

# Profit And Loss Job Interview Questions And Answers



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## Profit And Loss Interview Questions And Answers Guide.

### Question - 1:

Explain the components of Profit and Loss Account?

#### Ans:

All expenses, losses, incomes and gains are the components of Profit and Loss Account:

Expenses and losses are shown on the debit side of Profit & Loss Account. Following is the list:

Administrative Expenses:

- \* Office Salaries
- \* Postage & Telephone
- \* Traveling & Conveyance
- \* Legal Charges
- \* Office Rent
- \* Depreciation
- \* Audit Fees
- \* Insurance
- \* Repairs & Renewals

Selling and Distribution Expenses:

- \* Advertisement
- \* Carriage Outward
- \* Free Samples
- \* Bad Debts
- \* Sales Commission

Incomes and Gains are shown on the credit side of the Profit & Loss Account. Following is the list:

Gross Profit (balance forwarded from the Trading account)

Other Income:

- \* Discount received
- \* Commission received
- \* Non-Trading Income
- \* Interest received
- \* Bad Debts recovered
- \* Rent received
- \* Profit on the sale of assets

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### Question - 2:

Explain Other Income?

#### Ans:

Other Income:

- \* Discount received
- \* Commission received
- \* Non-Trading Income
- \* Interest received
- \* Bad Debts recovered
- \* Rent received
- \* Profit on the sale of assets

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### Question - 3:

Explain Selling and Distribution Expenses?

#### Ans:

Selling and Distribution Expenses:

- \* Advertisement
- \* Carriage Outward
- \* Free Samples
- \* Bad Debts



\* Sales Commission

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**Question - 4:**

Explain Administrative Expenses?

**Ans:**

Administrative Expenses:

- \* Office Salaries
- \* Postage & Telephone
- \* Traveling & Conveyance
- \* Legal Charges
- \* Office Rent
- \* Depreciation
- \* Audit Fees
- \* Insurance
- \* Repairs & Renewals

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**Question - 5:**

Why we need Profit and Loss Accounts?

**Ans:**

Profit and Loss Account is a period statement which is prepared to show the profit or loss incurred by the Organization in the year for which it is prepared. It is prepared to disclose the result of operations of all the business transactions during a given period of time. It is also known as profitability statement. It is the final result of all business transactions of the organization. Profit and Loss account has four components namely Manufacturing Account, Trading Account, Profit and Loss Account and Profit and Loss Appropriation Account. Gross profit or Gross loss so calculated in trading account is taken to the profit and loss account.

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