1. B
2. C
3. C
4. D
5.

a Realisation concept
- Income is recognised as & when it's earned. It isn't therefore necessary to wait until the customer settles his or her bill. This avoids fluctuations in reported income which might arise if everything was accounted for on a cash basis.

Accrual concept
- Expenses are recognised as & when they're incurred, regardless of whether the amount has been paid.

b Earned prem. calculated by considering earned portion of total written prem. in year & c/f UR prem.

6. Inappropriate dep. & amortisation of tangible & intangible assets reserved

- Omitting contingent liabilities.

7.

	GP	Cashflow
i	Unchanged	Unchanged
ii	"	Decreases
iii	"	Unchanged
iv	Decrease	"
v	Unchanged	"

8 i Market confidence - maintain confidence in financial syst
ii Financial stability - contribute to protection & enhancement of fina stability.
- Consumer protection - secure appropriate degree of protection for cons

ii RBI
SEBI
IRDAI
PFRDA

iii

a RBI
b IRDAI
c IRDAI
d SEBI
e SEBI
f SEBI
g RBI
h RBI

9

i Cost Concept
- Non-current assets generally appear in the statement of financial position at their original cost less depreciation to date, subject to possible impairment write down

Going Concern Concept
- Business will continue indefinitely in its present form.

ii Key guiding principals are:

a There's a general requirement that the statements give a true & fair view

b Guidance provided by the authorities is considered

c Directors might look at historical treatment for similar balances.

iii Market examines info carefully. If overpriced, intelligent participants will identify opportunity & make profits by selling the share thereby pushing the shares down

10.a	IB	Pension Scheme	LIC
Role	Advice companies & help companies raise finance	Channel savings for retirement into long term capital markets	Pool mortality & investment risks by channelling savings into long term capital markets
Application of funds	Receive fees for advice, U/w commission etc. Borrow money by running banking a/c.	Contributions from employees only. No borrowings	Premium income from policyholders. No borrowings usually.
Sources of funds	Invest in bills & provide loans & leases to companies	Typical fund invests in equities & longer dated loan securities & company debt.	Mixture of equities & short & long fixed interest securities

11.

12 i

a Insurance contracts fall due outside accounting period are uncertain in size.

b Premature transfer of profit to shareholders may endanger financial stability of company

ii

a URR

b Outstanding claim reserves

13

i Eliminate variations b/w companies in the way they prepare accounts.

- Oblige companies to disclose more info than reqd. by national law
- Allows some degree of flexibility

- May not be appropriate to all companies
- Not objective
- Often allow more than one treatment

ii National company law
- Stock exchange requirements

iii Whether operating activities of business have led to net cash inflow or outflow
- Summarises change in financial position since last year

14.

15.