Roshan Mehta

(46) FY-A

7/5/22

Business Finance -2

Assigment (Unit 1&2)

Q1) (B) All of the above

Q2) (D)

Q3) (C) Chairman's Report

Q4) (D) I, II, III

Q5) a) Realization is a concept that states that the revenue generated can only be recognized once the goods & services associated to it have been delivered or once the revenue has been earned.

Whereas, in Accrual method of Accounting the revenue/ transaction is recognized and considered between two parties whether the cash is recieved immidietly or not. (Should be recieved in the same time period)

b) The earned premium for the year is calculated by considering the earned portion of the total written premium in the year and carried foward unexpired risk premium which is the realization concept.

Q6) ① Misuse of Non-Operating Cash

As companies sometimes generate income/cash from operations which are not part of the normal business such as trading. If these company income is added into the cashflow, it gives or leaves impression of the statement and shows increase in recievables.

② Charging Accounts Payable

Including overdrafts in accounts payable and then combined with operating cashflow, making it appear larger than it otherwise would have been.

97)	Gross Profit	Cash flow
i)	No charge	No charge
ii)	No charge	Decreases
iii)	No charge	No charge
iv)	Decreases	No charge
v)	No charge	No charge

98) (i) Main Roles of regulation in the financial system are :-

- To govern the institutions
- Provide stability
- fair competition
- Consumer Protection
- Prevent financial crimes.

(ii) 1) SEBI (Securities & Exchange Board of India)

2) RBI (~~Reserve~~ Reserve Bank of India)

3) IRDAI (Insurance Regulatory & Development Auth.)

4) PFRDA (Pension Fund " ")

14) (iii) a) Banks → RBI

b) Superannuation Products → PFRDA

c) GICs → IRDAI

d) Stock brokers → SEBI

e) Mutual Funds → SEBI

f) Market for listed securities → SEBI

g) Foreign exchange dealers → RBI

h) Money changers → RBI & SEBI

Q9) i) • The ~~cost~~ concept of cost refers to the amount of payment made to ~~~~ acquire any goods & services.

• Going concern concept refers to a business in a poor financial position which will continue running its operations in future.

ii) The objectives that should be considered by the Accounting Board should be relevance, reliability, comparability and understandability.

iii) The stock market examines information carefully to ensure that it does not misprice securities. If shares are overpriced then there will be chances for market participants to make profits by identifying over priced companies and selling shares.

Market rewards companies with good governance and it is reflected also through accounting policies.

Q10) a) Role of an investment bank is to advise businesses and governments on how to tackle financial challenges.

Sources of funds for an investment bank are - Retained earnings, debt & equity capital.

b) Pension schemes helps you maintain your standard of living once you have retired.

Pension funds are sourced by contribution of employers.

c) Role of a life Insurance company is to provide a financial benefit to dependants upon premature death of an insured person.

Charging premiums in exchange for insurance coverage, then reinvesting those premiums into other interest-generating assets.

Q12) i) Financial statements serve a different purpose for insurance companies. Instead of gauging profitibility, they are used to determine whether the insurance ~~compa~~ company can meet their payout obligations to policyholders.

IFRS

Q13) i)

Advantages	Disadvantages
• greater comparability	• Not globally accepted
• More flexible	• Standards Manipulation.
• Transparency.	• Increased costs
• prevents frauds.	• Lack of details.

ii) • Domestic / National Laws.
• International Laws.

iii) Information about changes in operating assets and liabilities. Balance sheets are far more summarized to derive this information.

Q14)