**ACCOUNTING DEPARTMENT**

**STATE EXAM QUESTIONS - ACCOUNTING**

**I. Financial Accounting and Reporting**

1. Nature of accounting. The role of accounting in the organization. Relationship between the accounting system and other functions in the organization. Subfields of accounting.

2. Elements of financial statements. Classification of assets, liabilities and owners equity. The accounting equation.

3. The account. Debit and Credit rules. Types of accounts. Models of accounts. Double-entry system.

4. The steps in the recording process. Source documents. The Journal. Journalizing. Simple and compound entries. The Ledger. Posting.

5. The Trial Balance- Continental and Anglo- American approach. Locating Errors. Limitations of the Trial Balance.

6. Adjusting the accounts. Timing issues. Accrual- versus Cash-Basis Accounting. Recognizing revenues and expenses. Adjusting entries. Types of adjusting entries. Deferrals/prepayments and accruals. Adjusted Trial balance and financial statements.

7. Closing the books. Temporary and permanent accounts. Closing entries. Post-closing trial balance.

8. Accounting errors. Correcting entries.

9. Accounting for merchandising operations. Perpetual inventory system. Periodic inventory system. Recording purchases of merchandise. Freight costs. Purchase returns and allowances.

10. Control features of accounting. The nature of fraud. Types of fraud. Money laundering. Cash controls. Control features of a bank account. Control over the assets and liabilities of an enterprise, using the accounting system

11. Accounting for Receivables.

12. IAS and its conceptual framework. Regulatory framework for financial statements.

13. Harmonization (convergence) of financial accounting in context of interaction between local regulatory framework (local accounting standards and legislation) and IAS. Elements of European union`s regulatory framework (directives and regulations; standards approval mechanism). IFRS for SMEs.IIRC regulatory framework.

14. Structural elements of financial statements – definition, recognition and measurement of elements. Base principles in recognition and preparation of financial statements: going concern assumption, accrual basis accounting, offsetting, comparative information, consistency of presentation. (IAS 1; IAS7; IAS8; IAS10).

15. Fair Value Measurement (IFRS 13)

16. Provisions, Contingent Liabilities and Contingent Assets (IAS 37).

17. Financial Instruments (IAS 32). Classification of financial assets and liabilities. Measurement (IAS 39). Disclosure (IFRS 7). Application of IFRS 9 Financial Instruments – problems and prospects.

18. Inventories (IAS 2)

19. Employee benefits (IAS 19).

20. Property, Plant and Equipment (IAS16)

21. Leases (IFRS 16)

22. Intangible Assets (IAS 38)

23. Impairment of assets (IAS 36)

24. Revenue (IFRS 15).

25. The Effects of Changes in Foreign Exchange Rates (IAS 21)

26. Accounting policies, Changes in accounting estimates and errors (IAS 8)

27. Events after the reporting periods (IAS 10)

28. Presentation and disclosure in financial reporting. Disclosure of non-financial information

29. Statement of Profit and Loss and other Comprehensive income and related information

30. Balance sheet (Statement of financial position)

31. Owners’ equity statement (Statement of changes in equity)

32. Principles of Consolidated financial statements IFRS 10; IAS 27; IAS 28

 **II. Management Accounting and Financial Analysis**

33. Conceptual framework of management accounting. Definition and role of management accounting within organizations and its impact on dynamic business environment. Comparative analysis between management accounting and financial accounting

34. Cost terms, concepts, classifications and purposes. Classification of costs according to their relationship with the product - product and non-product (period) costs

35. Cost accounting techniques. Fundamentals of costing. Cost allocation techniques. Traditional costing - direct costing, marginal costing, absorption and full costing. Cost accounting methods - job and batch costing, process costing and service costing. Alternative cost accounting. Comparison between traditional and alternative costing methods

36. Fundamentals of budgeting process and budgeting techniques. Classification of budgets. Budget preparation techniques. Implementation and application of budgeting systems in the managerial process. Standard costing, budgeting and control based on them. Variances: Material mix, sales mix, operational. Budgets and variance analysis for responsibility accounting

37. Activity Based Costing

38. Decision making techniques. Impact of risk in decision making and appropriate tools. Applying CVP analysis in taking specific short-term decisions.

39. Balance sheet analysis (Statement of financial position analysis)- Liquidity ratios; Solvency ratios; Determining the working capital position of an entity and the needs for funding strategies. Activity ratios; Working capital- calculation, meaning, usage for analysis

40. Operating cycle analysis. Trade receivable, trade payable and inventory days.

41. Meaning of the ratios in comparison to prior periods, competitors or to the industry as a whole, taking into account the nature of the industry.

42. Trade receivables management through ratios, including credit control procedures. Trade payables management, significance of trade payables as a source of finance and affects over the relationship with third parties.

43. Inventory management through ratios, including calculations of the economic order quantity (EOQ). Financial impact of changing working capital policies. Impact and risks of overtrading. Identification of areas for improvement.

44. Income statement analysis (Statement of profit or loss and other comprehensive income analysis) Profitability ratios- margins, returns; Analysis of operating efficiency; Trend and factor analysis

45. Statement of changes in equity analysis; Stock splits and stock dividends; Return on equity, earnings per share, price to earning ratio and other equity ratios; Trend and factor analysis

46. Statement of cash flows analysis. Free cash flow; Cash flow adequacy and cash flow liquidity; Short-term cash position of an entity. Trend analysis and short-term cash flow forecasts. Surpluses or deficits from cash flow forecasts. Short-term investing principles including maturity, return, security and liquidity.

47. The Dupont formulas model.

48. Analysis and evaluation of performance; Variance analysis (material mix and yield; sales mix and quantity; planning and operational); Key performance indicators: financial and non-financial; operating and strategic; in manufacturing, service business and merchandising; Complex evaluation performance measurement systems: Balanced score card; Building block model and others evaluation performance systems

**III. Financial control and Audit**

49. Types of Control Performed by Different Institutions for Financial Control in Bulgaria. State Financial Control. Tax Control. Independent financial control and its institutions. Other Types of Financial Control. Interaction and Coordination of institutions in Financial Control.

50. Internal control and internal audit. Concepts of internal control. Internal audit. Theoretical aspects of the Internal control systems

51. Audit and Assurance regulation - legal framework and regulation concepts

52. Planning the audit engagement and risk assessment

53. Type and characteristics of audit evidences

54. Review and reporting in audit and assurance

55. The role of ethics in business, audit and assurance

**IV. Company taxation and Personal taxation**

56. Principles of taxation and tax system in Bulgaria

57. Bulgarian tax administration

58. Corporate income taxation

59. Social and Health Insurance from the view point of a company. Social and health insurance contributions from individuals.

60. Personal income taxes in the Bulgarian tax system

61. VAT for companies. VAT for individuals

62. Local taxes for companies. Local taxes for individuals

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