Assignment 1 Total Marks: 30

Q:1: Short Questions: (15)

i. What is the difference between a 'financial report' and a 'financial statement'?
ii. How would you differentiate between 'projection and forecasting'?
iii. Write shot notes on the followings?
   a. The Cash Accounting Method
   b. The Accrual Method of Accounting

Q:2: Describe generally accepted accounting principles. (8)

Case Study (7)

Background

Harry Henderson, the owner of Happy Haircuts, has come to you for help in understanding his current financial position. He provides you with the following financial information about last month.

- Harry's company earned $4,000 by cutting hair. $3,500 of this was paid in cash. $500 has not been received.
- Harry paid the rent, which was $1,000.
- Harry paid his employees $1,000 in wages.
- Harry had $500 in power and water bills (utilities), which were not paid.
- Harry also bought a new computer for $1,000 and has not yet paid for it.
- Harry spent $800 on hair supplies and paid for them in cash.

Task

Calculate Harry's net profit or loss for the month using accrual and cash accounting.

	Accrual	**Cash**
Revenue		
Expenses		
Rent		
Wages		
Utilities		
Equipment		

Supplies		
Total Expenses		
Net Profit or (Loss)		