

Accounting Reports Job Interview Questions And Answers



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Accounting Reports Interview Questions And Answers Guide.

Question - 1:

Tell me how to prepare funds flow statement?

Ans:

A fund flow statement or a cash flow statement records the changes in monetary funds over a period of time, usually by comparing the latest position at balance sheet date with the corresponding monetary position a year ago.

There are various elements of business that affect fund/cash flow. These include such things as increased sales, reductions or increases in debtors, longer or shorter times in paying creditors, repayments of loans, etc., a summary of which should be shown on separate lines of the statement. It can start with a section listing the elements that contribute to an increase in cash, then the next section lists those items which have contributed to a decrease in cash.

Space (and time!) does not permit more comprehensive details of what is needed and how to do it. You should consult a text book on Financial Accounting and look at the fund/cash flow statement of a company similar to the one for which you wish to prepare such a statement.

At the end of the fund/cash flow statement, if you have done all your calculations correctly, and taken everything that affects cash movement into account, your final figure will equal the cash figure in the balance sheet.

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Question - 2:

Do you know Variance Analysis with Example?

Ans:

Variance analysis in budgeting or management accounting in general is a tool of budgetary control by evaluation of performance by means of variance between budgeted amount, planned amount or standard amt and the actual amt incurred/sold.

Variance can be carried out for both revenue & cost. Variance analysis helps the management to know the present cost & then control the future cost.

Examples includes sale price variance, sales quantity variance, sales mix variance.

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Question - 3:

Explain how to place journal entry for purchase order in books of account?

Ans:

Generally there is no journal entry at the time when one receives a purchase order as this receipt of purchase order cannot be recognized as revenue at this point of time.

But under following circumstance there would be an entry:

when any advance is received:-

Cash/ Bank Dr
Party account

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Question - 4:

What procedures are in place to ensure that a sponsored project is carried out in compliance with the terms, conditions and financial management and reporting requirements of both the municipality and provincial treasury?

Ans:

Suppose the Bank has granted the loan for specific project for example to invest in the additional capacity production of the company by investing in new equipment. Now the Compliance towards the corporation is to follow the procedure and make the budget plan, Financial Reporting, Accounting and Management Plan, Operational plan accordingly. Prior to Investment it has to take due consideration from the Municipality for Space Requirement for additional equipment, Lease Rent, Development fees, Permission fees and other charges. In case of Provincial Treasury budget for Increase in Treasury due to new Project according to compliance.

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Question - 5:

What is difference between forecast and budget?

Ans:

A Budget is a plan that outlines an organization's financial and operational goals. So a budget may be thought of as an action plan; planning a budget helps a business allocate resources, evaluate performance, and formulate plans.



Forecast: Due to some operational reasons or management decision plan may not be followed as it was done in the beginning of the year. So this is changed accordingly to comply with the organisations objects. This change in plan is called forecast.

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Question - 6:

What is Budgeting?

Ans:

It is forecasting of expenses/income of company which can be made by our past records or by some assumption.

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Question - 7:

What is the difference between cash basis and accrual basis Balance Sheet?

Ans:

Under cash system of accounting, transactions are recorded in books on the basis of their actual payment or receipt made.

Under the accrual basis of accounting, the transaction are recorded on their occurrence in the business regardless of actual payment or receipt is made, and recognizes the assets and liabilities accordingly. provisions are made for all known losses and obligations are recorded for the period to which it relates to in the books.

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Question - 8:

How to book a letter of credit in your books?

Ans:

The Money Behind a Letter of Credit.

A bank promises to pay on behalf of a customer, but where does the money come from? The bank will only issue a letter of credit if they know the buyer will pay. Some buyers have to deposit (or already have) enough money to cover the letter of credit, and some customers use a line of credit with the bank. Sellers must trust that the bank issuing the letter of credit is legitimate.

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Question - 9:

Tell me how many methods are used to calculate depreciation?

Ans:

3 popular types

1st straightline

2nd declining balance

3rd Sum-of-Years' Digits Method

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Question - 10:

Explain who is responsible for maintaining the Accounts receivable in an organization?

Ans:

This is based on Company, In MNC's different works are done by different people but in small companies all accounting is done by accountant which includes Receivables, Payables, Banks, cash etc.,

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Question - 11:

What is MIS reports?

Ans:

A management information system (MIS) is a subset of the overall internal controls of a business covering the application of people, documents, technologies, and procedures by management accountants to solve business problems such as costing a product, service or a business-wide strategy.

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Question - 12:

Explain how to do finalization of accounts?

Ans:

Finalization of accounts is preparing financial reports in comparison with briefing of company's financial reports. Which include Income, Cash flows, Balance Sheet, Policies, disclosures, and Equity.

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Question - 13:

What is an aging report in Accounting?

Ans:

Aging Report is called Vendor wise & Customer Wise Outstanding - Report

Example : 30 days, 30 to 60 days and crossed 180 days... - Balance Report

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**Question - 14:**

What is Contingent Liability?

