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**Submitted To:** Maryam Saleem

**Subject:** Intro to financial Acc

**Semester:** 3rd BBA

Answer of question 1:

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

**Answer of question 2:**

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| **Caroline XYZ**  **Statement of cash flow**  **For the year ended Dec 31, 2017** |
| **Cash flows from operating activities:**  Cash received from customers\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_800,000  Interest and dividends received\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_30,000 \_\_\_\_\_\_\_\_\_\_  830,000  Cash 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 flows from investing activities:**  Loans made to borrowers\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(7000)  Collection on loans\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_12,000  Cash paid to acquire plant assets\_\_\_\_\_\_\_\_\_\_\_\_\_\_(10,000)  Proceeds from sale of plant assets\_\_\_\_\_\_\_\_\_\_\_\_\_20,000  Net cash provided by investing activities\_\_\_\_\_\_\_\_\_15,000  **Cash flows from financing activities :**  Proceeds from short term borrowing\_\_\_\_\_\_\_\_\_\_\_25,000  Dividends paid\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(50,000)  Net Cash flow used by financing activities\_\_\_\_\_\_\_\_\_\_\_(25,000)  Net increase in cash and cash equivalents this year\_\_\_\_\_\_\_\_\_\_\_\_\_ 265,000  Cash and equivalents beginning of year(jan, 1)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_70,000  Cash and cash equivalents by the end of year\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 335,000  **Answer of question 3**   1. Normal Differences between Bank Records and Accounting Records:   The balance shown in a monthly bank statement seldom equals the balance appearing in the depositor’s accounting records. Certain transactions recorded by the depositor may not have been recorded by the bank. Most common examples;  •Outstanding Checks (Checks issued and recorded by the company but not yet presented to the bank for payment)  •Deposits in Transit (Cash Receipts recorded by the depositor that reached thebank too late to be included in the bank statement for the current month)In addition, certain transactions appearing in the bank statement may not have been recorded by the Depositor. Most common examples  ;•Service Charges.  •Charges for depositing NSF (Not Sufficient Funds) Checks.•Credits for Interest Earned.  •Miscellaneous Bank charges and credits.  **errors of commission** are often caused due to the mistake committed by the clerk, they are also called as **clerical errors**. Also known as **error of inadvertence**.  If we debit or credit an account, other than the correct account, but with the correct amount, the total debits and credits in the ledger will remain equal and hence the [trial balance](https://www.playaccounting.com/menu/explanation/tb-exp/) will not disclose the error.  errors of commission   1. Common uses of cash flow statement:  * Cash Flow Statement facilitates to prepare sound financial policies. It also helps to evaluate the current cash position. * 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. * It helps in taking loan from Banks and other financial institutions. The repayment capacity of the firm can be understood by going through the Cash Flow Statement. * It helps the management in taking short-term financial decisions. * Cash is the soul and heart of the business. Cash is pivot of all business activities. Everyone is cash minded. The aim of business is to gather cash. Business is a source while cash is the end. Therefore, it is very useful. |

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| **Alice incorporation**  **Bank reconciliation**  **Dec, 31**  Balance per bank statement----------------------------15,981  Add: Deposit Dec, 31, not recorded by bank yet-----------4353    20,334    Deduct: Outstanding checks No 620------------978  No 630------------2052  No 641------------483 3513    Adjusted cash balance 16,821  Balance per depositor record Dec 31 17,445  Deduct: NSF--------------------------------600  Service charges------------------24  624  Adjusted cash balance 16,821 |

**Answer of question 4:**