**Essay questions**

**$$$001**

Explain and discuss the effectiveness of financial reporting for decision-making.

**$$$002**

Explain and discuss the functions of accounting management.

**$$$003**

Discuss the concept of internal control systems within organizations. Provide relevant examples.

**$$$004**

What are the principles of financial reporting environment in Kazakhstan? Explain and discuss.

**$$$005**

Discuss the importance of ethics in accounting for decision-making.

**$$$006**

What are the principles of CSR: environmental and sustainability accounting? Explain and discuss.

**$$$007**

Explain and discuss two leading accounting systems in the world.

**$$$008**

Explain and discuss the implications of auditing for organizational performance.

**$$$009**

What is taxation strategy? How important it to the success of companies. Explain and discuss.

**$$$010**

What are the challenges and measures need to be considered when assessing a company’s financial performance or profitability. Explain and discuss.

**Block 1**

###001

What is accounting?

###002

What is the difference between internal and external users of accounting information?

###003

What is the difference between managerial and financial accounting?

###004

What is the difference between a business organization and a non-business organization?

###005

What are the three types of business organizations?

###006

What is a PAE? A PE?

###007

What does the term *limited liability* mean?

###008

Explain how ethics are involved in the practice of accounting?

###009

Describe what GAAP refers to.

###010

Identify and explain the six qualitative characteristics of GAAP.

###011

Identify and explain at least five of the nine principles that support the GAAP qualitative characteristics.

###012

How is financial information communicated to external users?

###013

What are the four financial statements?

###014

Which financial statement measures financial performance? Financial position?

###015

What information is provided in the statement of cash flows?

###016

Explain how retained earnings and dividends are related.

###017

What are the three primary components of the balance sheet?

###018

Equity consists of what two components?

###019

How are assets financed?

###020

Identify and explain the three types of actvities a business engages in.

###021

What are *notes to the financial statements*?

###022

What are the distnctions among calendar, interim, and fiscal year ends?

###023

What are generally accepted accounting principles (GAAP)?

###024

When is revenue recognised?

###025

How does the matching concept more accurately determine the Net Income of a business?

###026

What are the qualities that accounting information is expected to have? What are the limitations on the disclosure of useful accounting information?

###027

What are assets?

###028

To what do the terms liability and equity refer?

###029

Explain the term financial transaction. Include an example of a financial transaction as part of your explanation.

###030

Identify the three forms of business organization.

###031

What is the business entity concept of accounting? Why is it important?

###032

What is the general purpose of financial statements? Name the four financial statements?

###033

Each financial statement has a title that consists of the name of the financial statement, the name of the business, and a date line. How is the date line on each of the four financial statements the same or different?

###034

What is the purpose of an income statement? a balance sheet? How do they interrelate?

###035

Define the terms revenue and expense.

###036

What is net income? What information does it convey?

###037

What is the purpose of a statement of changes in equity? a statement of cash flows?

###038

Why are financial statements prepared at regular intervals? Who are the users of these statements?

###039

What is the accounting equation?

###040

Explain double-entry accounting.

###041

What is a year-end? How does the timing of year-end financial statements differ from that of interim financial statements?

###042

How does a fiscal year differ from a calendar year?

###043

What is an asset?

###044

What is a liability?

###045

What are the different types of equity accounts?

###046

What is retained earnings?

###047

How are retained earnings and revenues related?

###048

Why are T-accounts used in accounting?

###049

How do debits and credits impact the T-account?

###050

What is a chart of accounts?

###051

Are increases in equity recorded as a debit or credit?

###052

Are decreases in equity recorded as a debit or credit?

###053

Does issuing shares and revenues cause equity to increase or decrease?

###054

Are increases in the share capital account recorded as a debit or credit?

###055

Are increases in revenue accounts recorded as debits or credits?

###056

Do dividends and expenses cause equity to increase or decrease?

###057

Are increases in the dividend account recorded as a debit or credit?

###058

Are increases in expense accounts recorded as debits or credits?

###059

How is a trial balance useful?

###060

What is the difference between a general journal and a general ledger?

###061

Explain the posting process.

###062

What is the accounting cycle?

###063

Why is the use of a transactions worksheet impractical in actual practice?

###064

What is an ‘account’? How are debits and credits used to record transactions?

###065

Some tend to associate “good” and “bad” or “increase” and “decrease” with credits and debits. Is this a valid association? Explain.

###066

The pattern of recording increases as debits and decreases as credits is common to asset and expense accounts. Provide an example.

###067

The pattern of recording increases and credits and decreases as debits is common to liabilities, equity, and revenue accounts. Provide an example.

###068

Summarise the rules for using debits and credits to record assets, expenses, liabilities, equity, and revenues.

###069

What is a Trial Balance? Why is it prepared?

**BLOCK 2**

###001

How is a Trial Balance used to prepare financial statements?

###002

A General Journal is often called a book of original entry. Why?

