

Semester “Spring 2011”

“Financial Statement Analysis (FIN621)”

Assignment No. 02

Marks: 15

Question:

In the beginning of year 2010 Mr. Nauman, Mr. Ali and their other friends organized a company “Printing Solutions (PVT) Ltd”. to start a business of printing press. The company was authorized to issue 100,000 shares having par value of Rs. 10 each and 50,000 shares of 10% cumulative preferred shares having par value of Rs. 100 each. Following are the transaction occurred during the year 2010.

1. Issued 50% of shares of common stock for cash at Rs. 15 per share to Mr. Nauman and other investors of the company.
2. Issued 1,000 shares of common stock to Mr. Ali for his initial services offered for the incorporation of the company. Total initial expenses were incurred Rs. 14,000.
3. Issued 3,000 preferred shares for Rs. 300,000 for cash.
4. Purchased printing machinery from Mr. Nauman in exchange for 10,000 shares of common stock. The cost of the machinery was Rs. 150,000.
5. Paid cash dividend on preferred stock.
6. The company earned 120,000 Net Income during the year 2010.

Instructions:

1. Prepare the stock holder equity section of the Balance sheet as on 31st December 2010 of Security solutions (PVT) Ltd.
2. Prepare journal entries for the above transactions.

Important Tips

1. This Assignment can be best attempted from the knowledge acquired after watching video lecture no. 1 to lecture no 29 and reading handouts as well as recommended text book).
2. Video lectures can be downloaded for free from www.youtube.com/vu.

Schedule

Opening Date and Time

June 09, 2011 At 12:01 A.M. (Mid-Night)

Due Date and Time

June 15 , 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 after the due date.

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...