

Balance Sheet Job Interview Questions And Answers



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Balance Sheet Interview Questions And Answers Guide.

Question - 1:

What are the main Current Assets?

Ans:

Current Assets:

- * Stock,
- * Sundry Debtors,
- * Cash Balance,
- * Bank Balance,
- * Prepaid Expenses

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Question - 2:

What are the main Fixed Assets?

Ans:

Fixed Assets:

- * Land,
- * Building,
- * Machinery,
- * Furniture,
- * Vehicles,
- * Computers

Investments

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Question - 3:

What are adjustment entries? Why are they passed?

Ans:

Adjustment entries are the entries which are passed at the end of each accounting period to adjust the nominal and other accounts so that correct net profit or net loss is indicated in profit and loss account and balance sheet may also represent the true and fair view of the financial condition of the business.

It is essential to pass these adjustment entries before preparing final statements. Otherwise in the absence of these entries the profit and loss statement will be misleading and balance sheet will not show the true financial condition of the business.

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Question - 4:

What is a Balance Sheet? Why is it prepared?

Ans:

Balance Sheet is a Statement showing financial position of the business on a particular date. It has two side one source of funds i.e Liabilities, the left side of the balance sheet and application of funds i.e assets, the right side of the balance sheet. It is prepared after preparing trading and profit and loss account and has balances of real and personal accounts grouped and arranged in a proper way as assets and liabilities. It is prepared to know the exact financial position of the business on the last date of the financial year.

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Question - 5:

What types of items appear under the assets side?

Ans:

Items which appear under the assets side of Balance Sheet are:

Fixed Assets:

- * Land,
- * Building,



- * Machinery,
- * Furniture,
- * Vehicles,
- * Computers
- Investments
- Current Assets:
- * Stock,
- * Sundry Debtors,
- * Cash Balance,
- * Bank Balance,
- * Prepaid Expenses

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Question - 6:

List down all steps for preparing a final accounts?

Ans:

a.) Closing Stock

Following entry will be passed:

Closing stock account - Debit

Trading account - Credit

b.) Depreciation

Following entry will be passed:

Depreciation account - Debit

Fixed asset account - Credit

c.) Outstanding Expenses

Following entry will be passed:

Expenses account - Debit

Outstanding account - Credit

d.) Prepaid Expenses

Following entry will be passed:

Prepaid expenses account - Debit

Expenses account - Credit

e.) Accrued Income

Following entry will be passed:

Accrued Income account - Debit

Income account - Credit

f.) Income received in advance

Following entry will be passed:

Income account - Debit

Income received in advance account - Credit

g.) Bad debts

Following entry will be passed:

Bad Debts account - Debit

Sundry Debtors account - Credit

h.) Provision for doubtful debts

Following entry will be passed:

Provision for Doubtful Debts account - Debit

Sundry Debtors account - Credit

i.) Provision for discount on Debtors

Following entry will be passed:

Provision for Discount for Debtors account - Debit

Sundry Debtors account - Credit

j.) Interest on Capital

Following entry will be passed:

Interest on capital account - Debit

Capital account - Credit

k.) Drawings

Following entry will be passed:

Drawing account - Debit

Sales account - Credit

l.) Deferred revenue expenditure written off

Following entry will be passed:

Deferred revenue expenditure written off account - Debit

Deferred revenue expenditure account - Credit

m.) Abnormal Loss

Following entry will be passed:

Abnormal Loss account - Debit

Stock destroyed account - Credit

If the organization has insured the stock with the insurance company then the insurance company settles the claim, either in full or part. In that case the following entry will be passed:

Insurance company account - Debit

Abnormal loss account - Debit

Stock destroyed - Credit

n.) Goods distributed as free samples

Following entry will be passed:

Advertisement account - Debit

Sales account - Credit

o.) Goods sent on approval basis:

Goods sent on approval basis should not be treated as sales till the goods are finally approved by the customer because property in goods is not transferred until the said period is over. If the goods sent on approval basis are treated as sales then closing stock will be increased by the cost of such goods sent on approval basis.



p.) Commission payable to the manager:
Following entry will be passed:
Commission account - Debit
Commission payable account - Credit

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Question - 7:

Explain the type of items which appear under the liability side of a balance sheet?

Ans:

Items which appear under the liability side of Balance Sheet are:

- * Capital
- * Long Term Liabilities
- * Loan from bank
- * Mortgage
- * Current Liabilities
- * Sundry Creditors
- * Advance from Customers
- * Outstanding Expenses
- * Income Received in Advance

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