

Associate Finance Executive Job Interview Questions And Answers



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Associate Finance Executive Interview Questions And Answers Guide.

Question - 1:

Do you know what is a deferred tax asset and why might one be created?

Ans:

Deferred tax asset arises when a company actually pays more in taxes to the IRS than they show as an expense on their income statement in a reporting period. Differences in revenue recognition, expense recognition (such as warranty expense), and net operating losses (NOLs) can create deferred tax assets.

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Question - 2:

Will you be out to take my job as Associate Finance Executive?

Ans:

Maybe in about twenty years, but by then, I suspect you'll be running the entire company and will need a good, loyal lieutenant to help you manage this department!

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Question - 3:

Tell me what is a deferred tax liability and why might one be created?

Ans:

Deferred tax liability is a tax expense amount reported on a company's income statement that is not actually paid to the IRS in that time period, but is expected to be paid in the future. It arises because when a company actually pays less in taxes to the IRS than they show as an expense on their income statement in a reporting period.

Differences in depreciation expense between book reporting (GAAP) and IRS reporting can lead to differences in income between the two, which ultimately leads to differences in tax expense reported in the financial statements and taxes payable to the IRS.

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Question - 4:

Is it possible for a company to show positive net income but go bankrupt?

Ans:

Two examples include deterioration of working capital (i.e. increasing accounts receivable, lowering accounts payable), and financial shenanigans.

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Question - 5:

Tell us Is it possible for a company to show positive cash flows but be in grave trouble?

Ans:

Absolutely. Two examples involve unsustainable improvements in working capital (a company is selling off inventory and delaying payables), and another example involves lack of revenues going forward in the pipeline

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Question - 6:

Tell me why are increases in accounts receivable a cash reduction on the cash flow statement?

Ans:

Since our cash flow statement starts with net income, an increase in accounts receivable is an adjustment to net income to reflect the fact that the company never actually received those funds.

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**Question - 7:**

Tell me from your resume, it looks like you were fired twice. How did that make you feel?

Ans:

After I recuperated from the shock both times, it made me feel stronger. It's true that I was fired twice, but I managed to bounce back both times and land jobs that gave me more responsibility, paid me more money, and were at better firms.

The morale here is very high. I've been exposed to the "seamy underbelly" of this business, but I'm still passionate about working in it.

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Question - 8:

Tell us what is your biggest weakness that's really a weakness, and not a secret strength?

Ans:

I am extremely impatient. I expect my employees to prove themselves on the very first assignment. If they fail, my tendency is to stop delegating to them and start doing everything myself.

To compensate for my own weakness, however, I have started to really prep my people on exactly what will be expected of them.

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Question - 9:

Suppose I buy a piece of equipment, walk me through the impact on the 3 financial statements?

Ans:

Initially, there is no impact (income statement); cash goes down, while PP&E goes up (balance sheet), and the purchase of PP&E is a cash outflow (cash flow statement)

Over the life of the asset: depreciation reduces net income (income statement); PP&E goes down by depreciation, while retained earnings go down (balance sheet); and depreciation is added back (because it is a non-cash expense that reduced net income) in the cash from operations section (cash flow statement).

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Question - 10:

What if you work here for the five years and don't get promoted? Many of our employees don't. Won't you find it frustrating?

Ans:

I consider myself ambitious, but I'm also practical. As long as I am continuing to learn and grow within my position, I'll be a happy camper. Different companies promote people at different rates, and I'm pretty confident that working for you will keep me motivated and mentally stimulated for several years to come.

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Question - 11:

Tell me if you knew that things at your company were rocky, why didn't you get out of the company sooner?

Ans:

I was working so hard to keep my job while everyone around me was being cut that I didn't have any time left over to look for another job. With all of the mergers that have been happening in our field, layoffs are a way of life. At least I gave it my best shot!

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Question - 12:

Please tell me what if you work here for five years and don't get promoted? Many of our employees don't. Won't you find it frustrating?

Ans:

I consider myself ambitious, but I'm also practical. As long as I am continuing to learn and grow within my position, I'll be a happy camper. Different companies promote people at different rates, and I'm pretty confident that working for you will keep me motivated and mentally stimulated for several years to come.

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Question - 13:

Basic Associate Finance Executive Job Interview Questions:

Ans:

- * How do you value a corporation?
- * When do companies typically buy back stock?
- * Why would a company issue stock rather than debt to finance its operations?
- * What are some reasons a company would issue debt rather than equity to finance its operations?
- * Where did the S&P 500 close yesterday?
- * Who is a more senior creditor, a stockholder or a bondholder?
- * Explain how a swap works.
- * What would you do if you weren't going into this profession?
- * What do you know about the culture of this firm vs. other firms?
- * What do you think an investment banker actually does on a day-to-day basis?
- * How would you go about valuing this department for a hypothetical spin-off?

