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***ASSIGNMENT NO. 04***

**FALL - 2023**

**DATE : 01/01/2024 SUBMISSION : 07/01/2024**

**Q. 1 (Adjusting Entries for the following)**

1. Closing Inventory Rs. 10,000.
2. Prepaid/ Un-expired insurance Rs.1,500.
3. Outstanding/ Unpaid (or due but not paid) salary Rs. 3,000.
4. Depreciable Plant by Rs. 1,000.
5. Interest accrued on investment Rs. 500.
6. Commission received in advance Rs. 1,000.
7. Rs. 500 due from Mr. Ali, a customer, proved irrecoverable owing to his bankruptcy.
8. Allowance for bad debts is to be made @ 10% on account receivable which was Rs. 20,000
9. Provide interest on capital Rs. 1,000 and
10. Provide interest on drawing Rs. 250.

**Solution**:

A notebook with writing on it

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A close-up of a paper

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**Q. 2 During the past 6 years, you owned three stocks that had the following annual rates of return.**

|  |  |  |  |
| --- | --- | --- | --- |
| **YEAR** | **STOCK A** | **STOCK B** | **STOCK C** |
| **1017** | **20%** | **7%** | **12%** |
| **2018** | **9%** | **10%** | **10%** |
| **2019** | **6%** | **16%** | **9%** |
| **2020** | **9%** | **6%** | **10%** |
| **2021** | **15%** | **6%** | **11%** |
| **2022** | **2%** | **19%** | **13%** |

1. Calculate the arithmetic mean annual rate of return for each stock. Which stock is most desirable by this measure?
2. Compute the standard deviation of the annual rate of return for each.
3. By this relative measure risk, which stock is preferable?

**Solution**:

A paper with numbers and equations

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A close-up of a paper

Description automatically generated

A close-up of a paper with numbers

Description automatically generated

Q. 3 **(Measures of Historical Rates of Return),**

1. If Beginning Value of Investment is $ 260 and Ending Value of Investment is $ 370
2. If Beginning Value of Investment is $ 360 and Ending Value of Investment is $ 480
3. If Beginning Value of Investment is $ 220 and Ending Value of Investment is $ 290

**Calculate:**

(i) (HPR) (ii) HPY

**Solution**:

