

Accounting Job Interview Questions And Answers



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Accounting Interview Questions And Answers Guide.

Question - 1:

Who owns the general ledger?

Ans:

Every company has to maintain General Ledger.
So company owns the GL

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Question - 2:

Where should TDS received show in balance sheet?

Ans:

Assets Side: Advance In-Come Tax Ledger in current year

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Question - 3:

What is the TDS effect in balance sheet if TDS receipts?

Ans:

In Assets Side: Advance In-Come-Tax A/c Dr with TDS received Amount and Party A/c Cr with TDS received Amount

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Question - 4:

What are the golden rules of accounting?

Ans:

Personal-
Debit the receiver
Credit the Giver
Real-
Debit what comes in
Credit what goes out
Nominal-
Debit all expenses and losses
Credit all income and gains

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Question - 5:

Can I take service tax on freight outward?

Ans:

Yes, you can take tax on freight outward. Because you are paid freight inclusive of service, tax so you can full credit availed on any expenditure where you paying service tax amount.

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Question - 6:

What is service tax?

Ans:

When any employer provides any service to his customer, which income is excess under the tax then company liable for the pay tax.
Service tax charged at rate 12 % (India) + 3% E.Cess & H. & E.Cess
=12.36%

In addition, service tax deposited of in under 5 days who you charged service tax to his customers.



In the payment of Service tax amount you can Credit availed during of the month.

Moreover, if any company purchased of any item that has Excise duty & E.Cess with E.Cess then you can credit availed when you received excise form to your seller.

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Question - 7:

What is Contingent Liabilities?

Ans:

A continental liability may or may not be liability to the company. It is mandatory to show in Balance Sheet. Ex:- Ex gratia payable to Workers. Sometimes company has to pay, sometimes may not pay.

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Question - 8:

What is an adjusting journal entry?

Ans:

Adjusting entries are those entries that passed to rectify an error or wrong entry already made some accounting soft wares have disabled edit function in the accounts, so the only way to undo the mistake is to pass a correction entry or adjusting entry.

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Question - 9:

What is the difference between provision and reverse?

Ans:

Provisions are created in books as they are anticipated. Example: provision for depreciation

Reserves are created in books as a part of profits, which might used to purchase assets or to declare dividends.

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Question - 10:

What is the difference between Perpetual and Periodic Inventory systems?

Ans:

In perpetual inventory system, the inventory account is adjusted continually throughout the accounting period.

Whereas in the Periodic Inventory System: - Recording inventory transactions periodically than recording them continually.

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Question - 11:

What is a Comprehensive Income?

Ans:

Items GAAP does not want us to record in Income Statement. GAAP does not want financial statements provider to mislead users. Ex. items will record in comprehensive income are Unrealized gain or loss on available-for-sales securities; Unrecognized net gain or loss; Unrecognized prior service cost (credit); Unrecognized net gain or loss.

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Question - 12:

What are the four classifications of Bad and Doubtful Debts as per the context of the Bank?

Ans:

Assets in Banks are Loans and Advances given to borrowers. These Assets are divided into 4 categories. They are

1. Standard Assets: These accounts are good and the borrower is repaying the loan as per stipulation and the security extended in good.
2. Substandard Asset: These accounts are good as per the security extended is good but the loans repayment is not up to the mark.
3. Doubtful Asset: These accounts have both the security as well the repayment stipulation in irregular method.
4. Bad Asset: These accounts are where the repayment is not forthcoming and the security extended becomes bad.

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Question - 13:

What is Letter of Credit?

Ans:

LC (Letter of Credit) is a set of documents which are very essential for goods being transported from one country to another. This set includes that of invoices, shipping documents, grantees and others.

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Question - 14:

What is dividend warrants?

Ans:

Dividend is the part of profits payable to the owners of the company i.e., Shareholders. Some companies issues warrants to its shareholders instead of paying dividends in the form of cash in the form of document by mentioning the Warrant Price and other details.

The price mentioned in it is also called exercise price. Some times company may not specify the name of the holder. The holder of the document can fill it.



Advantages: It helps to the issuing company from paying the Tax.
It is easy to transfer from one person to other without any formalities
It helps to increase the share/capital of the company

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Question - 15:

What is double entry book keeping?

Ans:

In double entry book, keeping method a journal entry is posted to both respective accounts for each transaction. Let us say for sales transaction, debit entry posted to cash account credit entry posted to sales account. Therefore, it is one of the methods to post accounting transactions.

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Question - 16:

What are trade bills?

Ans:

Every transaction must be supported by any document. A trade bill is a supporting document of business activities like purchases, sales, receipts, payments etc...

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Question - 17:

What is meant by partitioning?

Ans:

Partitioning is nothing but grouping based on the cluster, which is similar kind of response by a system.

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Question - 18:

What is the difference between personal account real account and nominal account?

Ans:

The total business transactions are divided in to three They are Transactions related to persons, Transactions related to Things, Transactions related to incomes & expenditures. In accountancy we have three types of accounts they are - personal, real, nominal Personal accounts refers to all the transactions related to natural persons, artificial persons and representative persons ex:- rama, ravi, Indian bank, outstanding rent. . First category of transactions belongs to personal accounts
RULE: debit the receiver and credit the giver Real accounts include things in the business i.e. assets. Second category of transactions related to Real accounts ex: buildings, machinery, cash etc. RULE: Debit what comes in and credit what goes out Nominal accounts includes all the transactions related to expenditures, incomes, losses, and profits. Ex: - rent paid, rent received, bad debts, profit on sale of an asset.
RULE: Debit all expenses and losses and credit all incomes and profits

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Question - 19:

What is inventory management?

Ans:

Inventory management is an automated process of managing the stock of products and the various things involved with it Involves a retailer seeking to acquire and maintain a proper merchandise assortment while ordering, shipping, handling, and related costs are kept in check. Systems and processes that identify inventory requirements, set targets, provide replenishment techniques, and report actual and projected inventory status.

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Question - 20:

What is retail banking?

Ans:

Retail banking refers to the banking done with the retail client (e.g. the normal people) rather than business or organizational customers.

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Question - 21:

What is customer account?

Ans:

Debtors account and bills receivable account are theoretically same. Both are called as receivables. When we sold goods to debtors account is debited. If we receive a bill from that debtor, we open bills receivable account by closing that debtor account. Thus, bills receivable account is nothing but debtor account. If the bill is dishonored on the due date, we again debit the debtor account in our books. For information and accounting purpose, we use both debtor account and bills receivable account.

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Question - 22:

What is balance sheet and off balance sheet?

Ans:

Balance sheet is a statement which consists if asset and liabilities balance sheet is not called as account .their are 2 columns in balance sheet left hand side is called



liabilities and right hand side is called asset.

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Question - 23:

What is an operative accounts?

Ans:

Operative Accounts means Account is running/operating regularly, transaction is running from the account (debit/credit and deposit/withdrawal from account) this is known as Operative Account.

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Question - 24:

What is meant by daily accrual and booking?

Ans:

Meaning of Accrual: Revenues and costs are accrued (gathered), that is recognized as they are earned or incurred (and not as money is received or paid) and recorded in the financial statements of the periods to which they relate. Accrual basis of accounting is one of the fundamental accounting assumptions underlying the preparation and presentation of financial statements.

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Question - 25:

What is meant by calendar maintenance?

Ans:

Calendar maintenance means update the sales, purchase and accounts records. Simply meaning is maintaining the records monthly, quarterly, half-yearly, and yearly.

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Question - 26:

What is meant by turnover?

Ans:

The turnover refers to the sales volume for a specific period like quarterly, semi annually or annually. It can be measured with sales volume figure or no. of days taken.

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Question - 27:

What is the difference between inactive accounts and dormant account?

Ans:

Dormant accounts are those accounts in which there are transactions in the recent history (the stipulation may vary according to the company's rules). Inactive accounts are those accounts in which transactions are being made for long time.

[View All Answers](#)

Question - 28:

What is meant by balancing?

Ans:

Balancing means equalizing debit and credit side totals in a T-account.

If there is a deficit on side that is, debit, or credit a suspense account is opened with the balancing figure.

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Question - 29:

What is shadow balance?

Ans:

Shadow Balance in bank accounts is the balance unto which the subsequent debits can be posted.

Shadow Balance = Book Balance - Debit (yet to be authorized for posting).

Example: Book balance is 1000. There is a debit of 500. The debit is posted in the system and is sent for authorization. Now the Account shows a Shadow Balance of 500.

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Question - 30:

What is mean by Working Capital?