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Question - 14:

Associate Finance Executive Job Interview Questions:

Ans:



- * What are the most important factors to consider in budget development?
- * What is the most challenging financial project you've ever worked on?
- * Recall a time you identified a financial opportunity for your company.
- * How have you reduced expenses at previous companies?
- * What are the financial strengths and weaknesses of our industry?
- * How has your leadership contributed to the success of your current/previous team?
- * How have you increased revenues in previous companies you've worked for?
- * Recall a time when you improved the quality of financial information or the efficiency of sharing financial information.
- * What kinds of reports or presentations have you developed for executive teams?
- * Do you have any experience in setting up accounting/financial reporting controls? If so, please give an example of a control you were able to design and implement.
- * Recall a time when you introduced new technology to your staff.
- * What kind of accounting/financial reporting software are you familiar with?
- * What is your approach to hiring financial staff?
- * How have you helped junior financial staff advance in their careers?
- * Recall a time you had to motivate your team to complete a complex project under a tight deadline.
- * How do you monitor and evaluate the performance of your team?
- * Recall a time you had to persuade an executive team to make an important financial decision.

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Question - 15:

What is goodwill of a Company?

Ans:

Goodwill is an asset that captures excess of the purchase price over fair market value of an acquired business. Let's walk through the following example: Acquirer buys Target for \$500m in cash. Target has 1 asset: PPE with book value of \$100, debt of \$50m, and equity of \$50m = book value (A-L) of \$50m.

Acquirer records cash decline of \$500 to finance acquisition

Acquirer's PP&E increases by \$100m

Acquirer's debt increases by \$50m

Acquirer records goodwill of \$450m

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Question - 16:

Are you telling me that, now that you are forty-something, you would be willing to start at an entry-level position just to get your foot in the door here?

Ans:

Sometimes you need to take a step backward to move your career forward. Starting in an entry-level role would allow me to learn your business from the ground up. The career that I've been in is so different than yours that I would love the opportunity to start over again in your field. The salary cut will be well worth it.

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Question - 17:

Tell me why do capital expenditures increase assets (PP&E), while other cash outflows, like paying salary, taxes, etc., do not create any asset, and instead instantly create an expense on the income statement that reduces equity via retained earnings?

Ans:

Capital expenditures are capitalized because of the timing of their estimated benefits - the lemonade stand will benefit the firm for many years. The employees' work, on the other hand, benefits the period in which the wages are generated only and should be expensed then. This is what differentiates an asset from an expense.

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Question - 18:

Do you know our clients feel more comfortable with ethnic writers. So, while I would love to recommend you for the position, I'm worried that our clients will feel uneasy about us hiring you?

Ans:

I sincerely believe that being a great writer requires one major skill beyond being able to string sentences together, and that quality is empathy. I think that, rather than looking at my skin colour, your company needs to consider whether or not I can empathize with our target market, and the answer is certainly yes.

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Question - 19:

Explain what is working capital?

Ans:

Working capital is defined as current assets minus current liabilities; it tells the financial statement user how much cash is tied up in the business through items such as receivables and inventories and also how much cash is going to be needed to pay off short term obligations in the next 12 months.

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Question - 20:

Suppose If you were running a company that produces X and the market was tanking for that product, what would you do?

Ans:

I would search for new markets for the product while I spurred the engineers to change the product to make it more marketable to its original core audience.

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Question - 21:



Can you walk me through a cash flow statement?

Ans:

Start with net income, go line by line through major adjustments (depreciation, changes in working capital and deferred taxes) to arrive at cash flows from operating activities.

* Mention capital expenditures, asset sales, purchase of intangible assets, and purchase/sale of investment securities to arrive at cash flow from investing activities.

* Mention repurchase/issuance of debt and equity and paying out dividends to arrive at cash flow from financing activities.

* Adding cash flows from operations, cash flows from investments, and cash flows from financing gets you to total change of cash.

* Beginning-of-period cash balance plus change in cash allows you to arrive at end-of-period cash balance.

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Question - 22:

Suppose you have changed careers before. Why should I let you experiment on my nickel?

Ans:

As a career-changer, I believe that I'm a better employee because I've gained a lot of diverse skills from moving around. These skills help me solve problems creatively.

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Question - 23:

Tell me what is your biggest weakness that's really a weakness, and not a secret strength?

Ans:

I am extremely impatient. I expect my employees to prove themselves on the very first assignment. If they fail, my tendency is to stop delegating to them and start doing everything myself.

To compensate for my own weakness, however, I have started to really prep my people on exactly what will be expected of them.

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Question - 24:

I see from your resume that you worked at ABC for four years, and that's terrific. But I also noticed that you weren't promoted during that time. Why not?

Ans:

ABC is a great company, and thanks in part to my team's contributions, they are doing very well these days. But that wasn't always the case.

During the first two years that I worked there, people were being fired left and right, and just hanging onto my job was a feat.

Once the company began to turn around, [my boss] was offered a terrific job at a rival organization and it took ABC six months to replace him, and when they did, the new boss was eager to bring in his own people. Once again, I tenaciously hung on to my job, and, even though I was long overdue for a promotion, I really didn't think that the timing was right for me to broach it. No one from the old staff was there to even vouch for my performance!

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Question - 25:

Can you explain will you be out to take my job?

Ans:

Maybe in about twenty years, but by then, I suspect you'll be running the entire company and will need a good, loyal lieutenant to help you manage this department!

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