**NAME = IRSHAD WALI**

**ID = 13940**

**PROGRAM = BBA/6TH SEMESTER**

**SUBJECT = INTRODUCTION TO FINANCIAL ACCOUNTING**

**INSTRUCTOR= MS MARYAM SALEEM**

**Q1**

**Answers:**

1. **A**
2. **C**
3. **B**
4. **C**
5. **D**
6. **B**
7. **A**
8. **A**
9. **A**

**10: A**

**Q2**

**Answer:**

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|  **Caroline Crafts**  **Statement Of Cash Flow** **For the year Ended December 31,2001**  |
| **Cash flow from Operating Activities:**Cash received from the customers\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ $800,000Interest and Dividends received \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ $30,000 \_\_\_\_\_\_\_\_\_ $830,000Cash paid to suppliers and employees\_\_\_\_ ($500,000)Interest Paid\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ($15,000)Income Taxes Paid \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_($40,000) \_\_\_\_\_\_\_\_\_\_ ($555,000)Net cash provided by operating activities \_\_\_\_\_\_\_ $275,000**Cash flow from Investing Activities :**Loans made to Borrowers\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_($7,000)Collection on Loans\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_$12,000Cash paid to acquire plant assets\_\_\_\_\_\_\_\_\_\_\_\_\_($10,000)Proceeds from sale of plant assets \_\_\_\_\_\_\_\_\_\_\_$20,000Net Cash provided by Investing Activities \_\_\_\_\_\_\_\_\_$15,000**Cash Flow from Financing Activities:**Proceeds from short term Borrowing\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_$25,000Dividends Paid\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_($50,000)Net cash flow used by financing activities\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_($25,000)Net increase in cash and cash equivalents this year\_\_\_\_\_\_\_$265,000Cash and equivalents beginning of year (January 1) \_\_\_\_\_\_\_$70,000Cash and cash equivalent by the end of the year \_\_\_\_\_\_\_\_\_$**335,000**  |

**Q3 (A)**

* **Answer:**
* Outstanding checks.
* Deposits **in** transit.
* Bank service charges and check printing charges.
* Errors on the company`s books.
* Electronic charges and deposits that appear on the bank statement but are not yet recorded **in** the company`s records

**(b)**

**Answer**: Error of Commission does not affect the trail balance because we do prepare trail balance to detect any mathematical errors that have occurred in double entry accounting system and Error of Commission occurs when in the debtor's account an amount owed to Ahmed Khan is recorded as being owed to Mehmood Khan. The individual debtor accounts will be incorrect because one account will be overstated and the other will be understated, But the total debtors of the business will be correct and the big picture correctly reports the business’ debtors. This error shares the same characteristics as the error of principle except that it occurs in accounts of the same class.

**(c)**

**Answer: Uses of Statement of Cash Flow:**

1. Since a cash flow statement is based on the cash basis of accounting, it is very useful in the evaluation of cash position of a firm.
2. Cash flow statement helps in planning the repayment of loans, replacement of fixed assets and other similar long-term planning of cash. It is also significant for capital budgeting decisions.
3. Cash flow statements can be made so as to find the variations and deficiency or otherwise in the performance so as to enable the firm to take immediate and effective action.
4. A projected cash flow statement can be prepared in order to know the future cash position of a concern so as to enable a firm to plan and coordinate its financial operations properly.
5. Cash Flow statement provides information of all the activities classified under Operating, Investing and also in Finance.

**Q4**

**Answer**

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|  **Alice Corporation** **Bank Reconciliation** **December, 31**Balance per bank statement --------------------------------------$15981Deposit December,31 not recorded by bank yet --------------$4353 \_\_\_\_\_\_\_\_\_\_\_ $ 20,334Outstanding Checks No----------$978  No----------$2052 No----------$483 $ 3513 \_\_\_\_\_\_ \_\_\_\_\_\_\_Adjusted cash balance $16,821Balance per deposit record December,31 $ 17,445NFS---------------------$600Service charges -----$24 $624 \_\_\_\_ \_\_\_\_\_\_\_  $16,821 |