Ans:

Working capital is a fund, which is used to run the organization for minimum actions.

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Question - 31:

What are time sheets? How are they maintained?



Ans:

Timesheet is an approved document by an Authorized person of the particular Project where employee is working, for the work done by the concerned employee/consultant along with the description of work done. Time sheet contains the Billable/Non-Billable hours. Based on the Timesheet the Company will raise the invoice, for the consulting services provided by its employee, on the end-client.

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Question - 32:

What are the Steps involved in Project implementation?

Ans:

Step involved in project implementation:

- * Identification of the need
- * Idea generation and screening of ideas
- * Feasibility Study
- * Project Development
- * Implementation
- * Controlling

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Question - 33:

What are the fictitious assets?

Ans:

These are like intangible assets, which cannot be seen or touched. Actually, these are not assets but some expenditure, which cannot turn to profit and loss account of a particular period that is why these items are shown on assets side of balance sheet to be written off to P&L account in reasonable years.

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Question - 34:

What are the extraordinary items?

Ans:

Transactions that happened due to catastrophic events i.e. unusual circumstance example: earthquake, flood, tsunami etc are called extraordinary items.

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Question - 35:

What are the functions of manger -accounts and manager-finance? Explain in detail.

Ans:

When we see their difference from broad organizational review, the function of accounts manager are- The approval of the accounting system utilization and calculated amounts in supportable documents ,for example in journal vouchers and the approval of the accounting method. Also, change of the accounting procedures of the company.

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Question - 36:

What is bank reconciliation statement?

Ans:

A Bank reconciliation statements are prepared if balance of bank account as shown in cashbook differs from balance as shown in passbook. This statement shows the reasons or transactions because of which balances as shown in cashbook and passbook are not tallying with each other.

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Question - 37:

How can you do credit control?

Ans:

1. Make the creditor, your debtor
2. For good creditor, give discounts & offers
3. For bad creditor, inform your position of willingness but inability to sustain relationship keeping in mind our business position.

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Question - 38:

What is your role in planning?

Ans:

It is a common question in interview, based on CV Planning is a group work, so we find what work we done on the planning process. Every work is group work so we find what work we done in every part of Accounting.

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Question - 39:

What are MIS reports and do you prepare it?

Ans:



MIS is management information system. In addition, MIS report is reporting information of reports like efficiency of wing or a department of a company. IF we take BPO (Call center) sector as example, MIS consists of efficiency of agents, Average time taken hold time etc, and passing this to the management level for their analysis.

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Question - 40:

What is deferred account?

Ans:

A best example of a deferred account is advertisement expense account. This account are those where an investment or expense is don't with an expectation of making a intangible profit which cannot be measured or directly linked to expense.

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Question - 41:

What are bills receivable?

Ans:

Bills Receivable , in merchant accounts, are all promissory notes, bills of exchange, bonds, and other evidences or securities which a merchant or trader holds, and which are payable to him.

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Question - 42:

What is capital gain?

Ans:

Capital gain: when any capital asset is sold and it is sold at a higher price than its book value then that extra gain is called capital gain. The word profit generally means revenue profits. While capital gain is generally received infrequently

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Question - 43:

What is cash flow and fund flow?

Ans:

Cash flow and funds flow: cash flow means direct entry of cash in your business and exit of the same funds flow means entry of funds (cash funds or non cash funds) and their exit non cash funds may mean rise in current assets or fall in current liabilities which was not due to any cash movement

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Question - 44:

What is depreciation and how many types are there. Please give details?

Ans:

Depreciation and its types: Depreciation means reducing/lowering value of an asset because of its use. Like machines/vehicles gets rusty/slow because of consistent use.

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Question - 45:

What is the dual aspect concept?

Ans:

Dual aspect concept: Each transaction has two sides. Example: when you buy a shirt, then shirt comes to you while cash leaves you similarly if you sell the same shirt to anyone then cash comes to you while shirt leaves you. Recording both aspects of coming and going is called dual aspect concept

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Question - 46:

What is the difference between Accounts and Finance?

Ans:

Account is the detailed record of a particular asset, liability, owners' equity, revenue, or expense.

Financial Accounting is the area of accounting concerned with reporting financial information to interested external parties

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Question - 47:

What is debit and credit note?

Ans:

Debit and credit note: while making entry in your books of accounts you need the documentary voucher. Therefore, the voucher made stating what entry and why it is made is called debit/credit note.

[View All Answers](#)

Question - 48:

What is SLA?



Ans:

SLA - Service Level Agreement Period

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Question - 49:

What is vendor?

Ans:

Vendor means the one who sells

[View All Answers](#)

Question - 50:

What is purchasing order?

Ans:

Purchasing order means order given to purchase anything.

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Question - 51:

What is Capital Budget?

Ans:

Capital Budgeting is a way to justify capital expenditures. It was done to see if the added benefit of a capital purchase, i.e. increased revenue or decreased expense, exceeds the cost of capital.

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Question - 52:

What is Service Tax & Excise? How will it be charged?

Ans:

Service Tax is a form of indirect tax imposed on specified services called Taxable services. Presently it covers 58 services. The service provider but A collected shall pay a service tax from the service receiver. Excise is also a form of indirect tax levied on A goods produced or manufactured in India.

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Question - 53:

What is Departmental Accounting? Give an example

Ans:

Departmental accounting means account prepared separately for the department and here ledgers will be opened trial balance will be prepared, also p&l account will be prepared, and profit or loss is included in the main p&l account and shown in the balance sheet.

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Question - 54:

How to prepare finalization accounts?

Ans:

First, of all post all the journals in the ledger and then post in the trial balance and from that prepare trading account and manufacturing account (if necessary) and profit and loss account. And then prepare profit and loss adjustment account and with the help of the trial balance prepare balance sheet and also show the profit under reserves after deducting the previous year losses and show contingencies (if any) in the notes to accounts.

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Question - 55:

What are the advantages of Computer accounting over Paper accounting?

Ans:

There are many advantages from computer accounting over manual accounting. You can get automatically the creditors data, debtors' data, sale proceeds, balance sheet, and many more information in the desired manner.

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Question - 56:

What is the Provision? What is the Entry for Provision?

Ans:

Provision means liabilities it means payable account A it's an very useful for controlling payable accounts like telephone charges, ESIC accounts, EPF accounts, A EPF payable accounts Dr to EPF accounts ESIC payable accounts Dr to ESIC account

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Question - 57:

What are premises in accounting sense? What is VAT adjustment?

Ans:



Premises is and Fixed Asset in the accounting sense which is shown in the balance sheet in final accounts. Vat adjustment is output tax - input tax. The vat which is paid on purchase will be deducted from vat collected from sales. This adjustment is known as vat adjustment.

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Question - 58:

If assume we paid 50/- as an advance for worth of 100/- goods, but our supplier sent only up to 25/- worth of goods. Now my question is that we want to close the transaction now and how it possible? What about VAT like Tax Setups in AP and AR? What about the SWEEP command in AP?

Ans:

First, there should not be assumptions in transactions. If you received 25 of worth in exchange of 50 advances, you can close it for a temp. The transaction entry would be... Supplier A/c Debit 25 Received Goods A/c Debit 25 Cash paid A/c Credit 50

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Question - 59:

What is FBT (Fringe Benefit Tax)?

Ans:

The tax payable on a non-salary benefit provided to an employee or an associate of the employee. The employer is liable to pay any FBT and may choose to recover the FBT amount from the employee.

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Question - 60:

What is the difference between Consigner and Consignee?

Ans:

Consigner is the person who is the owner of the goods and who deliver the goods to the consignee. Consignee is the person who receives the goods and he just possesses the goods and not the owner.

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Question - 61:

What procedure for excess payment to supplier I would like know without adjusting invoice that means how supplier will send back excess amount how do in oracle apps?

Ans:

Excess payment to supplier is treated as Advance paid to supplier. This will show as debit balance in supplier account. Supplier can send the payment by way of check/ demand draft without adjusting in his subsequent bills.

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Question - 62:

What is meaning of invoice?

Ans:

Invoice is a statement which contains the under mentioned details compulsorily.

1. Invoice Number
2. Invoice date
3. Name and address of the person
4. Name and address of the person to whom invoice is made (Buyer of goods and service)
5. Description of goods / services involved
6. Applicable rates and taxes with percentages
7. Rate of the goods / services
8. Quantity of the goods and services
9. Quality or any other specifications
10. Price / Value of the goods and services
11. Invoice must be signed by the person making it
12. Terms and conditions of making the payment

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Question - 63:

What steps would you take before approving an invoice for payment?

