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Q#2: suppose you are a bank manager and a company is requesting for lone

So on what grounds will you take your final decision to approve or deny its

Request?

Ans: Before approving the loan will have to check the company's financial health secondly the companies past history in terms of paying back and the companies credit score if they are good in and having no debt in past and also how are they going to pay back the loan and i will check there assets that what is the worth of their assets so incase they fail to pay back the loan we can recover it from there assets So i can approve the loan if in such conditions does not meet these conditions so i will deny the loan.

Q#1: Differentiate between current assets and fixed assets, in your own words with examples?

Ans: Current assets are those assets which can be converted in to cash in a less then year time. Current assets are important to businesses because they can be used to fund day-to-day business operations and to pay for the ongoing operating expenses.

Current assets include cash, cash equivalent, such as our inventory , prepaid expenses, accounts receivables and mainly cash, on the other hands fixed assets are those assets which take more then a year or years to be converted in to cash Fixed assets lose value as they age. Because they provide long-term income, these assets are expensed differently than other items. Tangible assets are subject to periodic depreciation, as intangible assets are subject to amortization. A certain amount of an asset's costs is expensed annually. The asset's value decreases along with its depreciation amount on the company's balance sheet. The corporation can then match the asset's cost with its long-term value. Such as mainly furniture , building , machinery, trucks and company owned land

Q#3: You are an owner of a business named "Butter Milk" the balance sheet items are as follows at the close of business on February 30 ,2020

Accounts payable	**?**
Account Receivable	**$1,250**
Land	**$55,000**
Notes payable	**$70,000**
Cash	**$7,400**
Furniture and fixture	**$20,000**
Supplies	**$3,440**
Building	**$45,000**
Your ,Capital	**$54,090**

Ans: **Butter Milk**

Balance sheet

February 30 ,2020

Assets	**Liabilities**
Land $55,000	**Account payable $8,000**
Accounts receivable $1,250	**Notes payable $70,000**
Cash $7,400	**Total = 78000**
Furniture and fixture $20,000	**Total assets -owners equity + accounts payable**
Supplies $3,440	**Owners equity**
Building $45,000	**Capital $54,090**
Total: 1320,090	**liabilities(78000)+owners equity(54090)= Total : 132,090**

Q#5: what are debit and credit rules ? Explain in your own words

Ans: The rule of debit and credit is that they either increase or decrease the accounts Debit mean what comes in to account and credit means what we receive so we record that on debit side whatever goes out we record that on credit side . all those expenses and losts which come on the company that recorded on the debit side and those incomes and gains are recorded in the credit side . Debit is all the receivables and credit is all the giving.

Q#6: How many types of people use financial data and for what purpose? Explain their types with example

Ans: Different people use financial data and for different purposes , people who uses financial data's are market analysis, investors , creditors , shareholders and the sole purpose for the use of these data's are just to check the company's financial health and many investors check before investing in to company's projects and even own management or company use the financial data as tool while taking decisions

1. **For example : competitors: Entities competing against a business will attempt to gain access to its financial statements, in order to evaluate its financial condition.**
2. ***Employees*.: A company may elect to provide its financial statements to employs, along with a detailed explanation of what the documents contain. This can be used to increase the level of employee involvement in and understanding of the business**

3. ***Suppliers:*** **Suppliers will require financial statements in order to decide whether it is safe to extend Credit a company.**

Q#4: what is difference between cash flow statement and income statement? Explain in your own word with example

Ans:

The cash flow statement

is a financial statement that the amount of cash and cash equivalents entering and leaving a company.

The cash flow statement measures how well a company manages its cash position meaning how well the company generates cash to pay its debt obligations and fund its operating expenses

The cash flow statement complements the balance

Income statement:

income statement is one of the three (along with balance sheet and statement of cash flows) major financial statements that reports a company's financial performance over a specific accounting period.

Net Income = Total Revenue + Gains - total Expenses + losses

An income statement provides valuable insights into a company's operations, the efficiency of its management, under-performing sectors and its performance relative