Finance General Job Interview Questions And Answers

Interview Questions Answers

https://interviewquestionsanswers.org/

About Interview Questions Answers

Interview Questions Answers . ORG is an interview preparation guide of thousands of Job Interview Questions And Answers, Job Interviews are always stressful even for job seekers who have gone on countless interviews. The best way to reduce the stress is to be prepared for your job interview. Take the time to review the standard interview questions you will most likely be asked. These interview questions and answers on Finance General will help you strengthen your technical skills, prepare for the interviews and quickly revise the concepts.

If you find any **question or answer** is incorrect or incomplete then you can **submit your question or answer** directly with out any registration or login at our website. You just need to visit Finance General Interview Questions And Answers to add your answer click on the *Submit Your Answer* links on the website; with each question to post your answer, if you want to ask any question then you will have a link *Submit Your Question*; that's will add your question in Finance General category. To ensure quality, each submission is checked by our team, before it becomes live. This Finance General Interview preparation PDF was generated at **Wednesday 29th November, 2023**

You can follow us on FaceBook for latest Jobs, Updates and other interviews material.
www.facebook.com/InterviewQuestionsAnswers.Org

Follow us on Twitter for latest Jobs and interview preparation guides.
https://twitter.com/InterviewQA

If you need any further assistance or have queries regarding this document or its material or any of other inquiry, please do not hesitate to contact us.

Best Of Luck.

Interview Questions Answers.ORG Team
https://InterviewQuestionsAnswers.ORG/
Support@InterviewQuestionsAnswers.ORG

Finance General Interview Questions And Answers Guide.

Question - 1:
What is Differential Cost?

Ans:
Differential Cost is the difference between the costs of two alternatives. It includes both cost increase and cost decrease. It can be either variable or fixed. Example: Cost of first alternative = 10000; Cost of second alternative = 5000; Differential Cost = 10000 â€" 5000 = 5000

View All Answers

Question - 2:
What is Opportunity Cost?

Ans:
Opportunity Cost is the cost incurred by the organisation when one alternative is selected over another. For example: A person has Rs. 100000 and he has two options to invest his money, either invests in fixed deposit scheme or buy a land with the money. If he decides to put is money to buy the land then the loss of interest which he could have received on fixed deposit would be an opportunity cost.

View All Answers

Question - 3:
Can you please explain the difference between costing and cost accounting?

Ans:
Costing is the process of ascertaining costs whereas cost accounting is the process of recording various costs in a systematic manner, in order to prepare statistical date to ascertain cost.

View All Answers

Question - 4:
What are the objects of Cost Accountancy?

Ans:
Following are the objects of Cost Accountancy:
-Ascertainment of Cost and Profitability
-Determining Selling Price
-Facilitating Cost Control
-Presentation of information for effective managerial decision
-Provide basis for operating policy
-Facilitating preparation of financial or other statements

View All Answers

Question - 5:
What is cost accountancy?

Ans:
Cost accountancy is the application of costing and cost accounting principles, methods and techniques to the science, art and practice of cost control and the ascertainment of profitability as well as the presentation of information for the purpose of managerial decision making.

View All Answers

Question - 6:
Explain 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.

View All Answers

Question - 7:

Explain what is composite cost of capital? Explain the process to compute it?

Ans:

Composite cost of capital is also known as weighted average cost of capital which is a measurable unit for it. It also tells about the component costs of common stock, preferred stock, and debt. Each of these components is given weightage on the basis of the associated interest rate and other gains and losses with it. It shows the cost of each additional capital as against the average cost of total capital raised. The process to compute this is first computing the weighted average cost of capital which is the collection of weights of other costs summed together. The formula is given as:-
WACC= Wd (cost of debt) + Ws (cost of stock/RE) + Wp (cost of pf. Stock)< /STRONG>
In this the cost of debt is calculated in the beginning and it is used to find out the cost of capital and other weights of cost is been calculated after the calculation each and every individual weight of the component is added and then it gives the final composite cost.

View All Answers

Question - 8:

Tell me what is capital structure? What are the principles of capital structure management?