###003

The positioning of a debit-credit entry in the General Journal is similar in some respects to instructions written in a computer program. Explain, using an example.

###004

What is a General Ledger? Why is it prepared?

###005

What is a Chart of Accounts? How are the accounts generally arranged and why?

###006

List the steps in the accounting cycle.

###007

What is the GAAP principle of timeliness?

###008

What is the GAAP principle of matching?

###009

What is the GAAP principle of revenue recognition?

###010

What are adjusting entries and when are they journalized?

###011

What are the five types of adjustments?

###012

How is the unadjusted trial balance different from the adjusted trial balance?

###013

What are the four closing entries and why are they journalized?

###014

Why is the Dividends account not closed to the income summary?

###015

When is a post-closing trial balance prepared?

###016

How is a post-closing trial balance different from an adjusted trial balance?

###017

Explain the sequence of financial transactions that occur continuously during an accounting time period. What is this sequence of activities called?

###018

What is the relationship between the matching concept and accrual accounting? Are revenues matched to expenses, or are expenses matched to revenues? Does it matter one way or the other?

###019

What is the impact of the going concern concept on accrual accounting?

###020

Identify three different categories of expenses.

###021

What are adjusting entries and why are they required?

###022

Why are asset accounts like Prepaid Insurance adjusted? How are they adjusted?

###023

How are plant and equipment asset accounts adjusted? Is the procedure similar to the

adjustment of other asset and liability accounts at the end of an accounting period?

###024

What is a *contra account* and why is it used?

###025

How are liability accounts like Unearned Repair Revenue adjusted?

###026

Explain the term *accruals*. Give examples of items that accrue.

###027

How is the adjusted trial balance used to prepare financial statements?

###028

List the eight steps in the accounting cycle.

###029

Which steps in the accounting cycle occur continuously throughout the accountipng period?

###030

Which steps in the accounting cycle occur only at the end of the accounting period? Explain how they differ from the other steps.

###031

Give examples of revenue, expense, asset, and liability adjustments.

###032

In general, income statement accounts accumulate amounts for a time period not exceeding one year. Why is this done?

###033

Identify which types of general ledger accounts are temporary and which are permanent.

###034

What is the income summary account and what is its purpose?

###035

What is a post-closing trial balance and why is it prepared?

###036

What shapes and limits an accountant’s measurement of wealth?

###037

Are financial statements primarily intended for internal or external users?

###038

What is a classified balance sheet?

###039

What are the classifications within a classified balance sheet?

###040

What are current assets?

###041

What are non-current assets?

###042

What are current liabilities?

###043

What are long-term liabilities?

###044

What is the current-portion of a long-term liability?

###045

What is the purpose and content of the notes to the financial statements?

###046

What is the purpose and content of the auditor’s report?

###047

What is the purpose and content of the report that describes management’s responsibility for financial statements?

###048

What is gross profit and how is it calculated?

###049

How is a merchandiser different from a service company?

###050

What is a perpetual inventory system?

###051

How is the purchase of merchandise inventory on credit recorded in a perpetual system?

###052

How is a purchase return recorded in a perpetual system?

###053

What does the credit term of “1/15, n30” mean?

###054

How is a purchase discount recorded in a perpetual system?

###055

How is the sale of merchandise inventory on credit recorded in a perpetual system?

###056

How is a sales return that is restored to inventory recorded versus a sales return that is not restored to inventory (assuming a perpetual inventory system)?

###057

What is a sales discount and how is it recorded in a perpetual inventory system?

###058

Why does merchandise inventory need to be adjusted at the end of the accounting period and how is this done in a perpetual inventory system?

###059

What types of transactions affect merchandise inventory in a perpetual inventory system?

###060

How are the closing entries for a merchandiser using a perpetual inventory system different than for a service company?

###061

When reporting expenses on an income statement, how is the function of an expense reported versus the nature of an expense?

###062

On a classified multiple-step income statement, what is reported under the heading ‘Other revenues and expenses’ and why?

###063

What is the periodic inventory system?

###064

How is cost of goods sold calculated under the periodic inventory system?

###065

How does the income statement prepared for a company that sells goods differ from that prepared for a service business?

###066

How is gross profit calculated? What relationships do the gross profit and gross profit percentage calculations express? Explain, using an example.

###067

What are some common types of transactions that are recorded in the merchandise Inventory account?

###068

Contrast and explain the sales and collection cycle and the purchase and payment cycle.

###069

What contra accounts are used in conjunction with sales? What are their functions?

**BLOCK 3**

###001

What three inventory cost flow assumptions can be used in perpetual inventory systems?

###002

What impact does the use of different inventory cost flow assumptions have on financial statements?

###003

What is the meaning of the term *lower of cost and net realizable value*, and how is it calculated?

###004

What is the effect on net income of an error in ending inventory values?

###005

What methods are used to estimate ending inventory?

###006

What ratio can be used to evaluate the liquidity of merchandise inventory?

