

**SEMESTER SPRING 2014
FINANCIAL ACCOUNTING (MGT101)
ASSIGNMENT # 02**

DUE DATE: 22nd July 2014

MARKS: 10

TOPIC TO BE TESTED:

- Recognizing changes in accounting equation and its effect on financial statements

LEARNING OBJECTIVES:

- To understand, recognize and record changes in the accounting equation due to the transaction activities
- To prepare financial statements i.e. Balance Sheet

QUESTION

Following data is available for a business concern on June 30, 2013:

Items	Rs.
Accounts Payable	25,000
Cash	45,000
Factory Building	250,000
Equipment	74,000
Contributed Capital	85,000
Notes Payable	2,500
Land	222,000
Supplies	4,500
Retained Earnings	483,000

Further activities have been carried in July 2013:

1. Received **Rs.300,000** in cash against **3,000** shares
2. Local bank has approved a loan worth **Rs.15,000** that is payable on June 30, 2014
3. Paid **Rs.33,000** in cash and signed a one-year note for the balance against purchase of factory building worth **Rs.83,000**
4. An equipment has been purchased on cash that costs **Rs.45,000**
5. Purchased supplies on account worth **Rs.45,000**

Required:

1. Analyze each transaction of July in order to determine its effect on the accounting equation.
2. Prepare T- Accounts and find ending balance
3. Prepare Balance Sheet using T account format at July 31, 2013

For **requirement no.1** follow the format provided below in example.

Example: Purchased a piece of land on account that costs **Rs.50,000**

Assets = Liabilities + Shareholders' Equity								
Assets				Liabilities			Shareholders' Equity	
Land				Accounts Payable				
+ 50,000				+ 50,000				

IMPORTANT:

Grace period of extra 24 hours after the due date is usually available to overcome uploading difficulties. 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

- Carefully watch relevant lectures and consult the relevant material from handouts along with recommended books.
- Attempt the assignment by yourself and it will be entertained positively.

OTHER IMPORTANT INSTRUCTIONS:

DEADLINE:

- Make sure to upload the solution file before the due date on VU-LMS
- Any submission made via email after the due date will not be accepted.

FORMATTING GUIDELINES:

- Use the font style “Times New Roman” or “Arial” and font size “12”.
- It is advised to compose your document in MS-Word format.
- You may also compose your assignment in Open Office format.
- Use black and blue font colors only.

RULES FOR MARKING

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

- It is submitted after the due date.
- The file you uploaded does not open or is corrupt.
- It is in any format other than MS-Word or Open Office; e.g. Excel, PowerPoint, PDF etc.
- It is cheated or copied from other students, internet, books, journals etc.

Note related to load shedding: Please be proactive

Dear students!

As you know that Post Mid-Term semester activities have been started and load shedding problem is also prevailing in our country now a days. Keeping in view the fact, you all are advised to post your activities as early as possible without waiting for the due date.

For your convenience; activity schedule has already been uploaded on VULMS for the current semester, therefore no excuse will be entertained after due date of assignments, quizzes or GDBs.