Ans:

Following steps should be taken.

- 1) Validate the invoice once it matched for checking any holds.
- 2) If workflow is implemented, then initiate approval for the invoice. Once the invoice is approved/Approval not required (status in case WF is not implemented) you can go for payments.
- 3) Create accounting after approval of invoice. Finally, for payments you need to format and build.

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Question - 64:

What is marginal cost?

Ans:

The marginal cost of an additional unit of output is the cost of the additional inputs needed to produce that output. More formally, the marginal cost is the derivative



of total production costs with respect to the level of output. Marginal cost and average cost can differ greatly. For example, suppose it costs \$1000 to produce 100 units and \$1020 to produce 101 units. The average cost per unit is \$10, but the marginal cost of the 101st unit is \$20. The Econ Model applications Perfect Competition and Monopoly emphasize the roles of average cost and marginal cost curves. The short movie Derive a Supply Curve (40 seconds) shows an excerpt from the Perfect Competition presentation that derives a supply curve from profit maximizing behavior and a marginal cost curve.

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Question - 65:

In terms of accounting the trial balance when is it taken?

Ans:

At least once a month

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Question - 66:

Define "book value" as applied to accounting

Ans:

Carrying amount (original value of the asset minus accumulated depreciation)

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Question - 67:

In accounting, are assets a permanent account?

Ans:

Assets, Liabilities, and Stockholder's Equity are all permanent accounts.

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Question - 68:

What does it mean to do accounting training outside of public practice?

Ans:

Training outside Public Practice is an alternate route to become a chartered accountant. However, you cannot perform statutory audits; instead, you specialize in financial management.

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Question - 69:

What does the word credit mean in terms of accounting?

Ans:

The word "credit" is part of the equation of double entry bookkeeping.

In order for bookkeeping entries to balance, there must always be a debit (left side, abbreviated by "dr") and credit (right side, abbreviated by "cr") entry that equal one another.

For example, to record an Office Supply Store purchase (on account ~ a payable), the entry would be:

Office Supplies Exp \$500.00(dr)

Accounts Payable \$500.00(cr)

If an entry does not balance the totals for debits and credits, your books will be out of balance.

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Question - 70:

What are the Accounting entries for branch accounts?

Ans:

DR investments in branch

Cr cash

Cash sent to branch

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Question - 71:

What is a register when referring to accounting or bookkeeping?

Ans:

Register was the name of the Company that mfg. the first Green line spread sheets. Paper sheet ledgers were originally used to maintain credit records etc.

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Question - 72:

Discuss the consistency concept in accounting

Ans:

Consistency is a concept used when applying accounting methods to a business, the business must continue to use that particular method. For an example if a company is charging depreciation using the straight-line method, they must stick with the straight-line method.

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**Question - 73:**

What are the disadvantages of back-flush accounting?

Ans:

One of the main disadvantages of the system is that it only works under some quite strict requirements. If these are not met, the system will become unbalanced and may be quite unusable, or a nightmare to maintain.

Standard costs must be reliably estimated and variances kept to a minimum. The premise of the system is that a sale triggers the manufacturing process, therefore buildup of work in progress or finished goods needs to be avoided. Another drawback is that detailed information for management purposes may not be available where needed, and the production control therefore needs to be all the stronger. The cost accounts used in back-flush accounting may be more difficult to reconcile to financial accounts needed for reporting.

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Question - 74:

Define social responsibility accounting

Ans:

It is a new phase to development of accounting and its birth to increase the social awareness. In addition, it is the social effects of business decisions in addition to the economic effects.

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Question - 75:

What is the important of computerized accounting to manual?

Ans:

Computerized accounting is quicker and easier than manual accounting and less subject to unintentional error.

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Question - 76:

What is definition of a cash float in accounting?

Ans:

Cash float is the time between when you authorize a bank to disperse funds from your bank account and when it actually leaves your account.

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Question - 77:

What is a difference between public and private accounting?

Ans:

Public accounting includes any accounting work that a company performs for another company. Examples would be audits, tax compliance, consulting, etc. The "Big 4" (KPMG, Deloitte & Touche, PricewaterhouseCoopers, and Ernst & Young) are the dominant firms that provide public accounting services.

Private accounting is accounting work that is done for your own company. Every company has some form of an internal accounting department and those employees would be considered private accountants.

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Question - 78:

Explain the concept of responsibility accounting

Ans:

They are Collection, summarization, and reporting of financial information about various decision centers (responsibility centers) throughout an organization; called activity accounting or profitability accounting. It traces costs, revenues, or profits to the individual managers who are primarily responsible for making decisions about the costs, revenues, or profits in question and taking action about them. Responsibility accounting is appropriate where top management has delegated authority to make decisions. The idea behind responsibility accounting is that each manager's performance should be judged by how well he or she manages those items under his or her control.

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Question - 79:

What is the relationship between bookkeeping and accounting?

Ans:

Bookkeepers perform a critical function for the firms and organizations they serve. Regularly challenged to maintain precise and accurate records, bookkeepers produce the vital reports that keep management up to date on the financial condition of their company.

Bookkeepers are responsible for maintaining the "business checkbook", much like a personal checkbook. They record routine money transactions like customer payments into a "cash receipts journal" and checks to vendors into a "cash disbursement journal." They also process payroll. At month end they transfer or "post", the "journal" totals to the "general ledger" in preparation for financial statements prepared by the accountant.

Accountants are responsible for the design and management of the financial systems that bookkeepers use. They prepare monthly financial statements and tax returns at year-end. Accountants may also prepare budgets for management and loan proposals for bankers; and perform cost analysis for the company's products or services. Trust, reliability, and confidentiality head the list of qualities that employers look for when selecting and promoting Certified Bookkeepers. Strong organization and communication skills are also important. Not only are bookkeepers challenged to record routine money transactions, to reconcile accounts and to locate misguided transactions, they also must be able to paint a picture--both verbally and on paper--of all the activities within their assigned area of responsibility.

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Question - 80:

Accounting for VC money in financials



Ans:

It depends on the form in which the money comes in. If it was invested as equity (either Common or Preferred Stock), it shows up on the balance sheet as Paid in Capital. If it came in as debt (such as bridge loan, secured note, etc.) it shows up as debt that must be repaid by the company.

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Question - 81:

What is the definition of offset accounting?

Ans:

The one reduces the gross amount of another account to derive a net balance. Accumulated depreciation, which is a contra account to fixed assets to obtain book value, is an example of an offset account.

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Question - 82:

How does accounting contribute to the community?

Ans:

Accounting helps communities in many ways. Accountants help the communities manage their money and they take care of their taxes yearly. They also manage their money, help set a budget for them and teach them to manage their money wisely.

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Question - 83:

What is the definition of manual accounting?

Ans:

It is recording accounting transaction without the use of computer.

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Question - 84:

What do you mean by material facts in accounting?

Ans:

Material facts are documents pertaining to the historical events of the facts being justified

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Question - 85:

Why Accounting is important in business?

Ans:

Because a business is all about money and management of money can only be done through accounting and not otherwise

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Question - 86:

Contrast bookkeeping and accounting

Ans:

Bookkeeping is the maintenance of the company's financial records. Accounting is the presentation and interpretation of those records to be used by management for decision making, improvement, and planning.

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Question - 87:

Why does the accounting equation have to balance?

Ans:

Due to its design, it was intended as check that your records were correct - think of it as a barometer of sorts. If you look at your general ledger or trial balance and the assets do not equal the liabilities plus equity (the debits don't equal the credits), then you know you have a problem that must be resolved prior to having numbers that should be relied upon for any purpose whatsoever.

[View All Answers](#)

Question - 88:

Why are accounting firms needed?

Ans:

Accounting firms come in handy for many reasons. Some of the smaller ones: Businesses will use them to calculate payroll and the accounting firm will calculate the amount of taxes taken out.

Company income tax returns, accounting firms will usually represent their work if the company is audited by the IRS. Accounting firms also give advice to companies on how to spend their money to save tax dollars and advice on tax shelters.

[View All Answers](#)

Question - 89:



Define Tally Accounting

Ans:

Tally is a financial accounting software package designed by Tally Solutions mainly for small businesses and shops. They claim on their website that Tally is used by over 2 million users, in over 90 countries. Tally 9.0 is the latest version to date.

[View All Answers](#)

Question - 90:

What is meant by public accounting?

Ans:

Public Accounting is best known for providing audits, CPAs who work in public accounting review company financial records for accuracy and accountability.

