Zynga and glu

Finance

Zynga and Glu Zynga and Glu Question One The revenue recognition policies between Zynga and Glu companies have both similarities and differences. Both companies have policies which respect the general operations of the companies. Managers should mark the brands and ensure that the products work effectively. Both companies' policies require that the management should carry out marketing and impose new marketing strategies. Both companies also hold their accountants and financial managers responsible for compiling all financial reports and accounting statements. The complied report is used to improving company's progress. The policies concerning the platiform in which the games should be published also differs. Glu's games are made available on all Smartphone while the Zynga games are available at iOS and Androids. In making income the two companies differ. Glu generates their income from the sales of the games to individuals who download from digital storefronts like Google Play Store. On the other hand, Zynga does not generate income from the sell of the game, but they provide the games for free. Glue also provides or creates games using third party licenses like Robocop while Zynga creates game using their license only. Glu is concerned more with partnership in order to make sales and creation of games. Zynga does not work with partners in brining up new games. Zynga has expanded his market due to investment on brand, people and infrastructure but Glue tries to use third party and partnership in production. The similarity between the two companies is that they provide games to mobile users regardless of the location (Form 10-K, 2014).

Question Two

In the 2013 Form 10-K, Zynga include the SEC's comments which are related to revenue recognition in their 2014 Form 10-K. those comments included areas covering effectiveness of procedure and control limitation, changes in financial reporting over the internal control and management reporting. The management of the company is given the mandate of maintaining and establishing effective internal control on issues of financial reporting as elaborated in the Exchange Act, Rule 13a-15(f). In the 2013 Form 10-K as reviewed from the company's audit committee, the financial reporting was effectively controlled internally. The company did not have changes based on internal control over financial reporting as noted in evaluation by management in respect to Rules 15d-15(d) or 13a-15(d). Finally, the management noted that in designing the disclosure procedures and controls all controls made by the company can only provide an assurance of achieving or fulfilling the control objectives (Form 10-K, 2014).

Question Three

The two companies have effective control over the revenues. They evaluate and control their revenues in respect to Rule 15d-15(d) or 13a-15(d) of the Exchange Act. The evaluation and control done by the two companies in respect to the EA rules enables them to operate properly since they are governed by the Exchange AC. This further protects the companies from undergoing loss due to depreciation of currencies since they operate world wide. The only risk the companies can face is management failure. They have entrusted the management in carrying out control and evaluation of operation. The managers can fail to compile an appropriate report as a result of negligence or corruption (Form 10-K, 2014).

Reference

Form 10-K (2014). United States Securities and Exchange Commission. Retrieved December 31, 2014, from http://www. sec.

gov/Archives/edgar/data/1439404/000119312515060187/d833276d10k.

htm#toc833276_15