**XXX Secondary School**

**20xx-20xx**

**Business, Accounting and Financial Studies**

**Basics of Accounting: Accounting Equation – Homework Worksheet 1**

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

**Part 1: Multiple-Choice Questions**

1. Which of the following accounting equation is correct?

A. Assets + Liabilities = Capital

B. Capital + Liabilities = Assets

C. Assets = Liabilities – Capital

D. Assets + Capital = Liabilities

1. Capital means\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

A. the resources provided by people other than the owner.

B. the resources owned by the business.

C. the resources provided by the owner.

D. the resources owned by people other than the owner.

1. Which of the following statement is correct?

(1) The total amount of assets can be bigger than the total sum of liabilities and capital.

(2) Assets = Capital + Liabilities

(3) The total amount of liabilities can be bigger than the total amount of capital.

A. (1) and (2) only

B. (1) and (3) only

C. (2) and (3) only

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

**Part 2: Short Questions**

1. Please state two examples of Assets, Capital and Liabilities in the following table.

|  |  |  |
| --- | --- | --- |
| *Assets* | *Capital* | *Liabilities* |
|  |  |  |

1. Calculate the unknown figures of the accounting equations：

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | *Assets* |  | *Liabilities* |  | *Capital* |
|  |  |  | $ |  | $ |  | $ |
| (a) | Company A |  |  |  | 199,300 |  | 690,000 |
| (b) | Company B |  | 320,000 |  |  |  | 280,000 |
| (c) | Company C |  | 101,600 |  | 42,000 |  |  |
| (d) | Company D |  | 201,800 |  | 110,300 |  |  |
| (e) | Company E |  | 1,234,000 |  |  |  | 567,000 |
| (f) | Company F |  |  |  | 89,600 |  | 88,500 |

1. Please write down how the following business transactions affect the Assets, Capital, Liabilities and the Accounting Equation.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Transactions** | **Effects** | | | |
| **Assets** | **Capital** | **Liabilities** | **Accounting Equation** |
| Example) The firm bought a machine $3,000 by cheque. | ↑ $3,000  ↓ $3,000 |  |  | Total unchanged and the equation remained balanced |
| 1. The owner contributed cash $6,000 into the business. |  |  |  |  |
| 1. The firm borrowed $1,000 from friends. |  |  |  |  |
| 1. The firm bought office furniture $3,000 on credit. |  |  |  |  |
| 1. The firm repaid the bank loan $20,000. |  |  |  |  |

**Answers:**

**Part 1: Multiple-Choice Questions**

1. Which of the following accounting equation is correct?

A. Assets + Liabilities = Capital

B. Capital + Liabilities = Assets

B

C. Assets = Liabilities – Capital

D. Assets + Capital = Liabilities

1. Capital means\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

A. the resources provided by people other than the owner.

C

B. the resources owned by the business.

C. the resources provided by the owner.

D. the resources owned by people other than the owner.

1. Which of the following statement is correct?

(1) The total amount of assets can be bigger than the total sum of liabilities and capital.

(2) Assets = Capital + Liabilities

(3) The total amount of liabilities can be bigger than the total amount of capital.

A. (1) and (2) only

B. (1) and (3) only

C

C. (2) and (3) only

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

**Part 2: Short Questions**

1. Please state two examples of Assets, Capital and Liabilities in the following table.

|  |  |  |
| --- | --- | --- |
| *Assets* | *Capital* | *Liabilities* |
| Cash  Machine | Cash contribution by owner(s)  Assets contribution by owner(s) | Bank Loan  Loan from friends |

1. Calculate the unknown figures of the accounting equations：

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | *Assets* |  | *Liabilities* |  | *Capital* |
|  |  |  | $ |  | $ |  | $ |
| (a) | Company A |  | 889,300 |  | 199,300 |  | 690,000 |
| (b) | Company B |  | 320,000 |  | 40,000 |  | 280,000 |
| (c) | Company C |  | 101,600 |  | 42,000 |  | 59,600 |
| (d) | Company D |  | 201,800 |  | 110,300 |  | 91,500 |
| (e) | Company E |  | 1,234,000 |  | 667,000 |  | 567,000 |
| (f) | Company F |  | 178,100 |  | 89,600 |  | 88,500 |

1. Please write down how the following business transactions affect the Assets, Capital, Liabilities and the Accounting Equation.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Transactions** | **Effects** | | | |
| **Assets** | **Capital** | **Liabilities** | **Accounting equation** |
| Example) The firm bought a machine $3,000 by cheque. | ↑ $3,000  ↓ $3,000 |  |  | Total unchanged and the equation remained balanced |
| 1. The owner contributed cash $6,000 into the business. | ↑ $6,000 | ↑ $6,000 |  | Total increased and the equation remained balanced |
| 1. The firm borrowed $1,000 from friends. | ↑ $1,000 |  | ↑ $1,000 | Total increased and the equation remained balanced |
| 1. The firm bought office furniture $3,000 on credit. | ↑ $3,000 |  | ↑ $3,000 | Total increased and the equation remained balanced |
| 1. The firm repaid the bank loan $20,000. | ↓ $20,000 |  | ↓ $20,000 | Total decreased and the equation remained balanced |