[View All Answers](#)

Question - 91:

What are cost accounting and its applications?

Ans:

Cost Accounting is a method by which an accountant can determine the cost of production of a "widget". This is used in accurate reporting of Cost of Goods Sold and consequently the Gross Income of a company. A Cost Accountant will follow the "widget" throughout the production process tracking any costs associated and breaking them down to a unit level. It gets more complicated than that but this is a good generic answer.

[View All Answers](#)

Question - 92:

Definition of push down accounting

Ans:

A method of accounting wherein the financial report of the subsidiary reflects the parents cost incurred in acquiring the sub.

[View All Answers](#)

Question - 93:

What qualification do you need to become an accounting professional?

Ans:

As an accounting professional in the state of Maryland, the requirements are 150 credit hours in order to sit for the CPA examination. The exam is given in 4 parts and all 4 parts can be taken separately. Once you have passed all 4 for parts of the exam, you will be qualified as a Certified Public Accountant.

Although the CPA exam is required for all states, the credit qualification may differ for your state. The department of labor and licensing for your particular state will have more information on the items needed in order to sit for the CPA exam.

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[View All Answers](#)

Question - 94:

What are the limitations of accounting ratios?

Ans:

Ratios place significant emphasis on short-term results. Ratios such as EPS and the ROCE are subject to accounting conventions that might deter businesses pursuing policies that are in their long-term interest.

[View All Answers](#)

Question - 95:

In which ways is math used in accounting

Ans:

Primarily only addition, subtraction, multiplication, and division are used in accounting as follows:

Addition: Summing accounts for inclusion in financial statements (i.e. many different cash accounts are summed to equal "cash" in balance sheet), adding items in inventory to determine accurate counts, adding all outstanding checks (written but not cashed) to reconcile a bank statement, etc.

Subtraction: Determine net income and various margins by subtracting expenses from revenues, calculating variances between actual and budgets.

Multiplication: Tax rates by gross pay to calculate and remit correct taxes, extrapolating period results (i.e. 6 months sales x 2) to estimate annualized results, calculating present value of cash flows using given factors, calculate sales tax on sales, etc.

Division: Calculate various ratios such as asset turnover, operating margins, etc.

Addition and subtraction is used most often and today is nearly 100% automated with computerized applications. Multiplication and Division is used "primarily" for analysis of financial results (with some exceptions noted above).

[View All Answers](#)

Question - 96:

What are the elements of the accounting equation?

Ans:

The elements of accounting are Assets, Liabilities, and Owner Equities.

The way to remember this would be through the acronym ALOE



The accounting equation is $\text{Assets} = \text{Liabilities} + \text{Owners' Equities}$

[View All Answers](#)

Question - 97:

What is the basic accounting equation?

Ans:

$\text{Assets} = \text{Liabilities} + \text{Owners Equity}$

[View All Answers](#)

Question - 98:

How many accounting standards are currently published?

Ans:

There are total of 9 accounting standards.

[View All Answers](#)

Question - 99:

What are the disadvantages of manual accounting?

Ans:

- 1) Manual records are very difficult to be maintained safe
- 2) Manual records are subject to greater human error
- 3) Business can see itself in fines and penalties if records are lost
- 4) Manual records are easier to be falsified, modified, altered, or vanished, as compared to computerized records, which become very safe when using passwords, firewalls, and back-ups.

[View All Answers](#)

Question - 100:

What is the difference between accounting and bookkeeping?

Ans:

Bookkeepers perform a critical function for the firms and organizations they serve. Regularly challenged to maintain precise and accurate records, bookkeepers produce the vital reports that keep management up to date on the financial condition of their company.

Bookkeepers are responsible for maintaining the "business checkbook", much like a personal checkbook. They record routine money transactions like customer payments into a "cash receipts journal" and checks to vendors into a "cash disbursement journal." They also process payroll. At month end they transfer or "post", the "journal" totals to the "general ledger" in preparation for financial statements prepared by the accountant.

Accountants are responsible for the design and management of the financial systems that bookkeepers use. They prepare monthly financial statements and tax returns at year-end. Accountants may also prepare budgets for management and loan proposals for bankers; and perform cost analysis for the company's products or services. Trust, reliability, and confidentiality head the list of qualities that employers look for when selecting and promoting Certified Bookkeepers. Strong organization and communication skills are also important. Not only are bookkeepers challenged to record routine money transactions, to reconcile accounts and to locate misguided transitions, they also must be able to paint a picture--both verbally and on paper--of all the activities within their assigned area of responsibility

[View All Answers](#)

Question - 101:

What is Purchase returns Accounting.

Ans:

"Purchase returns" is the entry made in the journal that refers to "Unsatisfactory or defective merchandise/goods which is returned back to the supplier".

[View All Answers](#)

Question - 102:

What is mutual fund sub accounting?

Ans:

Mutual fund sub accounting is a way to "clear" (the process of buying and selling) the mutual fund transactions. An intermediary record keeps all of the individual shareholder account information, such as the individual balances and individual transactions and dividends in each fund. The account balances roll up to match an omnibus account balance that is record kept by the transfer agent of the fund. When individual investors buy or sell a particular fund those transactions the intermediary combines those transactions and a minimum number of larger trades are placed with the fund in the omnibus account.

[View All Answers](#)

Question - 103:

What are Source documents in accounting?

Ans:

Source documents are those documents in which all kinds of business transactions are recorded. These include invoice, sales order, purchase order, debit note, credit note, goods received note; goods dispatched note, quotation, statement, remittance advice, and receipt.

[View All Answers](#)

Question - 104:

What are the basic assumptions in accounting?



Ans:

Economic Entity Assumption
Going Concern Assumption
Monetary Unit
Periodicity Assumption

[View All Answers](#)

Question - 105:

What is accounting for plant assets?

Ans:

Plant Assets are mainly installations in a factory.

[View All Answers](#)

Question - 106:

What is an interlocking accounting system?

Ans:

The interlocking accounting is a system where the cost and financial accounts are maintained independently of each other, and in the cost account, no attempt is made a separate record of the financial account transaction.

[View All Answers](#)

Question - 107:

What are accounting rules called?

Ans:

The accounting rules are called the 'golden rules of accounting'
i.e.
Debit what comes in, and credit what goes out
Debit the receiver and credit the giver
Debit all expenses and loss and credit all incomes and gains.

[View All Answers](#)

Question - 108:

What is peach tree accounting?

Ans:

Peachtree Accounting is the name of a computerized accounting software program.

[View All Answers](#)

Question - 109:

What is the difference in Accounting and Marketing and what is so different about them?

Ans:

Accounting has to do with the company finances. Marketing has to do with company public relations, advertising, and product placement. The difference is accounting only deals with financial figures where marketing works on creating those figures.

[View All Answers](#)

Question - 110:

What is accounting chart of accounts?

Ans:

Accounting chart is where you have all the codes for expenses

[View All Answers](#)

Question - 111:

Who created SnapIt accounting?

Ans:

SnapIt accounting was developed in South Africa by Joe Schoemann Systems.
System Analysis: Joe Schoemann
Programming: Danny Schoemann

[View All Answers](#)

Question - 112:

What are the differences between accounting and auditing?

Ans:

Accounting records the events. Auditing is a process that checks to see whether the events occurred and it is properly recorded.

[View All Answers](#)

**Question - 113:**

What is the meaning of Scrap Value in accounting?

Ans:

Scrap value is the residual value of an asset. The value of an asset which exists after its estimated life period

[View All Answers](#)

Question - 114:

How is an accounting department structured?

Ans:

Accounting Departments are usually structured along functional lines: Accounts Payable, Accounts Receivable, Payroll, General Ledger, Sales Transactions, Inventory, etc. A small company may have one person performing more than one (sometimes all) of the functions. In this case, there needs to be financial controls to reduce the probability of theft or embezzlement. In a large company, there could be many people working in one functional area; and in that case, that function might be broken down to smaller components.

[View All Answers](#)

Question - 115:

Explain Accounting 101?

Ans:

Typically, it involves the theory of credit and debit, balance sheets, income statements, controlling accounting accounts, subsidiary ledgers, work sheets, depreciation methods, and financial accounting theory.

[View All Answers](#)

Question - 116:

Who is considered the father of accounting?

Ans:

Generally, Luca Pacioli is considered the father of accounting. For more information about him and double entry system he developed, go to the link below at answers.com

[View All Answers](#)

Question - 117:

What is the Importance of accounting standards?

