44 Lecture - MGT401

Important Subjective

1. **What are the key elements of a balance sheet, and how do they provide information about a company's financial position?**
   Answer: The key elements of a balance sheet are assets, liabilities, and equity. Assets represent the company's resources, liabilities represent its obligations, and equity represents the residual interest of the owners. Together, these elements provide a snapshot of the company's financial position at a specific point in time.

2. **What is the purpose of the income statement, and how does it differ from the balance sheet?**
   Answer: The income statement shows a company's revenue and expenses over a period of time, usually a year. It differs from the balance sheet, which shows the company's financial position at a specific point in time.

3. **What are the key components of the statement of cash flows, and how do they provide information about a company's cash flows?**
   Answer: The key components of the statement of cash flows are cash flows from operating activities, cash flows from investing activities, and cash flows from financing activities. These components provide information about the sources and uses of the company's cash during a specific period.

4. **What is the purpose of the notes to the financial statements, and what information should be included in them?**
   Answer: The notes to the financial statements provide additional information about the company's financial position, performance, and cash flows. They should include information about accounting policies, contingencies, significant transactions, and other relevant information.

5. **What is the purpose of the management discussion and analysis (MD&A) section of the financial statements?**
   Answer: The MD&A section provides management's analysis of the company's financial performance, including an overview of the company's operations, a discussion of significant events and trends, and an analysis of the company's financial condition and results of operations.

6. **What is the purpose of segment reporting, and what information should be included in it?**
   Answer: Segment reporting provides information about the company's operating segments, which are components of the company that generate revenue and incur expenses. Segment reporting should include information about the revenues, expenses, and assets of each segment, as well as the company's overall performance.

7. **What is the purpose of the auditor's report, and what information does it provide?**
   Answer: The auditor's report provides an opinion on the fairness of the financial statements, based on the auditor's examination of the company's accounting records and practices. It also provides information about the scope of the audit and any limitations on the auditor's work.

8. **What is the purpose of the statement of changes in equity, and how does it provide information about the company's equity?**
   Answer: The statement of changes in equity shows the changes in the company's equity over a period of time, including the effects of transactions with owners and changes in the company's net income or loss.

9. **What is the purpose of the statement of financial position, and how does it differ from the income statement?**
   Answer: The statement of financial position shows the company's financial position at a specific point in time, including its assets, liabilities, and equity. It differs from the income statement, which shows the company's financial performance over a period of time.

10. **What is the purpose of the statement of comprehensive income, and how does it differ from the income statement?**
    Answer: The statement of comprehensive income shows the company's income and expenses, including gains and losses that are not included in the income statement. It differs from the income statement in that it includes a broader range of income and expenses.