

# Class XI Accountancy

## Summary Accounting Equation- Quick Revision

INSTRUCTOR: KUNAL KUMAR

S.No.	Transactions	Accounting Treatment
1.	Started business with Cash.	a. It is added in Capital. b. It is added in Cash.
2.	Cash Deposited into Bank.	a. It is added in Bank. b. It is deducted from Cash.
3.	Cash withdrawn from business for personal use.	a. It is deducted from Cash. b. It is deducted from Capital.
4.	Asset purchased for cash.	a. It is added in asset which was purchased. b. It is deducted from Cash.
5.	Asset purchased on credit.	a. It is added in asset which was purchased. b. It is added in liabilities as Creditors.
6.	Goods purchased for cash.	a. It is added in Stock. b. It is deducted from Cash.
7.	Goods purchased on credit.	a. It is added in Stock. b. It is added in liabilities as Creditors.
8.	Goods sold for Cash. Sale price > Cost price = Profit	a. Sale price is added in <i>Cash</i> . b. Cost price is deducted from <i>Stock</i> . c. Profit is added in <i>Capital</i> .
9.	Goods sold for Cash. Cost price > Sale price = Loss	a. Sale price is added in <i>Cash</i> . b. Cost price is deducted from <i>Stock</i> . c. Loss is deducted in <i>Capital</i> .

10.	Goods sold on Credit. Sale price > Cost price = Profit	d. Sale price is added in <b>Debtors</b> . e. Cost price is deducted from Stock. f. Profit is added in Capital.
11.	Goods sold on Credit. Cost price > Sale price = Loss	d. Sale price is added in <b>Debtors</b> . e. Cost price is deducted from <b>Stock</b> . <b>f. Loss is deducted in Capital.</b>
12.	Expenses outstanding / Expense due but not paid.	a. It is deducted from Capital. b. It is added in liabilities as " <u>O/s Expenses</u> "
13.	Expense paid in advance / Prepaid Expenses	a. It is deducted from Cash. b. It is added in assets as "Prepaid expense".
14..	Accrued Income / Income earned but not yet received.	a. It is added in Capital. b. It is added in assets as "Accrued Income".
15.	Depreciation on Fixed assets.	a. It is deducted from Capital. b. It is deducted from asset on which depreciation is charged.
16.	Income received in advance.	a. It is added in Cash. b. It is added in liabilities as "Advance Income" .
17.	Interest on Capital.	It is added and deducted from Capital.
18.	Interest on Drawings.	It is added and deducted from Capital.
19.	Security deposit received from tenants. (Refundable)	a. It is added in Cash. b. It is added in liabilities as "Security Deposit".