Ans:

Financial statements are prepared to summarize all business activities by an enterprise during an accounting period in monetary terms & report financial outcomes in terms of performance, status of assets, liabilities, & flow of cash. These business activities vary from one enterprise to other on one hand and size & volume of business on the other hand. To compare the financial statements of various reporting enterprises poses some difficulties because of the divergence in the methods and principles adopted by these enterprises in preparing their financial statements. In order to make these methods and principles uniform, comparable, transparent, establish accountability, and bring true & fair view of Financial Statement - Accounting Standards are evolved.

[View All Answers](#)

Question - 118:

What is DD and A in oil and gas accounting?

Ans:

DD&A stands for Depreciation, depletion & amortization.

[View All Answers](#)

Question - 119:

What is the definition of accounting?

Ans:

The theory and system of setting up, maintaining, and auditing the books of a firm; art of analyzing the financial position and operating results of a business house from a study of its sales, purchases, overhead, etc.

[View All Answers](#)

Question - 120:

What is partnership accounting?

Ans:

A business can be a corporation, a partnership, or a sole proprietorship. A corporation is incorporated at the state level. A sole proprietorship is one person in business. A partnership is two or more persons with an agreement on who has which assets and liabilities and income. Partnership accounting is doing the books for the partnership. For IRS purposes, a partnership return must be filed each year.

[View All Answers](#)

Question - 121:

What is Control in Accounting?

Ans:



A control is some type of device or procedure that attempts to limit the possibility of a transaction to be manipulated.

What are different Branches of accounting?

For information, accounting field could be divided into a few branches, which is as follows:-

- i) Management Accounting
- ii) Financial Accounting
- iii) Taxation,
- iv) Auditing

Management Accounting is consider a future prediction on the business cost which will be useful for the management (internal users) to make their decision, projection, planning and control their business activity.

The example of the M.A reporting consists of Sales Budget Report, Projection P & L for the year, Monthly Performance Review Report, etc.

The format is not standardized from one business to another and it will be more depending to the need and requirement of the company.

[View All Answers](#)

Question - 122:

What are the nine accounting cycles?

Ans:

1. Collecting and Analyzing Data from the occurred transaction.
2. Journalize Transaction.
3. The general journal entries are posted to the General Ledger, which is organized by account.
4. Prepare an unadjusted trial balance .At the end of the period, double-entry accounting requires that debits and credits recorded in the general ledger be equal.
5. Prepare adjustments Period-end adjustments are required to bring accounts to their proper balances after considering transactions and/or events not yet recorded.
6. Prepare an adjusted trial balance: As with an unadjusted trial balance, this step tests the equality of debits and credits.
7. Prepare financial statements: Financial statements are prepared using the corrected balances from the adjusted trial balance.
8. Close the accounts: Revenues and expenses are accumulated and reported by period, a monthly, either quarterly, or yearly
9. Prepare a post-closing trial balance: fold: to determine that all revenue and expense accounts have been closed properly and to test the equality of debit and credit balances of all the balance sheet accounts.

[View All Answers](#)

Question - 123:

What is accounting period?

Ans:

This concept defines the unit of time for which accounting data are collected. It is hard to calculate and measure the profit if the business is trading for long periods. Therefore, accountants estimate profitability in the short segments of time that we call Accounting periods.

[View All Answers](#)

Question - 124:

What is accrual accounting?

Ans:

Accrual Accounting refers to the recording of financial transactions once an economic event has happened and it is not based on the movement of cash.

For example, in Accrual Accounting if you have office rent of \$1000 per month, you would record the expense of \$1000 each month, regardless if you have actually paid the rent or received an invoice from the property owner.

Most individuals live our daily lives in the cash basis of accounting. We get our paychecks we have revenue, when we pay our car note we have expense.

[View All Answers](#)

Question - 125:

What is Executive Accounting?

Ans:

Executive Accounting is designed for service type businesses that require a sophisticated accounting system, yet simple to use accounting system. Executive Accounting contains many advanced features such as three styles of invoicing (service, distribution and recurrent), multi-currency capabilities, multiple bank account capabilities and other powerful features. Executive is a single-user system that can be upgraded to an unlimited number of users.

[View All Answers](#)

Question - 126:

What is an accounting loss?

Ans:

It is when revenues are less than expenses.

[View All Answers](#)

Question - 127:

What are the different fields of accounting?

Ans:

There is one field of accounting, but there are many different jobs within the field such as auditor, bookkeeper, payroll accountant, cost accountant, tax accountants, etc. Accountants wear many hats and often do different tasks for different clients.

[View All Answers](#)

Question - 128:

What are the different branches of accounting ?



Ans:

Financial accounting refers to accounting for revenues, expenses, assets, and liabilities. It involves the basic accounting processes of recording, classifying, and summarizing transactions.

- Cost accounting is the branch of accounting dealing with the recording, classification, allocation, and reporting of current and prospective costs.

- Managerial accounting is the branch of accounting designed to provide information to various management levels in the hospitality operation for enhancing controls.

[View All Answers](#)

Question - 129:

What is accounting transaction?

Ans:

A transaction is an execution of a user program and is seen by the DBMS as a series or list of actions. The actions that can be executed by a transaction include the reading and writing of database.

[View All Answers](#)

Question - 130:

What are the functions of accounting?

Ans:

Accounting involves the creation of financial records of business transactions, flow of finance, the process of creating wealth in an organization, and summarizing the financial position of a business at a given moment in time.

[View All Answers](#)

Question - 131:

What is creative accounting?

Ans:

"Thinking outside the box" when such practice is not permitted. Creative accounting is actually a good description of the practice, as it tends to create a picture, which is not technically correct from the perspective of the information's intended user.

[View All Answers](#)

Question - 132:

What is a ledger in regards to accounting?

Ans:

It is a complete set of accounts for a business entity

[View All Answers](#)

Question - 133:

What is accounting management?

Ans:

Accounting Management (Business) is the practical application of management techniques to control and report on the financial health of the organization. This involves the analysis, planning, implementation, and control of programs designed to provide financial data reporting for managerial decision-making. This includes the maintenance of bank accounts, developing financial statements, cash flow, and financial performance analysis. Accounting management is a mandatory knowledge module of any MBA program.

Accounting (IT) management: Accounting is often referred to as billing management. The goal is to gather usage statistics for users.

Using the statistics the users can be billed and usage quota can be enforced.

Examples:

- * Disk usage
- * Link utilization
- * CPU time

[View All Answers](#)

Question - 134:

What are the 4 phases accounting?

Ans:

1. Recording
2. Classifying
3. Summarizing
4. Interpreting

[View All Answers](#)

Question - 135:

What is Use of statistics in accounting?

Ans:

Well, in many accounting situations, there is too much data to go through all this. For example, if we are looking about Ford motor corp., and looking at some specific data, there may be too much to analyze, so we take a sample. Then we need to know how big a sample to take so we can say with 95% confidence that our results are representative of all the data.

Statistics tells us what sample size we need.



[View All Answers](#)

Question - 136:

Why are Accounting Standards necessary?

Ans:

Accounting standards are necessary to promote high quality financial reporting. The fundamental role of accounting is to communicate economic information about businesses and other organization to various stakeholders including government, investors, shareholders, suppliers, lenders, customers, and the public. These stakeholders use such information to take decisions and to assess the stewardship of people appointed to manage such organizations. If this information were not of a high quality standard, then the stakeholders would be unable to take effective decisions that will benefit them. For example, if a financial report were manipulated to show higher profits, investors would hold on to their shares with the belief that the company is doing well.

Accounting standards came to be developed from the mid sixties onwards to promote the integrity of the accounting profession by way of ensuring uniformity in the way accountants report transactions in their books and in their preparation of the final accounts of businesses. This is largely aimed at boosting the confidence of stakeholders, particularly shareholders and potential investors in the accounting profession.

Good and useful information should have the essential characteristics of understandability, comparability, relevance, and reliability in order to play its role effectively.

Accounting standards serve to promote the understandability, comparability, relevance, and reliability of financial reports.

[View All Answers](#)

Question - 137:

What is accounting normalization?

Ans:

It is removing items from the income statement or balance sheet that do not normally occur during the course of business to better estimate the value of a company.

[View All Answers](#)

Question - 138:

What is normative accounting?

Ans:

Normative Theory is a theory that prescribes how a process of accounting should be done. This theory is not based on observation and may suggest radical changes to current practices in accounting

[View All Answers](#)

Question - 139:

What is computerized accounting?

Ans:

Accounting is the method in which financial information is gathered, processed, and summarized into financial statements and reports.

The purpose of accounting is to provide information used in decision-making. Accounting may be viewed as a system (a process) that converts data into useful information.

