

Semester “Spring 2011”

“ADVANCED FINANCIAL ACCOUNTING (FIN611)”

Assignment No. 01

Marks: 15

Mr. Ali keeps his books under single entry system. His capital on 31st March, 2010 is Rs. 60,000.

On 1st October, 2010, Mr. Ali introduced Rs. 10,000 as additional capital in the business and withdrew on the same date Rs. 11,000, out of which he spent Rs. 10,000 on the purchase of a new machine for the business.

On 31st March, 2011, his financial position was as follows:

Cash in hand Rs. 27,000; Inventory Rs. 34,000; Accounts receivable Rs. 24,000; Furniture Rs. 5,000; Accounts payable Rs. 20,000;

From the above mentioned information, prepare the Statement of affairs as on 31st March, 2011 and Statement of Profit or Loss for the year ending 31st March, 2011 after taking into account the following adjustments:

- a) Depreciate furniture and machine @ 10% p.a;
- b) Write off bad debts Rs. 4,000 and provide 10% for doubtful debts;
- c) Goods taken by Mr. Ali for his personal use Rs. 1,500; &
- d) Provide interest on capital @ 10% p.a.

Important Tips

1. This Assignment can be best attempted from the knowledge acquired after watching video lecture no. 1 to lecture no. 10 and reading handouts as well as recommended/reference books).
2. Video lectures can be downloaded for free from www.youtube.com/vu.

Schedule

Opening Date and Time	April 14, 2011 At 12:01 A.M. (Mid-Night)
Due Date and Time	April 18, 2011 At 11:59 P.M. (Mid-Night)

Note: Only in the case of Assignment, 24 Hrs extra / grace period after the above mentioned due date is usually available to overcome uploading difficulties which may be faced by the students on last date. This extra time should only be used to meet the emergencies and above mentioned due dates should always be treated as final to avoid any inconvenience.

Important Instructions:

Please read the following instructions carefully before attempting the assignment solution.

Deadline:

- Make sure that you upload the solution file before the due date. No assignment will be accepted through e-mail once the solution has been uploaded by the instructor.

Formatting guidelines:

- Use the font style "Times New Roman" and font size "12".
- It is advised to compose your document in MS-Word 2003.
- Use black and blue font colors only.

Solution guidelines:

- Every student will work individually and has to write in the form of an analytical assignment.
- Give the answer according to question, there will be negative marking for irrelevant material.
- For acquiring the relevant knowledge don't rely only on handouts but watch the video lectures and use other reference books also.

Rules for Marking

Please note that your assignment will not be graded or graded as Zero (0) if:

- It has been submitted after due date
- The file you uploaded does not open or is corrupt
- It is in any format other than .doc (MS. Word)
- It is cheated or copied from other students, internet, books, journals etc...