B. Bank Loan

C.Trade Receivables

D. Motor Van

1. A firm bought a machine $60,000 on credit, which of the following would be affected?

1. Liability
2. Capital
3. Assets
4. (1) and (2) only
5. (1) and (3) only
6. (2) and (3) only
7. (1), (2) and (3)

4. Please classify the below items into assets or liabilities:

(a) Cash

(b) Bank Loan

(c) Office Furniture

(d) Trade Receivables

(e) Trade Payables

(f) Machine

|  |  |  |
| --- | --- | --- |
| (a) | (b) | (c) |
| (d) | (e) | (f) |

1. Please calculate the unknown figures in the following accounting equations:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | *Assets* |  | *Liabilities* |  | *Capital* |
|  | $ |  | $ |  | $ |
| (a) Happy Company |  |  | 150,000 |  | 980,000 |
| (b) Daniel Company | 168,000 |  |  |  | 130,000 |
| (c) Roger Company | 360,500 |  | 190,000 |  |  |
| (d) Chan Company |  |  | 98,700 |  | 817,000 |

**Part 4: Identification Questions**

Please identify whether the impact of the following business transactions on the accounting equation is correct.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Transactions** | **Effects** | | | | | |
| **Assets** | **Capital** | **Liabilities** | **Revenues** | **Expenses** | **Drawings** |
| 1. Paid creditors by cheque | Decrease |  | Increase |  |  |  |
| 1. The owner withdrew cash for personal use. | Decrease |  |  |  |  | Increase |
| 1. Received commission and put it into the bank | Decrease |  |  | Increase |  |  |
| 1. Received cash from debtors | Increase |  | Decrease |  |  |  |
| 1. The firm paid rent in cash. | Decrease |  |  |  | Increase |  |
| 1. The owner contributed cash into the business. | Decrease | Increase |  |  |  |  |

Please circle the correct answer and write the correct answer on the space line if there is an error.

1）Are the effects of the transaction correct?

a. Both effects are correct.

b. There is an error. The correct answer is: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2）Are the effects of the transaction correct?

a. Both effects are correct.

b. There is an error. The correct answer is: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

3）Are the effects of the transaction correct?

a. Both effects are correct.

b. There is an error. The correct answer is: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

4）Are the effects of the transaction correct?

a. Both effects are correct.

b. There is an error. The correct answer is: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

5）Are the effects of the transaction correct?

a. Both effects are correct.

b. There is an error. The correct answer is: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

6）Are the effects of the transaction correct?

a. Both effects are correct.

b. There is an error. The correct answer is: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Answers:**

**Part 1: Definition Questions**

Please write down the definitions of the below accounting terms.

1. Assets: resources owned by the business

2. Capital: resources provided by the owner

3. Liabilities: resources borrowed from others apart from the owner(s)

**Part 2: Accounting Equation Questions**

Please write down the accounting equation.

1. Assets = Capital + Liabilities

2. Assets = Capital + (Revenues – Expenses) - Drawings + Liabilities

**Part 3: Multiple-Choice and Fill in the blanks Questions**

1. Which of the following accounting equation is correct？
2. Assets = Capital + Liabilities

(2) Assets = Capital + Revenues – Expenses – Drawings + Liabilities

(3) Capital + Liabilities = Revenues

A

1. (1) and (2) only
2. (1) and (3) only
3. (2) and (3) only
4. (1), (2) and (3)

2. Which of the following belongs to Liability of a business？

A. Cash

B

B. Bank Loan

C.Trade Receivables

D. Motor Van

3. A firm bought a machine $60,000 on credit, which of the following would be affected?

1. Liability
2. Capital
3. Assets
4. (1) and (2) only

B

1. (1) and (3) only
2. (2) and (3) only
3. (1), (2) and (3)

4. Please classify the below items into assets or liabilities:

(a) Cash

(b) Bank Loan

(c) Office Furniture

(d) Trade Receivables

(e) Trade Payables

(f) Machine

|  |  |  |
| --- | --- | --- |
| a) Assets | b) Liabilities | c) Assets |
| d) Assets | e) Liabilities | f) Assets |

5. Please calculate the unknown figures in the following accounting equations:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | *Assets* |  | *Liabilities* |  | *Capital* |
|  | $ |  | $ |  | $ |
| (a) Happy Company | 1,130,000 |  | 150,000 |  | 980,000 |
| (b) Daniel Company | 168,000 |  | 38,000 |  | 130,000 |
| (c) Roger Company | 360,500 |  | 190,000 |  | 170,500 |
| (d) Chan Company | 915,700 |  | 98,700 |  | 817,000 |

**Part 4: Identification Questions**

Please identify whether the impact of the following business transactions on the accounting equation is correct.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Transactions** | **Effects** | | | | | |
| **Assets** | **Capital** | **Liabilities** | **Revenues** | **Expenses** | **Drawings** |
| 1. Paid creditors by cheque | Decrease |  | Increase |  |  |  |
| 1. The owner withdrew cash for personal use. | Decrease |  |  |  |  | Increase |
| 1. Received commission and put it into the bank | Decrease |  |  | Increase |  |  |
| 1. Received cash from debtors | Increase |  | Decrease |  |  |  |
| 1. The firm paid rent in cash. | Decrease |  |  |  | Increase |  |
| 1. The owner contributed cash into the business. | Decrease | Increase |  |  |  |  |

Please circle the correct answer and write the correct answer on the space line if there is an error.

1. Are the effects of the transaction correct?

a. Both effects are correct.

b. There is an error. The correct answer is: **Liabilities decrease.** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Are the effects of the transaction correct?

a. Both effects are correct.

b. There is an error. The correct answer is: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Are the effects of the transaction correct?

a. Both effects are correct.

b. There is an error. The correct answer is: **Assets increase.** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Are the effects of the transaction correct?

a. Both effects are correct.

b. There is an error. The correct answer is:

**Assets increase (cash increases) and decrease (trade receivables decrease).** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Are the effects of the transaction correct?

a. Both effects are correct.

b. There is an error. The correct answer is: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Are the effects of the transaction correct?

a. Both effects are correct.

b. There is an error. The correct answer is: **Assets increase.** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_