Ans:

Capital structure is a term which is referred to be the mix of sources from which the long term funds are required for business purposes which are raised to improve the capital of the company. To fund an organization plan this capital structure is required which is the combination of debt and equity. The management ensures the capital structure accesses which are needed to fund future growth and enhance financial performance. The principles of capital structure management which are essentially required are as follows:-
1) Cost Principle
2) Risk Principle
3) Control Principle
4) Flexibility Principle
5) Timing Principle

View All Answers

Question - 9:

What is Balanced Capitalization?

Ans:

Capitalization is a collection of share capital, loans, reserves and debentures. It represents permanent investment in companies and it also removes the need of long-term loan plans. It is used to show the reality of the industry by promoting competition, development, profit and investment between individuals, companies and businesses. Balance capitalization is part of this Capitalization only where it is compared to the relative importance, value and other things to make it proportionate in every sense. In balance capitalization debits and credits should be equal on both sides and the share should be shared among all in equal proportions.

View All Answers

Question - 10:

Explain what is capitalization? What is its importance?

Ans:

Capitalization is a term which has different meanings in both financial and accounting context. Capitalization in accounting means the cost to buy an asset which is included in the price of the asset whereas in financial terms it is the cost which is required to buy an asset which includes price of a particular asset and it also include the retained earnings of a company with stock debt and long term debt. There are two kinds of capitalization which are called as Over-capitalization and another is called as Under-capitalization. Capitalization is very import aspect in determining the value of the company in the market which is based on the economic structure of the company. This aspect depends on the previous records and economics of the company. This also shows a particular behaviour of the companies' structure and allows them to create a plan to do the marketing.

View All Answers

Question - 11:

Explain what are limited liability companies? What are its two types?

Ans:

The limited liability company (LLC) is a business structure combining both the characteristics of a corporate and of partnership. As a corporate entity it protects its owners against personal liability on the other hand for tax purposes it is treated as a non corporate business organization. A limited liability company enjoys various benefits like owners or members of the company have limited liability due to the company's separate legal existence, system of profit distribution is very flexible. Unlike a corporate organization it does not have to keep minutes or resolutions and is easier to operate. Tax advantage is the important benefit which a limited liability company enjoys as all the profits, losses and expenses are shared by the individual members. Thus the double taxation of paying corporate tax and individual tax is avoided. With all the above benefits limited Liability Company has few disadvantages also as the company comes to an end after the expiry or insolvency of its members.
There are two types of limited liability companies:
Private Limited Company and Public Limited Company

View All Answers

Question - 12:

Tell me what are the main duties and responsibilities of a finance executive?

Ans:

Recurring Duties:
- Deciding the financial needs
- Raising the funds required

- Allocation of funds
  â€¢Fixed assets management
  â€¢Working capital management
- Allocation of Income
- Control of Funds
- Evaluation of Performance
- Corporate Taxation
- Other duties : to prepare annual accounts, carrying out internal audit, safeguarding securities, present financial reports to top management. Etc.

Non recurring Duties :
- Preparation of financial plan at the time of company promotion
- Financial adjustments in times of liquidity crisis
- Valuation of the firm at the time of acquisition and merger etc.

View All Answers

Question - 13:

Explain Non recurring Duties?

Ans:

- Preparation of financial plan at the time of company promotion
- Financial adjustments in times of liquidity crisis
- Valuation of the firm at the time of acquisition and merger etc.

View All Answers

Question - 14:

Explain Other duties?

Ans:

- Other duties : to prepare annual accounts, carrying out internal audit, safeguarding securities, present financial reports to top management. Etc.

View All Answers

Question - 15:

Explain Recurring Duties?

Ans:

- Deciding the financial needs
- Raising the funds required
- Allocation of funds
  â€¢Fixed assets management
  â€¢Working capital management
- Allocation of Income
- Control of Funds
- Evaluation of Performance
- Corporate Taxation

View All Answers

Question - 16:

Can you please explain share capital & reserves and surpluses?

Ans:

Share Capital is that portion of a company's equity that has been obtained by issuing share to a shareholder. The amount of share capital increases as new shares are sold to public in exchange for cash.
Reserves and Surpluses indicate that portion of the earnings, receipt or other surplus of the company appropriated by the management for a general or specific purpose other than provisions for depreciation or for a known liability. Reserves are classified as: Capital Reserve and Capital Redemption Reserve.

