

A. When all the resources are supplied by the owner

Sole proprietor, the only boss who starts a business.



Resources in the business = Resources supplied by the owner

** Capital is not restricted to cash; it can be anything, as long as it is supplied by the owner.**

Assets = Capital



Building and land



Inventory



Machinery



Assets

=

Capital



=



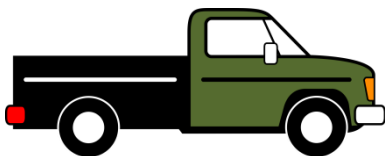
Cash

(\$)

Capital

(\$290,000)

Purchase a truck



=



Truck (\$200,000)

Cash (\$)

Capital

(\$)

Purchase a printer



=



Printer (\$50,000)

(\$)

Truck (\$)

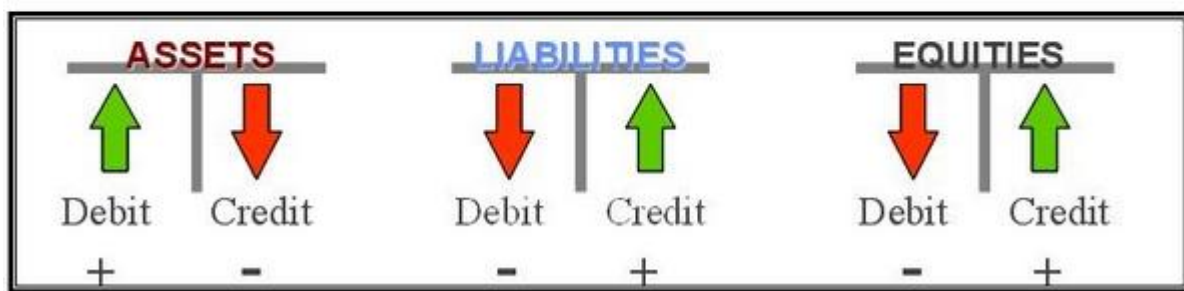
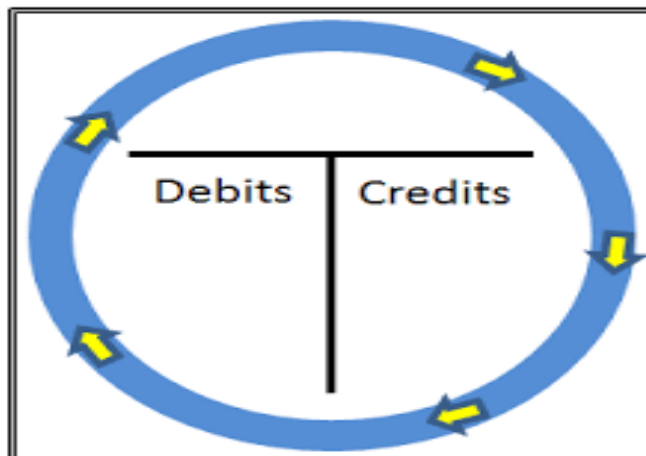
Cash (\$)



Owner brings in a coffee maker (\$8,000)

$$\text{Assets} = \text{Liabilities} + \text{Capital}$$

Assets	=	Capital
Cash (\$)		(\$)
Truck (\$)		+ <i>Coffee Maker</i>
Printer (\$)	=	(\$)
Coffee Maker (\$)		(\$)
[Total: \$]		[Total: \$]



Capital

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Cash

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Truck

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Printer

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Coffee Maker

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Bank Loan

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Office Building

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B. When some of the resources are supplied by others

Assets = Liabilities + Capital

[Total: \$ 298,000]

=

(\$)

[Total: \$ 298,000]



Office Building: \$3 million
+ other assets



Bank loan

(\$)

+ **Capital**

(\$)

[Total: \$]

=

\$

\$

1) The owner put \$6,000 cash into the business bank account

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2) Repaid a bank loan of 50,000 by cheque

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3) Bought a machine, \$9,000 by cheque

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4) The owner took \$650 cash from the business account for his personal use

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- 5) The owner put an extra \$95,000 into the business bank account.

- 6) Buy a delivery van cost \$30,000, the owner pays for it using his own money.

- 7) Obtain a bank loan of \$100,000 and deposit it into the business bank account.

- 8) Borrow money from the bank to buy a machinery cost \$70,000
