1) ~~(A)~~ (A)

2) (C)

3) (A)

4) (C)

Q6) Different ways through which accounts can be manippulated are as follows:-

i) Inappropriate depriciation of tangible assets:- Assets like buildings, plant or machinery can be depriciated at a higher rate to reduce profit figures.

ii) Inappropriate valuation of inventories:- Closing inventory can be shown less to inflate revenue.

iii) unwarranted revaluation of tangible assets:- Tangible Assets can be revaluated at a higher prices to increase the valuation of a company.

iv) Omitting contingent liabilities:- ~~liabilit~~ liabilities that may arise due to unforcing events, can be omitted to decrease the liabilities.

Q7)

	Gross Profit	Cashflow
i)	~~No change~~ Decrease	~~Increase~~ No change
ii)		Decrease
iii)		
iv)	Decrease	Decrease
v)		NO change

Q8) a) Main roles of regulations in financial system are as follows :-
(i) To establish market confidence in the financial system.
ii) To secure appropriate degree of consumer protection.
iii) To contribute in protection and enhancement of stability of financial system.

b) Regulatory Bodies which regulate IFS :-
(i) RBI - Reserve Bank of India.
ii) SEBI - Security Exchange Board of India
iii) Insurance Regulatory & Development Authority of India.

(c) i) RBI
ii) PFRDA
iii) IRDAI
iv) SEBI
v) FEDAI
vi) RBI

9) i) Cost Concept - Under this concept, non-Current Assets generally appear in statement of financial position at original cost less depriciation.
ii) Going concern concept - Under this concept it is assumed that business will continue indefinitely.

iii) Prudence concept tells preparation of financial statements to avoid presenting an unduly optimistic set of results. Lowest value of profits realisable and highest value of liabilities incurring should be taken into account

10) a) Investment Bank - To create wealth for people depositing their money in bank
Source of funds :- Money deposited by customers in look for good returns.
Application of funds - Investing the money received from the customers in equities, bond in market judiciously to get return

(b) Life Insurance Company -
Role - To provide lump-sum amount to policyholders' family in case of death of policyholders.
Source of funds - Premiums collected from policyholders.
Application :- To provide said amount to family of policyholder at his death.

11) Challenges to interpret the account will be as follows :-
i) Different treatments of incomes.
ii) " " of Depreciation.
iii) Non-Uniformity.
iv) Uncomparable.

13) Advantages :-
- They reduce variations b/w companies.
- The discussion process leading to standards being issued focuses on important areas.
- They allow some degree of flexibility.

Disadvantages :-
- The set of ~~data~~ standardized rules may not be appropriate for all companies.
- Standard-setting may be brought by govt. pressure

31 March 2019

iv) Statement of Comprehensive Income for period

	Q.	Working Note	Figure
Revenue.		–	1500000
Cos		②	(647000)
Gross Profit.			853000
Administrative Expenses		①	(3000)
Distribution Expenses		③	(266000)
Operating Profit			584000
Interest			(10,000)
Profit before tax			574000
Tax			–
PAT			574000.

Statement of changes in Equity :–

	Share Capital	Retained Earnings	Revaluation Reserve.
Opening	200,000	250,000	180,000
PAT		574,000	(200000 + 34000)
Dividends		(45,000)	~~500,000~~
closing	200,000	779000	~~680000~~ 720000

Financial Position :– as on 31 March 2019.

Assets		Equity.	
Non-Current Assets.		Share cap.	200,000
Buildings	693000	Retained	779,000
D.vehicles	124000	Revaluation	720,000 ~~680,000~~
land	800,000	Total	1659000
Machine	55000		
	1632000	Non-Current liab.	145000
Current Assets	240,000	Current liab.	68000
Total	~~1872000~~ 19,12000	Total.	~~1872000~~ 19,12000

Page:
Date: / /

Working Note:

① Administrative Expenses.

Admin Staff. Wages	3000

② Cost of Sales:

~~Depreciation Buildings 40000~~	
Cost of inventory cons.	350000
Factory Running Costs	100,000
Manufacturing wages	175000
Depriciation - Buildings	7000
~~Depr^n D. Vehicles~~	~~31000~~
Machine - Depriciation	15000
	647000

③ Distribution Expenses.

Cost of Marketing	55000
Dilevery Vhichle Running costs	60000
Sales salaries	120,000
Depriciation D-Vehi	31000

④ Financial Expenses.

Interest	10,000

⑤ Non-Current Assets

	Buildings	D. Vehicles	Land	Machine
Cost ~~Cost~~	~~400,000~~	325000	~~600000~~	150000
Revalued A.	700,000		800,000	
A. Depri	~~[illegible]~~	(170,000)		(80000)
Y Depri	(7000)	(31000)		(15000)
	~~[illegible]~~ 6,93,000	124000	8,00,000	55000

⑥ Current Assets.

Closing inventory	30000
Receivables	210,000

⑦ ~~Curr~~ Non-Current liabilities.

Loan	145000

⑧ Current Liabilities.

O/D -	18000
Payables -	50000

15) Statement of Comprehensive Income :-

	Working Note	Figures
Revenue	2	55200
COS	1	(34825)
Gross profit	-	20375
Admin. Exp.	-	0
Distribution Exp.	-	0
Operating Profit		20375
Tax		(3000)
Profit After tax		17375

Statement of Changes in Equity :-

	Share Capital	Retained Earnings.
Opening	32000	0
PAT		17375
Dividend		(5000)
	32000	12375

Financial Position :-

Assets		Equity.	
Non-Current Assets :		Share cap.	32000
laptop.	31792	Retained	12375
Office Equipments.	18167.	Net worth	44375
	49959		
		Liability	
Current Assets	13415	Current liability	19000
Total.	63374.	Total	63375

Working Notes-

① Cost of Sales :-

Office Supplies		2000
Electricity Bill		4000
Mobile Bill		583
Depriciation		
laptops		3208
Equipments		1833
Closing inventory		(1000)
Office Rent	15917	
- Adv. paid	(1715)	
~~Current~~		14202
Employ Salary		10000
		34825

② Revenue

~~Opening~~	55000
Other income	200
	552008

③ Non-Current Assets

	laptops	Office Equip
Cost	35000	20000
Depr^n for 11 months	(3208)	(1833)
	31792	18167

④ Current Assets:

Receivables	1500
cash	1000
Bills Receivables	5000
Closing inventory	1000
Interest income	200
fee Revenue	2000
Unearned fees earned	1000
Advance Rent	1715
	13415

⑤ Current liabilities

Payables	3000
Salaries of employees	4000
income tax payable	3000
Unearned fees	10000
Unearned fees earned	(1000)
	19000