

ASSESSMENT # 1

Total Marks: 30

Answer the following questions:

1. What is the difference between financial report and financial statement? Explain using examples. **10**

2. Define the followings: **10**
 - Accounting
 - Bookkeeping

Case Study **10**

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		



An Introduction to Accounting and Finance

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Total Expenses		
Net Profit or (Loss)		