

Findwhat.com Case - CheckPoint

ACC 230

Findwhat.com has recorded the 135 percent increase in the revenue which is mainly due to the business acquired of Espotting during the year. The different accounting policies are present for the acquiring firm and the acquired firm. The company has recorded certain premature revenues for the amount which advertisers had made only the advance deposit. As result, the company is recognizing the vendor financing as revenue. In some places, the gross revenue has been recognized while in another, the net revenue has been recognized. The network click revenue is recognized at gross level while the private level revenue is taken at net level. Some of the revenue expenditures have been recognized as the capital expenditures.

Revenue for set up network fee is treated as deferred revenue and is recognized over a period of time. The company is very inconsistent with regards to its accounting policies in terms of recognition of revenue. The provision and treatment of amount for doubtful debt is also not satisfactory. When a customer clicks on a sponsored advertisement, the whole of the revenue due to him is recognized. The company is having a very high amount of doubtful debt balance at the end of the year ending December 31, 2004.