Information processes include:

- * Recording
- * Maintaining
- * Reporting

Every business has numerous processes. Some are simple, others complex and cumbersome. However, as the business grows, acquires new customers, enters new markets, and keeps pace with constant changes in statutory regulations... the company will need to maintain highly accurate and up-to-date accounting, inventory, and statutory records.

This is where a computerized accounting helps simplify, integrate, and streamline all the business processes, cost-effectively and easily.

[View All Answers](#)

Question - 140:

What does the abbreviation m mean in accounting?

Ans:

It has come to mean one million in general usage, although it used to mean one thousand (and one million was abbreviated "MM")

[View All Answers](#)

Question - 141:

What does the abbreviation dr mean in accounting?

Ans:

'Dr' means Debere in Latin stands for 'what comes in' or in simple words whatever assets the business owns or the expenses it has to pay comes under debit.

While 'cr' means credere in Latin means 'what goes out', in simple words whatever liabilities business owns, or the income it earned during the year comes under credit.

[View All Answers](#)

Question - 142:

What is accounting ethics?

Ans:

Accounting ethics is primarily a field of applied ethics, the study of moral values and judgments as they apply to accountancy. It is an example of professional ethics.

[View All Answers](#)

**Question - 143:**

What is an accounting transaction?

Ans:

An accounting transaction is the exchange of request/response messages to perform accounting. Accounting can be performed in the form of accounting transactions that report on resource usage by a session. Accounting transaction can occur during a session if accounting or charging indications are needed [p&l based acct] or only at the start and the end of the session.

[View All Answers](#)

Question - 144:

What are accounting entities?

Ans:

Accounting entities are for example a business do not get these mixed up with legal entities

[View All Answers](#)

Question - 145:

What does overhead mean in regards to accounting?

Ans:

It is to describe costs of running a business, e.g. rent rates and salaries

[View All Answers](#)

Question - 146:

What are the uses of journal in accounting?

Ans:

The journal is most commonly used to record corrections to errors that have been made in writing up the general ledger accounts

[View All Answers](#)

Question - 147:

What is fiduciary accounting?

Ans:

Proper accounting for property that is entrusted to the fiduciary acting under the conditions set forth in a deed

[View All Answers](#)

Question - 148:

What are accounting principles?

Ans:

The Accounting Principles are the assertion rules of accounting and the application of these rules, method, & procedures to actual practice of accounting. These Accounting principles have been divided into

- A. accounting concepts
- B. accounting conventions

[View All Answers](#)

Question - 149:

What is fair value accounting?

Ans:

Fair Value accounting is an accounting term that requires a company to place a value on all of the assets on its balance sheet that, it is the price at which the assets could be sold. This is easy to do when the asset has a quoted market price. However, it is often the case that there is no liquid market for an asset, and thus the company has to make an estimate of fair value. When the marketplace is in turmoil and illiquid, as it has been for much of 2008, companies are sometimes forced to place a very low value on an asset, resulting in a substantial markdown from the prior value. See related links for complete explanations.

[View All Answers](#)

Question - 150:

Is financial accounting necessary?

Ans:

Yes, the accounting calculates the cost of capital to the business. It compares the current, expected, and historic rates of return. Suppose a company is making 12% returns but borrowing money by using the owner's credit card at 22% be good to know that.

[View All Answers](#)

Question - 151:

What are the different branches of accounting?

Ans:

Following are different branches of accounting:

- 1- Cost Accounting
- 2- Financial Accounting



3- Management Accounting

[View All Answers](#)

Question - 152:

What is account in accounting?

Ans:

A account is the method used to visualize the debit credit accounting procedure. The account can represent any account regardless of expense, revenue, asset, or liability. The debits are placed the left side and the credits on the right.

[View All Answers](#)

Question - 153:

Who uses accounting?

Ans:

Taxpayers like to use accounting

[View All Answers](#)

Question - 154:

What is accounting?

Ans:

Accounting is a method or system used to keep track of and determine the financial status of a person or company's income/assets and outlay of money/possessions. (An Accountant engages in Accounting: "The occupation of maintaining and auditing records and preparing financial reports for a business")

[View All Answers](#)

Question - 155:

What is an EA in accounting?

Ans:

EA stands for Enrolled Agent. It is a certification by the Internal Revenue Service given to those qualified to practice before them. To become an EA, one must pass a test given by the IRS, the purpose of which is to try to ensure that only qualified people practice before the IRS. You may not be a Power of Attorney for the IRS unless you are an EA or some other certified individual such as a CPA or an attorney.

[View All Answers](#)

Question - 156:

Why do users of accounting Information need accounting information?

Ans:

External users of accounting information (especially investors) use accounting information like annual and quarterly reports to base their investing decisions on, and to compare different companies with one another.

Internal users of accounting (mostly managers) use internal accounting information in order to plan.

[View All Answers](#)

Question - 157:

Is an "account receivable" and "goodwill" real accounts in accounting?

Ans:

Real accounts, i.e. Balance Sheet accounts are ongoing perpetual records and represent "real" items; cash, receivables, inventories, accounts payable, invested capital, etc., etc. Accounts receivable and goodwill therefore are both real accounts as they have value in and of themselves.

Nominal accounts represent items of income and expense. Nominal accounts have no balances at the beginning of an accounting period and change as various debits and credits are applied because of activity of income and expense throughout the accounting period. At the end of the accounting cycle, the nominal accounts are returned to zero by debiting them by an amount equal to their credit balance if such exists, or crediting an account if it has a debit balance. The offsetting entry of each of these is to a Profit or Loss Account. If after all accounts are zero, the P&L account has a debit balance then operations were profitable (income exceeded expenses), and conversely with a credit balance a loss was incurred. The P&L is then "closed" by either debited or crediting to bring it to zero, whichever is appropriate, with the offsetting entry going to "Retained Earnings", a real account, and bringing the Balance Sheet into balance and leaving all nominal accounts at zero.

To put it another way if all debits and credits of the General Ledger are added up, then they will both be equal. However, if only the debits and credits of the nominal accounts are added up there will be a difference and that difference is the profit or loss.

[View All Answers](#)

Question - 158:

What are the items that are to be debited in accounting and what are the items that are to be credited in accounting?

Ans:

This depends on the nature of the account and the thing you wish to achieve. For example, to increase cash you would debit the cash account, but if you wanted to decrease it, you would credit it. There are all sorts of accounts and they have different normal balances.

The thing to remember is that every journal entry must have equal debits and credits. So for example to increase a contra asset account like Allowance for Doubtful debts you would credit Bad Debt Expense to increase it and credit Allowance to increase that!

[View All Answers](#)

Question - 159:



Key Difference between Indian accounting standards and international accounting standards is..

Ans:

In international accounting LIFO and extraordinary items are prohibited

[View All Answers](#)

Question - 160:

Is push down accounting accepted under generally accepted accounting standards?

Ans:

Yes, in some cases. For example: The Federal Financial Institutions Examination Council (the "FFIEC") approved a reporting requirement, effective October 1, 1989, to use push down accounting in certain acquisitions of national banks, state member banks and insured state nonmember banks. This reporting requirement is an addition to the Glossary to the Instructions to the Consolidated Reports of Condition and Income ("Call Report").

[View All Answers](#)

Question - 161:

Is there a difference between accounting for conversion of bonds and accounting for the conversion of preferred stock?

Ans:

Bonds have discounts and premiums and accrued interest. Preferred Stock does not.

[View All Answers](#)

Question - 162:

When a company's accounting year-ends on a day that is other than the end of the calendar year what is called in accounting?

Ans:

Fiscal year

[View All Answers](#)

Question - 163:

What is the difference between the accrual accounting and cash accounting?

Ans:

The Cash Basis of accounting reports only transactions that have been completed in the current reporting period - or - what has "hit" the checking account (assuming all funds are deposited and disbursed only from that account) - The Accrual Basis of accounting reports all transactions that the entity has entered into and includes the asset, liability, income and expense related them.

In addition, the Cash Basis of accounting is considered OCBOA (Other Comprehensive Basis of Accounting ~ Other than GAAP) and the Accrual Basis (when implemented properly and fully) is considered GAAP (Generally Accepted Accounting Principles).

EDIT - The Accrual Basis is more desirable from a user's standpoint as it includes transactions that may exist were completed after the report dates that were initiated prior to the report date. It is generally more complete and more reliable than the cash basis - however, that does assume that the person preparing the statements has expertise of, not simply a cursory working knowledge of, GAAP and the accrual basis. For example, a set of financial statements printed out of QuickBooks are not necessarily GAAP compliant (or correct) although they may appear to be at first glance or to a layperson.

