45 Lecture - MGT401

Important Subjective

1. **What are the objectives of the presentation and disclosure requirements of financial statements?**
   Answer: The key objectives of the presentation and disclosure requirements of financial statements are to provide information that is useful in making investment decisions and to promote transparency and accountability in financial reporting.

2. **What is the purpose of the management discussion and analysis (MD&A) section of the financial statements?**
   Answer: The purpose of the MD&A section is to provide management's analysis of the company's financial performance and condition, as well as any significant trends or risks that may affect the company's future prospects.

3. **What is the difference between a material change and an immaterial change in financial reporting?**
   Answer: A material change is a change in accounting policy, financial statement presentation, or other accounting estimate that would affect the judgment of a reasonable investor. An immaterial change, on the other hand, would not have a significant impact on the financial statements or investor judgment.

4. **What are some common examples of disclosures required in the notes to the financial statements?**
   Answer: Common examples of disclosures required in the notes to the financial statements include a summary of significant accounting policies, details of the company's contingencies and commitments, and information about any related party transactions.

5. **What is segment reporting and why is it important in financial reporting?**
   Answer: Segment reporting is the process of disclosing information about a company's operating segments, which are business units that generate revenue and incur expenses. It is important in financial reporting because it provides investors with a better understanding of the company's operations and the risks and opportunities associated with each segment.

6. **What is the purpose of an auditor's report in financial statement disclosure?**
   Answer: The purpose of an auditor's report is to provide an independent opinion on the fairness of the financial statements, as well as any significant issues or risks identified during the audit process.

7. **What are some common reasons why financial statements may need to be revised?**
   Answer: Financial statements may need to be revised due to errors in accounting or reporting, changes in accounting standards or policies, or other material changes in the company's financial position or performance.

8. **What is the role of the audit committee in financial reporting and disclosure?**
   Answer: The audit committee is responsible for overseeing the company's financial reporting and disclosure processes, as well as selecting and overseeing the company's independent

auditors.

9. **What is the difference between interim financial statements and annual financial statements?**
   Answer: Interim financial statements are prepared on a quarterly or other periodic basis, while annual financial statements are prepared once per year. Annual financial statements are typically more comprehensive and include a wider range of disclosures than interim financial statements.

10. **How can financial reporting and disclosure practices impact a company's reputation and stakeholder relationships?**
    Answer: Poor financial reporting and disclosure practices can damage a company's reputation and erode stakeholder trust, while transparent and accurate reporting can enhance a company's reputation and build stronger stakeholder relationships.