BP

Assignment

6

(1) (B)
(2) ~~(A)~~ (C)
(3) (C)
(4) ~~(B)~~ (A)
(5)
a) Realization concept of accounting states that revenue should only be considered when the good is delivered or rendered to the buyer.
Accruals concept of accounting concepts are showed in which the transactions occur not when the when they actually cash is received.

b) ~~Realization would be considered when the money is given to the custom~~ when the claim arrives.

i) b) the earned premium for the year is calculated by considering the earned premiums of total and then carried forward.

ii) The claim incurred at the start and the end of the year.

(6) Ways in which accounts can be manipulated are:

i) Assets are overstated : this can be done by understating the allowance for doubtful accounts.

ii) Overvalued inventory : according to the GAAP, the ~~as~~ value of asset should be written on the basis of current value of market. And if the inventory gets damaged the ~~de~~ depriciated and loss value will not be mentioned as to ~~prope~~ protect company's market value.

iii) liabilities are understated : the company does this when it receives cash and hasn't done the work yet and adds the cash in revenue.

iv) Earnings Management : Managers manipulating the timings of the revenues, allowance accounts as to make financial report look more consistent.

classmate
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(7) gross profit | cash-flow

	gross profit	cash-flow
i)	no effect	no effect
ii)	no effect	decrease
iii)	increase	decrease
iv)	decrease	no effect
v)	no effect	no effect

(8)
i) Protects investors
ii) economic stability
iii) prevents market from deteroiying

ii) SEBI → Securities exchange board of India.

PFRDA → Pension fund regulatory and development authority

IRDAI → Insurance regulatory and development authority of India.

RBI → Reserve bank of India.

iii)
a) Banks → RBI
b) Superannuation product → PFRDA
c) GIC → IRDAI
d) stock brokers → SEBI
e) mutual funds → SEBI
f) market for listed securities → SEBI
g) Foreign exchange dealers →
h) Money charges → RBI

(10)
a) Investment Bank – there roles is to guide clients and investors to where to put their money for higher returns. They help the clients in new stocks, mergers, acquisition financings etc..
They act as financial advisors

Sources of funds → equity,
funds,
Special financing.

b) application of funds → stocks,
equity,
debentures,

b) Pension scheme → Pension Scheme is to maintain and ensure that there will be enough money for pension of employees after their retirement in coming year.

Sources of funds → Employees.

Application of funds → These funds can be used as pensions for pensioners and as well as govt. securities.

c) Life insurance company → It protects your family by ~~to~~ giving you non-taxable amout at the time of death of policy holder.

Sources of funds → Premiums.

Application of funds → Bonds,
equity,
claims
other investments.

(12)
i) The preparation of insurance company accounts is complicated because the liabilities fall outside the accounting period and are uncertain in size. Yo never know when the claim occurs.

Profit cannot be freely distributed to the shareholders as to keep some rese to meet the future needs.

ii) Fund for future appropriations is fund fo life insurance businesses.

Claims equilization Provisions is for balancing the claims for future.