

Mr. Ali
Statement of Affairs
As on 31st March, 2011

Assets	Rs.	Liabilities & Capital	Rs.
Cash in hand	27,000	Accounts payable	20,000
Inventory	34,000	Capital (<i>Balancing Figure</i>)	73,000
Accounts receivable	Rs. 24,000		
Bad debts	(4,000)		
provisions for doubtful debts	<u>(2,000)</u>		
<i>(24,000 – 4,000) x 10%</i>	18,000		
Furniture	Rs. 5,000		
Depreciation	<u>(500)</u>		
<i>(5,000 x 10%)</i>	4,500		
Machinery	Rs. 10,000		
Depreciation	<u>(500)</u>		
<i>(10,000 x 10% x 6/12)</i>	9,500		
Total	93,000	Total	93,000

Mr. Ali
Statement of Profit or Loss
For the year ending 31st March, 2011

Particulars	Rs.
Closing capital	73,000
Drawings <i>(1,000 + 1,500)</i>	2,500
Additional capital introduced	(10,000)
Interest on capital:	
On opening capital <i>(60,000 x 10%)</i>	Rs. 6,000
On new capital <i>(10,000 x 10% x 6/12)</i>	<u>500</u>
Adjusted capital at the end of the year	(6,500)
Opening capital	59,000
	(60,000)
Net loss for the year	(1,000)