###007

What inventory cost flow assumptions can be used in a periodic inventory system?

###008

What aspects of accounting for inventory on financial statements would be of interest to accountants?

###009

What is meant by the laid-down cost of inventory?

###010

How does a flow of goods differ from a flow of costs? Do generally accepted accounting principles require that the flow of costs be similar to the movement of goods? Explain.

###011

What two factors are considered when costing merchandise for financial s10atement purposes? Which of these factors is most difficult to determine? Why?

###012

Why is consistency in inventory valuation necessary? Does the application of the consistency principle preclude a change from weighted average to FIFO? Explain.

###013

When should inventory be valued at less than cost?

###014

What is the primary reason for the use of the LCNRV method of inventory valuation? What does the term net *realisable value* mean?

###015

When inventory is valued at LCNRV, what does cost refer to?

###016

What inventory cost flow assumptions are permissible under GAAP?

###017

Why is estimating inventory useful?

###018

How does the estimation of ending inventory differ between the gross profit method and the retail inventory method? Use examples to illustrate.

###019

When is the use of the gross profit method particularly useful?

###020

Does the retail inventory method assume any particular inventory cost flow assumption?

###021

What constitutes a good system of control over cash?

###022

What is a petty cash system and how is it used to control cash?

###023

How is petty cash reported on the balance sheet?

###024

How does the preparation of a bank reconciliation facilitate control over cash?

###025

What are the steps in preparing a bank reconciliation?

###026

How does the estimation of uncollectable accounts receivable address the GAAP 21 matching?

###027

How are uncollectable accounts disclosed on financial statements?

###028

What are the different methods used for estimating uncollectable accounts receivable?

###029

How is aging of accounts receivable used in estimating uncollectable accounts?

###030

How are notes receivable recorded?

###031

What is the acid-test ratio and how is it calculated?

###032

How is the accounts receivable turnover calculated and what does it mean?

###033

What is internal control?

###034

What is the distinction between capital expenditures and revenue expenditures?

###035

How do generally accepted accoun􀆟ng principles prescribe what amount should be capitalized?

###036

How is partial period depreciation recorded?

###037

The cost of a long-lived asset is said to be *capitalized*. What does this mean?

###038

How does a capital expenditure differ from a revenue expenditure?

###039

What is goodwill and what is its accounting treatment?

###040

List the three criteria used to determine whether a replacement part for equipment is considered a capital or revenue expenditure.

###041

What is depreciation?

###042

Explain the effect on the calculation of depreciation expense for capital expenditures made subsequent to the initial purchase of plant or equipment.

###043

Your friend is concerned that the calculation of depreciation and amortization relies toomuch on the use of estimates. Your friend believes that accounting should be precise. Do you agree that the use of estimates makes accounting imprecise? Why or why not?

###044

Why are the significant parts of property, plant, and equipment recorded separately?

###045

How is the cost of a new capital asset calculated when a trade-in is involved?

###046

How are intangible assets different from property, plant, and equipment? the same?

###047

What is a patent? Assume a patent’s legal life is twenty years. Does a patent’s useful life correspond to its legal life? Why or why not? Support your answer with an example.

###048

How does a copyright differ from a trademark? Give an example of each.

###049

What is goodwill? Why is a company’s internally-generated goodwill usually not recorded in its accounting records?

###050

What is the difference between a current and long-term liability?

###051

What are some examples of known current liabilities?

###052

What are bonds, and what rights are attached to bond certificates?

###053

When a bond is issued at a premium, is the market interest rate higher or lower than the contract interest rate on the bond?

###054

When a bond is issued at a discount, is the market interest rate higher or lower than the contract interest rate on the bond?

###055

Why would investors pay a premium for a corporate bond? Why would a corporation issue its bonds at a discount? Explain, using the relationship between the bond contract interest rate and the prevailing market interest rate.

###056

How is a loan payable similar to a bond issue? How is it different?

###057

Explain the process for determining whether the value of a long-lived asset has been impaired, and the required adjustments to the accounting records.

###058

How are intangible assets valued, and what are their financial statement disclosure requirements?

###059

What are three reasons why bonds might be redeemed before their maturity date? If the bond contract interest rate is greater than that required in the market on the date of issue, what is the effect on the selling price of the bond? Why?

###060

Distinguish between future value and present value. What is the time value of money? Why is it important?

###061

How is the actual price of a bond determined?

###062

What is the definition of cash and cash equivalents?

###063

Why is a statement of cash flows prepared?

###064

What are the three sections of a statement of cash flows?

###065

What is meant by *liquidity?*

###066

What are some ratios commonly used to evaluate liquidity?

###067

What profitability ratios can be used to evaluate a corporation?

###068

What are the relative advantages of short-term and long-term debt?

###069

Ratios need to be evaluated against some base. What types of information can be used to

compare ratios against?

###070

How is it possible that a corporation producing net income each year can be illiquid?