

Sr. No	Transaction	Assets	Capital	Liability
1(A)	When capital introduced by owner in business	Increase	Increase	-
1(B)	When withdrawn made by owner from business.	Decrease	Decrease	-
2	Purchase of goods in cash.	One would increase. Another would decrease	-	-
3	Purchase of goods on credit.	Increase	-	Increase
4	Sale of goods in cash.	One would increase. Another would decrease.	Would increase. (in profit)	-
5	Sale of goods on credit	One would increase. Another would decrease.	Would increase. (in profit)	-
6	Payment of revenue expense in cash.	Decrease	Decrease	-
7	Revenue expenditure outstanding.	-	Decrease	Increase
8	Receipt of revenue income in cash	Increase	Increase	-
9	Revenue income outstanding	Increase	Increase	-

10	Purchase of asset in cash.	One would increase. Another would decrease	-	-
11	Purchase of asset on credit.	Increase	-	Increase
12	Sale of asset in cash.	One would increase. Another would decrease.	-	-
13	Sale of asset on credit	One would increase. Another would decrease	-	-
14	When funds borrowed.	Increase	-	Increase
15	Out going material, e.g. goods destroyed by fire.	Decrease	Decrease	-

1: Write journal entries for the following transactions and explain accounting treatments based on equation.

- (1) Ramesh has brought cash of 20,000 and furniture of 10,000 to commence business.
- (2) 5000 deposited in bank and opened account.
- (3) Goods of 8000 purchased from Rajesh
- (4) Goods of 6000 purchased for cash.
- (5) Goods of ₹ 5000 sold for 9000 to Raman on credit.
- (6) Goods of ₹ 3000 sold for 6000 in cash.
- (7) Goods of 1000 returned to Rajesh. (Purchase return)
- (8) Goods of 2000 returned by Raman. (Sales return)
- (9) Goods of 1000 destroyed by fire.
- (10) Salary paid 2000..
- (11) Salary outstanding is 1000.
- (12) Commission received 4000.
- (13) Receivable dividend 2000.
- (14) Insurance premium of shop paid 500.

(15) A computer of 8000 is purchased from Shree Krishna Computer Co.

(16) Owner withdraw 1000 from business.

(17) Account settled of Rajesh.

(18) Account settled by Raman.