

TUTOR MARKED ASSIGNMENT

Record to Report

Maximum Marks : 100
Weightage : 30%

Course Code : BPOI-005
Last Date of Submission : March 30, 2014

Note : The assignment above covers Course 5. All questions are compulsory. Marks assigned to the questions have been shown in the bracket

Section A

1. a) "R2R is high in F&A value Chain" .Explain
b) Why is R2R not outsourced easily? (5)
2. a) Differentiate between P2P and O2C.
b) "It becomes very important to capture the transactions and report them. Why? (5)
3. "In any large organization there are various units that transact between themselves."
Discuss. (5)
4. Explain the accounting that takes place in Fixed Asset. (5)
5. What are the services provided by R2R? (5)
6. "What is the Metrics for R2R process? (5)
7. Why does business cycle of large companies is categorized into processes? (5)
8. Illustrate the R2R process using a diagram/flowchart (5)

Section B (Answer any six)

Q1) Chatterbox Cell Phone Company is expecting thousands of credit sales transactions each week with terms of net 30 days. The company uses the allowance method and it prepares weekly financial statements. It believes that 0.001 of its credit sales will be uncollectible. The company's credit sales for its first week of operations are \$500,000. The credit sales for its second week are \$600,000.

- a) What is Chatterbox Cell Phone Company's bad debts expense for its first week of operations?
- b) What is Chatterbox Cell Phone Company's bad debts expense for its second week of operations?
- c) What is the balance in Allowance for Doubtful Accounts at the end of the first week?
- d) What is the amount of accounts receivable that you expect will be written off by the end of the company's second week of operations?
- e) What will be the balance in Allowance for Doubtful Accounts at the end of the second week of operations? (10)

Q2) The following independent transactions requires a year-end adjusting entry. (10)
Record the impact of each transaction and related adjusting entry on the accounting equation in the template provided below. Assume December 31 as accounting period end.

- 1) On May 31 paid \$2,400 cash in advance for a one-year office rent. Hint for adjusting entry - record rent expense.
- 2) Purchased supplies (inventory) for \$1,000. At year end, \$300 of supplies remained on hand. Hint for adjusting entry - record supplies expense.
- 3) On November 1, paid \$5,000 cash for office equipment that is expected to have a useful life of 5 years and salvage value of \$1,000. The company uses the straight-line depreciation method. Hint for adjusting entry - record depreciation expense.
- 4) On March 31, the company borrowed \$10,000 from a bank issuing a note with a one-year term and 7% interest rate. Hint for adjusting entry - record interest payable and expense.
- 5) Received a \$3,000 cash advance for services to be performed in the future. The contract required a one-year commitment, starting June 1. Hint for adjusting entry - record revenue earned.
- 6) On October 31, invested \$15,000 cash in a certificate of deposit (this is Fixed Deposit with a Bank) that paid 5% annual interest. The certificate of deposit had a one-year maturity term. Hint for adjusting entry - record interest receivable and revenue.

- Q3) Explain the procedure of accounting cycle in any large organization. (10)
- Q4). List the stages of R2R process. Explain them in detail. (10)
- Q5). Explain the types of reconciliation process used in a large organization? (10)
- Q6). a) What is the relevance of controls in R2R?
b) List 3 situations in which chances of errors are high? (10)
- Q7). “Some controls are generic but must for R2R activities”. Elaborate (10)
- Q8). Explain the controls measures in:
a) Month end Reporting
b) Reconciliation (10)
- Q9). “There is a set of generic metrics applicable to any process.” Explain. (10)
- Q10). List 8 metrics for specific processes? (10)