1. Define internal control and it’s features
2. List and describe the components of internal control and control procedures
3. Explain control procedures unique to e-commerce
4. Demonstrate the use of a bank account as a control device
5. Describe and write about accounts and notes receivables
6. Describe and write about bank reconciliation process
7. Describe and write about cash account reconciliation process
8. Describe and write how the company can measure the cost of a plant asset
9. Describe and write about capital expenditures
10. Describe and write about the 3 main factors measuring the depreciation
11. Describe and write about the depreciation methods (straight-line, UOP and reducing balance)
12. Describe and write about the disposing of plant assets
13. Write about contingent liabilities
14. Describe and write about the payroll and payroll accounting
15. Day 1. Established a company with authorized capital –AZN. Day.2 Rented an office with monthly fee AZN.Day 3. Hired employees: Executive manager- AZN, 3 mid chain managers – each AZN, 7 sales specialists – each AZN, one warehouseman –AZN. Day 5. Obtained a warehouse for keeping goods –AZN. Day 8. Purchased units of microprocessors by the price AZN per unit.Day 10. Obtained a small truck for transportation needs –AZN. Day 12. Purchased additionally units of microprocessors by the price AZN per unit and video graphic adapters by the price AZN per unit. Day 16. By the decision of procurement and sales departments additionally purchased 1200 units of microprocessors by the price AZN per unit and 800 video graphic adapters by the price AZN. Day 20. The company realized 2000 units of microprocessors and 1500 units of video graphic adapters with 65% trade surcharge. Day 24. The company received bill for utilities – AZN. Day 30. The company paid for all expenses including sales tax (4%). For purchase/selling operations use FIFO method. ***The terms of the problem:*** To prepare appropriate Profit and Loss Statement regarding above mentioned operations.To prepare appropriate Cash Flow Statement regarding above mentioned operations.To prepare appropriate Balance Sheet Statement regarding above mentioned operations.
16. Describe and write about allowance for uncollectible accounts and bad debts
17. Given an unadjusted trial balance for the company below:

|  |  |  |
| --- | --- | --- |
| Account | Debit | Credit |
| Name of account |  |  |
| Name of account |  |  |
| Etc. |  |  |

The following operations were incurred during the period:

1. Ending inventories is $.

2. Accrued wages and salaries are $.

3. Prepaid rent is $.

4. Bank loan interest of 10% per annum is outstanding.

5. Allowance for receivables will be made as %.

6. Depreciation will be charged at % of cost on premises, and at 10 %of cost on plant.

**Required** to prepare adjusted trial balance and reflect relevant journal entries of incurred operations.

1. Given a trial balance for the company below. On its base calculate current ratio ***(1 point)***

|  |  |  |
| --- | --- | --- |
| Account | Debit | Credit |
| Name of account |  |  |
| Name of account |  |  |
| Etc. |  |  |

Assume that above trial balance is an unadjusted and incurred the following operations.

Expired insurance, $. Inventory of unused delivery supplies, $. Inventory of unused office supplies, $. Estimated depreciation on the building, $. Estimated depreciation on the trucks, $. Estimated depreciation on the office equipment, $. The company credits the lockbox fees of customers who pay in advance to the Unearned Lockbox Fees account. Of the amount credited to this account during the year, $ had been earned by August 31. Lockbox fees earned but unrecorded and uncollected at the end of the accounting period, $. Accrued but unpaid truck drivers’ wages at the end of the year, $

Prepare adjusted trial balance and Income statement.

1. Describe and write about main 3 allowances methods for receivables
2. Describe and write about lump-sump purchase of assets.
3. Describe and write about the 2 main controls over payroll.
4. Below is given information on inflow and outflow of inventory on March:

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Unit | Unit cost ($) | Total cost ($) |
| 2 Mar | 0 | 0 | 0 |
| 8 Mar | 0 | 0 | 0 |
| 14 Mar | 0 | 0 | 0 |
| 16 Mar | 0 | 0 | 0 |
| 18 Mar | 0 | 0 | 0 |
| 26 Mar | 0 | 0 | 0 |
| 30 Mar | 0 | 0 | 0 |

Note\*: (i) means inflow(purchase), (o)-outflow(sales)

On the base of the above information calculate the COGS using the LIFO, FIFO, AVCO methods

1. You have the following info

|  |  |  |
| --- | --- | --- |
| Account | Debit | Credit |
| Name of account |  |  |
| Name of account |  |  |
| Etc. |  |  |

The following adjustments have not yet been made in the books:

(i) Motor vehicles are depreciated over 4 years on the straight-line basis. On 31 March 2009, a motor vehicle that had cost $ on 1 July 2006 was disposed of for $. It is the company’s policy to charge a full year’s depreciation in the year of purchase, and hence none in the year of disposal. No entries have been made for the disposal.

(ii) Fixtures are depreciated on the straight-line basis over 10 years, on an actual time basis

(i.e. from the date of acquisition). On 1 October 2008, fixtures were purchased for $, which have not been entered in the books.

(iii) Office equipment is depreciated at % per annum on the reducing-balance basis.

(iv) On 30 June 2009, it was decided to write off a bad debt of $ and to make an allowance for receivables of % of the remaining receivables.

(v) The insurance figure above covers the period 1 July 2008 to 30 September 2009.

(vi) Sales representatives are paid commission, which amounts to 5 per cent of the previous month’s sales. The commission is due for payment on the 15th of the following month. During June 2009, sales amounted to $.

**Requirement:**

1. Prepare income statement for the year ended 30 June 2009
2. Prepare journal entries and adjusted trial balance
3. Compare FIFO,LIFO, AVCO methods, which one is more beneficial by the point of view for tax purposes and revenue purposes.

|  |  |  |
| --- | --- | --- |
| Account | Debit | Credit |
| Name of account |  |  |
| Name of account |  |  |
| Etc. |  |  |

Above is given trial balance for the 30 March 2007

During 31 March 2007, the business made the following transactions.

(a) Bought materials for $, half for cash and half on credit

(b) Made $1,040 sales, $ of which was for credit

(c) Paid wages to shop assistants of $ in cash

(d) Sales were $, 0% of them in cash

(e) trade payables decreased by 0%

(f) bought fixtures and furniture in credit amounting $

Requirement:

1. Prepare income statement for the year ended 31 march 2007
2. Prepare balance sheet for the year ended 31 march 2007