[View All Answers](#)

Question - 164:

What is the difference between financial accounting and management accounting?

Ans:

Very briefly, the difference has to do with the needs of the user.

Management accounting is for the internal users of an entity and Financial Accounting is for the external users.

Internal users (management) may be interested in the cost of making an item using process A versus process B. Whereas External users are mostly interested in the overall results of those management decisions.

[View All Answers](#)

Question - 165:

What is the distinction between cost accounting and management accounting?

Ans:

Cost accounting is concerned with cost accumulation for inventory valuation to meet the requirements of external reporting and internal profit measurement.

Management accounting relates to the provision of appropriate information for decision-making, planning, control and performance evaluation.

[View All Answers](#)

Question - 166:

What is the difference of Cost Accounting and Financial Accounting?

Ans:

Financial accounting encompasses all account presented on the face of the financial statement, its presentation, recognition, measurement and disclosures. Whereas cost accounting is only focused on the cost of inventory.

[View All Answers](#)

Question - 167:

Does the accounting system appear to facilitate one specialty from financial, auditing, or cost managerial or tax accounting over the others?



Ans:

The elegance of Accounting is that it is a purveyor of information, organized into systems, and exploited for a particular purpose. That is because Accounting is vague. Interestingly, information from accounting can be split into two methods: 1. Valuation 2. Evaluation

1. Valuation - This is the type of information that financial/Tax/Cost accounting attempts to tackle. What is that worth? How much of it came from this source of value? What will be the asset be worth in ten years? All of these questions are valuation methods and accounting provides an informational standpoint from which to analyze these questions and ascertain an answer to them.

2. Evaluation - This would be your classical managerial accounting. Did employee A provide hire effort? What should compensation look like? How are we performing? All are evaluation questions. Evaluation is especially important to Internal Audit and the control environment. You can easily image a professor conducting evaluation accounting to assign proper reward to students who exhibit learning through testing.

[View All Answers](#)

Question - 168:

What are the effects of international accounting standards on accounting practices of developing nations?

Ans:

Adoption of international accounting standards is extremely costly. Developing countries usually use accounting standards that are most beneficial to them (based on who they trade with to ease accounting for transactions) or just another country's GAAP that works for the developing country. Ex. Mexico very closely resembles U.S. GAAP because of NAFTA and the quality of U.S. GAAP.

Should IFRS be implemented in developed countries, developing countries might be forced to adopt them as well in order to maintain trade relations. This could be extremely costly for smaller developing countries.

[View All Answers](#)

Question - 169:

Where the financial accounting fails the cost accounting for is rescue but still there are some limitations deficiencies in the system?

Ans:

Accounting has been a part of today's life in today's environment and it has to be given more progress because it is very important

[View All Answers](#)

Question - 170:

What is the difference between cost accounting management accounting and financial accounting?

Ans:

For simplistic purposes, there is not much, if any, difference between "cost accounting" and "management accounting". These terms refer to the accounting techniques used internally by a company's management to determine the costs of running the business and help in decision making. For example, reports that compare budgeted to actual expenses are commonly used to monitor the successful management of a specific department or store within a larger enterprise.

Financial Accounting refers to accounting practices that result in financial statements used by various stakeholders of the business. Stakeholders may include management and employees, as well as vendors, suppliers, customers, bankers and regulators. The accounting practices used in compiling financial statements are referred to as "GAAP" or the generally accepted accounting principles as set forth by the Financial Accounting Standards Board in the U.S. In the U.S., external financial reports issued by public and/or regulated companies must comply with GAAP.

Some accounting methods used in cost accounting are not recognized by GAAP and therefore can only be used internally.

[View All Answers](#)

Question - 171:

What is the relationship between cost accounting financial accounting and managerial accounting?

Ans:

Financial accounting relates to the information presented based on past events and records.

Cost and managerial accounting is the presentation of financial information to the management to be used in decision making while in managerial accounting projections are made based on past trends.

Financial accounting relates to the information presented based on past events and records.

Cost and managerial accounting is the presentation of financial information to the management to be used in decision making while in managerial accounting projections are made based on past trends.

[View All Answers](#)

Question - 172:

Other accounting interview questions to expect when you interview for an accountancy job include:

Ans:

What cost-cutting measures have you been responsible for implementing?

How much money have you saved the company and how did you do this?

What aspects of hands-on accounting did you participate in?

Give examples of internal control procedures that you have developed and maintained.

What was your interface with the budget process?

Discuss your experience in financial analysis of company/ad hoc projects.

Tell us about the financial forecasting you have been responsible for.

What role did you play in the audit process?

What processes did you use to evaluate financial risk?

Which management reports have you prepared?

Discuss your experience in tax planning and preparation.

How do you keep updated on all the accounting rules and techniques?

[View All Answers](#)

Question - 173:



What do you consider to be the biggest challenge facing the accounting profession today?

Ans:

A sample answer to accounting interview questions like this is:

In response to the changing market accountancy professionals have to provide more management and consulting services, in addition to financial management. They have to assume a greater advisory role and develop more complex and flexible accounting systems.

Then continue to explain how you can meet this challenge.

[View All Answers](#)

Question - 174:

Describe any accounting process that you have developed or revised.

Ans:

Highlight how you have monitored and analyzed work processes to develop more efficient procedures and use of resources while still maintaining accurate and quality work outputs.

[View All Answers](#)

Question - 175:

Give me examples of the accounting reports you have prepared.

Ans:

Demonstrate your experience in maintaining accounting principles, practices and procedures to ensure accurate and timely financial statements and reporting. Discuss your ability to meet tight deadlines and undertake a multitude of accounting activities. Show your understanding of generally accepted and statutory accounting principles.

[View All Answers](#)

Question - 176:

Describe the advantages and disadvantages of the different accounting packages/systems you have used recently in your accountant jobs.

Ans:

Focus on how the packages supported and simplified company specific processes, and how they met your exact business requirements. Display your knowledge of how the packages differ in areas such as price, complexity and functionality.

[View All Answers](#)

Question - 177:

Which accounting applications are your familiar with?

Ans:

Discuss the applications you have worked with. Focus on how you implemented the application, the steps taken during the conversion and integration of the accounting system and the training of staff to use the application.

[View All Answers](#)

Question - 178:

What are the most important goals of accounts receivable?

Ans:

These goals will depend on the needs of the organization. Show how you are aware of organizational needs and then identify the appropriate goals to meet them. Demonstrate a thorough understanding of what the goals express and how they support department and company objectives. Common aspects include positively impacting on company cash cycle, increasing cash flow, reducing DSO, reducing bad debt and write offs.

[View All Answers](#)

Question - 179:

What was your average accounts receivable days outstanding/days sales outstanding?

Ans:

If relevant, discuss any corrective action taken to reduce this figure.

[View All Answers](#)

Question - 180:

What information is included in a bill for services?

Ans:

List the information, make sure you cover everything and highlight your attention to detail. Include a sample of a bill for service that you created in your interview portfolio.

[View All Answers](#)

Question - 181:

What software applications have you used for accounts receivable?

Ans:

List the applications you have used and expand on the value of the solutions they offered to your particular company. Look at aspects such as tracking transactions, assessing late payments, creating past due notices and printing out relevant reports.



[View All Answers](#)

Question - 182:

What role did you play in collections?

Ans:

Again focus on the skills and abilities you bring to the collections function. Demonstrate how you have used your good interpersonal skills, perseverance, ability to managing conflict, negotiation skills and communication ability for successful collections.

[View All Answers](#)

Question - 183:

Detail your responsibilities in accounts receivable.

Ans:

Discuss all your responsibilities. Focus on the skills and knowledge you used to perform these functions efficiently such as maintaining a high level of accuracy, good verbal and written communication skills, strong organizational skills, problem-solving skills, computer skills and a knowledge of accounting processes.

[View All Answers](#)

Question - 184:

What accounts payable applications are your familiar with?

Ans:

With accounting job interview questions like this first list the applications you have used and then expand on the value of the solutions they offered to your particular business. Look at aspects such as managing vendor information, approval controls and providing payables reports.

[View All Answers](#)

Question - 185:

Explain the accounts payable cycle.

Ans:

Demonstrate your knowledge of this cycle - the length of time it takes the company to pay its accounts payable - and what the implications of the length of this cycle are for the company, for example cash flow.

[View All Answers](#)

Question - 186:

Have you ever been involved in an invoice dispute? How did you manage the problem?

