Name- Tanishq Navin Upreti.

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<u>BF Assignment-2</u>

1) B. All of the Above

2) C. an adverse opinion

3) B. Statement of change in equity

5) Realization concept

The income is realized as and when it is "earned," therefore it is not necessary to wait until the customer settles their bill.
This avoids fluctuations once it is reported income, which might arise if everything was counted on a cash basis.

Accrual concept
Expenses are recognised as and when they are incurred, regardless of whether the amount was been paid. Again, this avoids random allocation of costs to period depending on whether the bill happens to have been paid or not.

b) The Health insurance company would record premium payments expected either quaterly or monthly on a specific date to avoid fluctuations using realization concept.

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* They would account for their sales according to the financial year, thus recording sales between ~~the~~ April of the ~~premium~~ previous year to the March of current year.

(b) Manipulation using accounts:-

1) Inappropriate depriciation of tangible asset.

2) Inappropriate amortization of intangible asset.

3) Inappropriate valuation of inventories.

4) inappropriate valuation of future Liabilities

7) i) Gross profit → No change
Cashflow → No change

ii) Gross profit → No change
Cashflow → Decreases.

iii) Gross profit → No change
Cashflow → No change

iv) Gross profit → decreases.
Cashflow → No chanage.

v) Gross profit → No change.
Cashflow → No change

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(8) i) Roles/ objectives of financial regulation.

- Market confidence - To maintain confidence of people in in financial system.

- financial stability - contributing to protection & enhancement of financial system.