View All Answers

Question - 17:

Explain what are the different types of expenditures considered for the purpose of accounting?

Ans:

For the accounting purpose expenditures are classified in three types:
* Capital Expenditure is an amount incurred for acquiring the long term assets such as land, building, equipments which are continually used for the purpose of earning revenue. These are not meant for sale. These costs are recorded in accounts namely Plant, Property, Equipment. Benefits from such expenditure are spread over several accounting years.
E.g. Interest on capital paid, Expenditure on purchase or installation of an asset, brokerage and commission paid.
* Revenue Expenditure is the expenditure incurred in one accounting year and the benefits from which is also enjoyed in the same period only. This expenditure does not increase the earning capacity of the business but maintains the existing earning capacity of the business. It included all the expenses which are incurred during day to day running of business. The benefits of this expenditure are for short period and are not forwarded to the next year. This expenditure is on recurring nature.
Eg: Purchase of raw material, selling and distribution expenses, Salaries, wages etc.
* Deferred Revenue Expenditure is a revenue expenditure which has been incurred during an accounting year but the benefit of which may be extended to a number of years. And these are charged to profit and loss account. E.g. Development expenditure, Advertisement etc.

View All Answers

Question - 18:

Explain what are the various systems of Accounting?

Ans:

There are two systems of Accounting:
1) Cash System of Accounting: This system records only cash receipts and payments. This system assumes that there are no credit transactions. In this system of accounting, expenses are considered only when they are paid and incomes are considered when they are actually received. This system is used by the organizations which are established for non profit purpose. But this system is considered to be defective in nature as it does not show the actual profits earned and the current state of affairs of the organization.
2) Mercantile or Accrual System of Accounting: In this system, expenses and incomes are considered during that period to which they pertain. This system of accounting is considered to be ideal but it may result into unrealized profits which might reflect in the books of the accounts on which the organization have to pay taxes too. All the company forms of organization are legally required to follow Mercantile or Accrual System of Accounting.

View All Answers

Question - 19:

Explain what are the two most basics financial statements prepared by the companies?

Ans:

Financial statements are prepared in two forms:
â€¢Balance Sheet : is a position statement as it refers to a particular date. It is also referred to as Statement of Sources and Application of Funds. It informs about the various sources used by the organization which are technically known as liabilities to raise the funds which are referred as assets.
â€¢Profitability Statement also known as Profit and Loss Account. It is a period statement as it refers to a particular period.

View All Answers

Question - 20:

What are the disadvantages of proprietary firms?

Ans:

Disadvantages of Proprietary Firms:
1. Unlimited Liability : In such firms the liability of the owner is unlimited as the owner takes more risk to earn more profits and increase the volume of his business by supplying his personal assets to the business.
2. Limited Financial Resources : Being the single owner of the business, the availability of funds from various sources is limited.
3. No Legal Status : The existence of business is due to the existence of sole proprietor. Death or insolvency of the sole proprietor brings an end to the business.
4. Limited Capacity of Individual : An individual has limited knowledge, set of skills due to which his capacity to undertake responsibilities, his capacity to take quick decisions and bear risks are also limited.
5.Transferring of business is not easy in the case of Proprietary Firm.
6. Higher Taxes: As the sole proprietor is the direct person enjoying the profits thus he needs to pay higher taxes.

View All Answers

Question - 21:

What are the advantages of proprietary firms?

Ans:

Advantages of proprietary firms:
1. Easy Formation : Proprietary firm is easiest and economic form to create and operate as it can be started by any person without any legal formalities. Also there is no set limit of minimum or maximum number of persons to start the business as it can be started by a single person.
2. Better Control : As the owner is the single person so he has full control over his business. His total authority over his business gives him the power to plan, organize, co-ordinate the various activities. The sizes of such firm are generally small which also makes it better to control.
3. Quick Decision Making : Being the only owner of the business the sole trader takes all the decisions himself. He evaluates all the opportunities available and finds the solution to problems which makes decision making quick.
4. Flexibility in Operations : One man ownership makes it possible to bring flexibility in the operations of the business.
5. Personal attention to customer needs : Due to the small geographical area it becomes easy for the sole proprietor deal with all its customers personally and knows their needs. Thus it makes easy for him to pay special attention to consumer needs.
6. Creation of Employment : Proprietor firm facilitates self employment and also employment for many others. It promotes entrepreneurial skill among the individuals.
7. Equal Distribution of Wealth : Proprietary firm is generally a small scale business. Hence there are many opportunities for individuals to start their own business enabling widespread dispersion of economic wealth.
8.No Legal Formalities required : A proprietary firm is not required to comply with all the legal and procedural formality.