Ans:

Contingent Liability is the liability which may / may not occur in future... So, it is shown as notes rather than in balance sheet... Once, the liability becomes real then it will be recorded in books.

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Question - 15:

Explain what is MIS report in accounting and how do I prepare it?

Ans:

MIS report means Management Information System. MIS is prepared to know the day to day transactions of a company. Simply to know the position of the company (profitability or loss).

Income (sales-export, domestic, job work) - Expenditure (manufacturing, administration, S & D, Financial expenses).

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Question - 16:

Tell me what are the various items that fall in the balance sheet?

Ans:

(A) Asset side items are

1. cash in hand
2. cash at bank
3. debtor
4. land, building
5. prepaid expenses
6. bills receivable

(B) Liability side

1. capital
2. bank overdraft
3. creditor
4. outstanding expenses
5. bills payable

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Question - 17:

Can you explain different types of payment and charge reversals?

Ans:

type of payment: Cash, debit card, credit card, gift certificate, money order, personal check, bill me later, paypal account, paypal alternative

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Question - 18:

What is Asset Accounting?

Ans:

Dep is the decreasing value of assets

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Question - 19:

Tell me why we cannot depreciate stock?

Ans:

Depreciation is charged only on fixed assets because we are allocating the total expense of fixed asset for many years.

Stock is a current asset generally used to sell within a year only.

More importantly, we show consumption of stock in Trading A/c through Cost of Goods Sold.

(i.e., Opening stock + Purchase - Closing Stock)

That means stock consumption expenses is already booked in Trading A/c, hence we do not show again as an expense by treating as depreciation.

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Question - 20:

How is FIRC accounting done?

Ans:

When any foreign exchange (currency) comes to your bank account, the bank wants confirmation from your side as per RBI rule, i.e., what is the purpose of this remittance, how and why you got this money? Then you have to submit the purpose/amount/bank account etc. to the bank. This is the procedure of giving disposal instructions of remittance; after this document you can ask to get FIRC.

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Question - 21:

What is GPSD in accounting?



Ans:

GPSD is a service daemon that monitors one or more GPSes or AIS receivers attached to a host computer through serial or USB ports, making all data on the location/course/velocity of the sensors available to be queried on TCP port 2947 of the host computer. With gpsd, multiple location-aware client applications (such as navigational and wardriving software) can share access to receivers without contention or loss of data. Also, gpsd responds to queries with a format that is substantially easier to parse than the NMEA 0183 emitted by most GPSes. The GPSD distribution includes a linkable C service library, a C++ wrapper class, and a Python module that developers of gpsd-aware applications can use to encapsulate all communication with GPSD.

Besides GPSD itself, the project provides auxiliary tools for diagnostic monitoring and profiling of receivers and feeding location-aware applications GPS/AIS logs for diagnostic purposes.

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Question - 22:

What is appropriation?

Ans:

Money set aside (as by a legislature) for a specific purpose generally for acquisitions by a firm

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Question - 23:

What is the difference between forecasting & Budget?

Ans:

Budget is the cost involved for the project right from start all the cost regarding materials, men power, place, time to complete the the project with in a time frame and the cost involved it.

In budgeting, a detail study will be done from laying a plan, study the number of methods to do the task, the technology to be use, the alternative way or process, manpower required and their skill level and the time duration from raw material to finished goods conversion and the work in progress must be taken to account and life time of project and return from the project are calculated in black and white based on which decision are taken whether to do the project are not.

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Question - 24:

What is forecasting and Budget?

Ans:

Forecasting is done based on the past experiences of the persons in the particular field and predict the cost involved for the particular action or for the data collected about the a project in the past it is done on based of past data.

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Question - 25:

What is committed cost?

Ans:

Committed cost is a fixed cost which results from the decisions of the management in the prior period and is not subject to the management control in the present on a short run basis. They arise from the possession of production facilities, equipment, an organization setup, etc.

Some examples of committed costs are: plant and equipment depreciation, taxes, insurance premium and rent charges.

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Question - 26:

Tell me how will you account B company investment in C company in consolidated accounts?

Ans:

A parent company, acquired 80% of B company, which in turn has already acquired 40% of C company. How will you account profit of C company in consolidated accounts? How will you account B company investment in C company in consolidated accounts?

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Question - 27:

Explain what are the different kind of MIS reports?

Ans:

Management Information System (MIS) reports are prepared for the management to take key managerial decisions. It may vary from company to company and industry to industry.

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Question - 28:

What is accounting report?

Ans:

Periodic statements showing financial position of a firm/company for a specific period, resulted from its business transactions and operations

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Question - 29:

What is Gross Profit Margin?

Ans:



Gross Profit Margin = $\frac{\text{Gross Profit}}{\text{Sales or Revenue}}$
Gross Profit = Sales or Revenue - Cost of Goods Sold

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