

SOLUTION OF ASSIGNMENT-11

“ADVANCED FINANCIAL ACCOUNTING (FIN611)”

ABC Company Ltd
Income Statement
For the period ended 31st December, 2010

Particulars	Rs.	Rs.	Rs.
Sales			300,000
Less: Cost of goods sold:			
Opening Inventory		32,500	
Purchases		165,000	
Wages		1,000	
Closing inventory		<u>(27,500)</u>	<u>171,000</u>
Gross Profit			129,000
Less: Operating expenses:			
Selling expenses		30,000	
General expenses	31,500		
Less: Prepayments	<u>(1,500)</u>	30,000	
Depreciation expenses:			
Land & Building (150,000 x 10%)	15,000		
Plant & Machinery (170,000 x 10 %)	<u>17,000</u>	<u>32,000</u>	<u>92,000</u>
Net Income			<u>37,000</u>

ABC Company Ltd
Statement of Changes in Equity
For the period ended 31st December, 2010

Particulars	Share Capital Rs.	Share Premium Rs.	General Reserves Rs.	Retained Earning Rs.	Total Rs.
Opening Balance	200,000	20,000	50,000	12,500	282,500
Income for the period				37,000	37,000
Dividend - final				(10,000)	(10,000)
Provision for taxation				<u>(7,500)</u>	<u>(7,500)</u>
	200,000	20,000	50,000	32,000	302,000

ABC Company Ltd
Balance Sheet
As on 31st December, 2010

Particulars	Rs.	Rs.	Rs.
<u>ASSETS</u>			
Non Current Assets			
Land & Building	150,000		
Less: Depreciation expenses	<u>(15,000)</u>	<u>135,000</u>	
Plant & Machinery	170,000		
Less: Depreciation expenses	<u>(17,000)</u>	<u>153,000</u>	288,000
Current Assets			
Cash		49,000	
Accounts receivable		46,000	
Prepaid expenses		1,500	
Inventory		<u>27,500</u>	<u>124,000</u>
Total Assets			<u>412,000</u>
<u>EQUITY & LIABILITIES</u>			
Shareholders equity			
Authorized Capital (40,000 shares of Rs.20 each)		<u>800,000</u>	
Paid Up Share Capital (10,000 shares of Rs.20 each)		200,000	
General reserves		50,000	
Share premium		20,000	
Retained earning		<u>32,000</u>	302,000
Non Current Liabilities			---
Current Liabilities			
Accounts payable		17,500	
Bank Loan		75,000	
Proposed dividend		10,000	
Provision for taxation		<u>7,500</u>	<u>110,000</u>
Total Equity & Liabilities			<u>412,000</u>