View All Answers

Question - 22:

What is Reserves and Surpluses?

Ans:

Reserves and Surpluses indicate that portion of the earnings, receipt or other surplus of the company appropriated by the management for a general or specific purpose other than provisions for depreciation or for a known liability. Reserves are classified as: Capital Reserve and Capital Redemption Reserve.

View All Answers

Question - 23:

What is Share Capital?

Ans:

Share Capital is that portion of a company's equity that has been obtained by issuing share to a shareholder. The amount of share capital increases as new shares are sold to public in exchange for cash.

View All Answers

Question - 24:

What is Deferred Revenue Expenditure?

Ans:

Deferred Revenue Expenditure is a revenue expenditure which has been incurred during an accounting year but the benefit of which may be extended to a number of years. And these are charged to profit and loss account. E.g. Development expenditure, Advertisement etc.

View All Answers

Question - 25:

What is Revenue Expenditure?

Ans:

Revenue Expenditure is the expenditure incurred in one accounting year and the benefits from which is also enjoyed in the same period only. This expenditure does not increase the earning capacity of the business but maintains the existing earning capacity of the business. It included all the expenses which are incurred during day to day running of business. The benefits of this expenditure are for short period and are not forwarded to the next year. This expenditure is on recurring nature.
Eg: Purchase of raw material, selling and distribution expenses, Salaries, wages etc.

View All Answers

Question - 26:

What is Capital Expenditure?

Ans:

Capital Expenditure is an amount incurred for acquiring the long term assets such as land, building, equipments which are continually used for the purpose of earning revenue. These are not meant for sale. These costs are recorded in accounts namely Plant, Property, Equipment. Benefits from such expenditure are spread over several accounting years.
E.g. Interest on capital paid, Expenditure on purchase or installation of an asset, brokerage and commission paid.

View All Answers

Question - 27:

What is Mercantile or Accrual System of Accounting?

Ans:

Mercantile or Accrual System of Accounting: In this system, expenses and incomes are considered during that period to which they pertain. This system of accounting is considered to be ideal but it may result into unrealized profits which might reflect in the books of the accounts on which the organization have to pay taxes too. All the company forms of organization are legally required to follow Mercantile or Accrual System of Accounting.

View All Answers

Question - 28:

What is Cash System of Accounting?

Ans:

Cash System of Accounting: This system records only cash receipts and payments. This system assumes that there are no credit transactions. In this system of accounting, expenses are considered only when they are paid and incomes are considered when they are actually received. This system is used by the organizations which are established for non profit purpose. But this system is considered to be defective in nature as it does not show the actual profits earned and the current state of affairs of the organization.

View All Answers

Question - 29:

What is Profitability Statement?

Ans:

Profitability Statement also known as Profit and Loss Account. It is a period statement as it refers to a particular period.

View All Answers

Question - 30:

What is Balance Sheet?

Ans:

is a position statement as it refers to a particular date. It is also referred to as Statement of Sources and Application of Funds. It informs about the various sources used by the organization which are technically known as liabilities to raise the funds which are referred as assets.

View All Answers

Finance and Accounts Most Popular & Related Interview Guides

1 : **MBA Finance Interview Questions and Answers.**

2 : Bank Teller Interview Questions and Answers.

3 : Capital Market Interview Questions and Answers.

4 : Bank Reconciliation Interview Questions and Answers.

5 : Cashier Interview Questions and Answers.

6 : Working Capital Management Interview Questions and Answers.

7 : Finance Interview Questions and Answers.

8 : Payroll Interview Questions and Answers.

9 : Profit And Loss Interview Questions and Answers.

10 : Basic Accounting Interview Questions and Answers.