Ans:

Accounting job interview questions like this explore your conflict management skills. Emphasize your interpersonal skills, your maturity and your ability to stay calm in the face of difficulty. Describe the techniques you use to diffuse disputes such as asking questions to determine the reason for the dispute, not conveying blame and not becoming too emotional. Demonstrate your ability to work together with others to reach an acceptable resolution.

[View All Answers](#)

Question - 187:

Tell me about an invoice discrepancy you discovered and how you resolved it.

Ans:

Be specific about the type of discrepancy. Discuss the steps you took to identify and sort it out such as obtaining and checking the original order. Focus on the skills required to resolve the discrepancy such as attention to detail, problem analysis and problem resolution.

[View All Answers](#)

Question - 188:

What information do you require before you approve an invoice for payment?

Ans:

Focus on your monitoring and checking skills. Demonstrate your understanding of the documentation required for verification before payment is made.

[View All Answers](#)

Question - 189:

What are the steps to take before you approve an invoice for payment?

Ans:

Show your understanding of the invoice verification process. Go through each step in detail such as checking that goods have been received in proper condition or services rendered in a satisfactory manner. Explain the importance of each step.

[View All Answers](#)

Question - 190:

How many invoices on average do you handle on a weekly/monthly basis?

Ans:

Show your understanding of the invoice verification process. Go through each step in detail such as checking that goods have been received in proper condition or



services rendered in a satisfactory manner. Explain the importance of each step.

[View All Answers](#)

Question - 191:

Are there any questions you would like to ask?

Ans:

Before your interview think through everything you have done in the last five years and try to find at least one example which fits each of these situations.

Don't worry if your examples are not earth-shattering, as long as they give some evidence for possessing the quality in question.

You can answer these questions by first describing the SITUATION and/or TASK you had to achieve, then the ACTION you took in the situation and finally the RESULT or outcome. Some interviews consist almost entirely of these types of questions, in which case the order of the interview is set in advance with a standard list of questions. Even more so than usual answer questions honestly - honesty is essential in the job!

[View All Answers](#)

Question - 192:

What is your greatest achievement and why?

Ans:

Before your interview think through everything you have done in the last five years and try to find at least one example which fits each of these situations.

Don't worry if your examples are not earth-shattering, as long as they give some evidence for possessing the quality in question.

You can answer these questions by first describing the SITUATION and/or TASK you had to achieve, then the ACTION you took in the situation and finally the RESULT or outcome. Some interviews consist almost entirely of these types of questions, in which case the order of the interview is set in advance with a standard list of questions. Even more so than usual answer questions honestly - honesty is essential in the job!

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Question - 193:

Tell me about a situation where you showed determination?

Ans:

Questions like this are designed to bring out evidence of the qualities that you have which you will need to do the job. Be very well prepared with examples of situations where you have used these skills. If you have answered a few demanding graduate application forms, you will have come across most of these questions and prepared answers.

Other situations which are frequently asked about include the following:

Give an example of when you:

- * Planned something.
- * Took on responsibility.
- * Led a team.
- * Had to cope with pressure.
- * Dealt with an unreasonable person.
- * Had to make a difficult decision?
- * Used initiative
- * Influenced others.
- * Solved a problem.

[View All Answers](#)

Question - 194:

What other careers are you considering?

Ans:

The obvious answer would be careers in banking and insurance and other finance areas, but it is OK to mention any career here as long as you can argue your case effectively e.g. by demonstrating that the skills required are similar to those of an accountant.

Interviewers will be looking for evidence that you have analyzed your skills and interests in a logical manner when coming to a career decision, and also for signs of your commitment to accountancy.

However, in an interview you do not HAVE to tell the truth, the whole truth and nothing but the truth. If you admit to also applying for highly-competitive areas such as journalism or the Diplomatic Service, the interviewer is likely to assume that accountancy is your second choice. Similarly, you might find the interviewer challenging your interest in business if you said that social work or nursing was also an option.

[View All Answers](#)

Question - 195:

What have you read in the newspapers in the last few days that particularly interested you?

Ans:

Questions like this are testing your general interest in business and finance and your commercial awareness. You will be expected to come up with stories from the political, finance or other specialist sections of the papers that may be relevant to the firm or its clients.

Make sure that you read a quality newspaper regularly so that you are up to date with current business and financial affairs (One of the Big Four firms asks interviewees if they read the Financial Times). Try not to side with a particular opinion. Do not be party political! You should aim to provide a balanced assessment of a topic of interest to you. Explain why it interests you. Be prepared for follow-up questions.

[View All Answers](#)

Question - 196:

Why have you applied to our firm?

Ans:

Quantifiable differences between chartered accountancy firms are often found on the basis of size rather than between individual firms. In general, the Big Four offer more international opportunities, household-name clients, more structured training, the chance to specialise in particular industries ... Smaller firms usually market



themselves on factors such as greater client contact, greater variety of work (shorter audits at smaller clients), early responsibility, work-life balance, friendliness and smaller audit teams. In the end, graduates often choose between similar types of firm on the basis of the company culture and atmosphere, which often boils down to which of them seemed the friendliest at interview!

The interviewer will have expected you to have done your research on the firm - not just reading the careers section of their website but looking at the pages for clients, press releases etc. You should also look in the general business press for mentions of larger firms. Factors you could mention include:

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Question - 197:

What qualities have you got that would make you a good accountant?

Ans:

Aside from the obvious ones such as numeracy and interpersonal skills, key skills will include determination and self discipline (to get through the difficult professional examinations) and an interest in the business world generally. An ability to work in (and ultimately lead) teams, strong analytical skills, good verbal and written communication skills and curiosity (particularly on the audit side) are some of the others you could mention - if you aren't strong in some of these areas then you may have problems making a persuasive case for yourself.

You are likely to be asked many questions seeking evidence of these particular competencies and will be expected to give examples which are backed up with evidence: for example, if asked about your leadership qualities, you should give an example of where you led a group successfully rather than just stating 'people always look to me to take the lead'.

[View All Answers](#)

Question - 198:

How did you chose your university?

Ans:

Be honest, but try to show evidence for careful consideration and logic in your choice. The interviewer may follow up this question by asking if, with hindsight, you felt you made the right choice, or how you feel the course you have followed could be improved. Constructive and thoughtful criticism is appreciated, but try to balance any criticisms with positive points too.

You could include in your answer any of the following:

- * Advice & guidance from teaching/careers staff at school or college
- * Geographical preferences
- * Availability of a particular course
- * The research and/or teaching quality of institutions
- * Cost factors
- * The reputation of the institution, or individual members of staff

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Question - 199:

Were you happy with the grades you achieved at A-level?

Ans:

Chartered Accountancy firms put a lot of weight on A-level grades as these have been found to be the best predictors of success in professional examinations.

If your A levels were not outstanding, this may sometimes depend more on the quality of the school you attended than your ability. In some inner-city schools it may be that a mediocre A-level performance that you achieved might have been the best in your school - if this is so, then make it clear. An average performance at a weak school academically may be the equivalent of a much better performance at some prestigious establishments.

Similarly, if there were any other external factors, such as illness, that may have affected your grades, tell the interviewers - but don't sound as though you are making excuses.

[View All Answers](#)

Question - 200:

Why did you choose the A-levels you did?

Ans:

The A-level subjects you chose are largely irrelevant, so answer this question honestly, although A levels which demand numeracy, analytical skills and communication skills may help.

If you have not done A levels, but entered university by some other route such as an Access course, explain why this was so - you may find the selectors will in this case put a lot of weight on your degree performance.

A-levels are close to the heart of Accountancy firms. This is because your performance in the profession's examinations have been shown to correlate quite closely to A-level examination performance. Many firms will have a points requirement, but will also be interested in your reasoning behind the choice of subjects.

[View All Answers](#)

Question - 201:

Why do you want to be an accountant?

Ans:

A stereotypical answer to this question is that accountancy offers a respected professional qualification which can lead on to a wide range of opportunities in business. This is all true, but it doesn't answer the question of why YOU want to become an accountant - and if you give as general an answer as this, you can expect to be questioned in detail on the nature of the qualification and the opportunities you see it leading to.

Much of the income of the larger accountancy firms now comes from consultancy and related services rather than from audit. Even in audit you will spend much of your time visiting clients and asking questions, so good interpersonal skills are important. Your answer to this question should probably make this point.

Accountancy is now a fast changing profession, so they are looking for individuals with initiative who can manage change. Ensure that you have a considered answer to this question. It is bound to be asked!

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