

Accounts interview questions and answers

Q: What are the areas in which expertise is needed to work as an accountant?

A: The various skills that are needed to work as an accountant are:

- Excellent at mathematics
- Should possess Strong analytical skills
- Should work in a Structured style
- Should have an aptitude for technology.

Q: State the difference between SAP Memory and ABAP Memory?

A: SAP Memory is a worldwide user-related memory. It stretches beyond the limit of transaction. ABAP Memory can be used by programs using the import-export statement.

Q: What is meant by Microsoft Accounting Professional?

A: Microsoft Accounting Professional is an accounting application. It can process accounting transactions very fast . It also deals with financial analysis.

Q: What are the examples of business transactions in accounting?

A: Revenue and capital are the two types of business transactions in accounting.

Q: What is meant by a balance sheet?

A: A balance sheet refers to the statement that indicates all the liabilities and assets of the company at a certain point.

Q: What is meant by TDS?

A: The term TDS refers to Tax Deduction at Source. It is applied to collect text from the company from where the employee income is generated.

Q: Where to indicate TDS in the balance sheet?

A: TDS is indicated in the assets section after the head current asset.

Q: What is meant by GST?

A: GST refers to Goods and Service Tax. It is the tax collected other than the income tax. Its value depends on the cost of the service or product sold to a customer. GST is paid by the customer. The seller deposits this GST collected to the government.

Q: How do inactive and dormant accounts differ?

A: Inactive accounts are those accounts that have been closed. They do not have any chance of being used in the future. Dormant accounts are those that are not in use today. However, they may get reactivated in the future.

Q: What is meant by tally accounting?

A: Tally is the software used for accounting in small businesses and shops. It is mainly used for managing routine accounting transactions.

Q: What is departmental accounting?

A: Departmental accounting is a type of accounting in which individual accounts are created for different departments. It also involves managing these accounts separately. They are also written independently in the balance sheet.

Q: What are fictitious assets?

A: Fictitious assets refers to the assets that cannot be shown or touched. Some examples of Fictitious assets are goodwill and rights.

Q: What is meant by a perpetual or periodic inventory system?

A: A perpetual inventory system is one in which the accounts are adjusted continually. In this type of system, the accounts are changed periodically.

Q: What is the full form of VAT?

A: The full form of VAT is Value Added Tax.

Q: Mention the number of accounting standards published by ICAI? What is its purpose?

A: A total of 33 accounting standards are published by ICAI. Their purpose is to implement the same policies and practices throughout the country.

Q: What is the full form of ICAI?

A: The full form of ICAI is the Institute of Chartered Accountants in India.

Q: State the basic accounting equation?

A: Accounting involves assets, liabilities, and capital. The accounting equation is denoted as:
$$\text{Assets} = \text{Liabilities} + \text{Owners Equity}.$$

Q: What is meant by executive accounting?

A: Executive accounting refers to a type of accounting that is designed for a business that offers its services to users.

Q: What is public accounting?

A: Public accounting involves audits to review the financial records of a company to ensure accountability. It is used for the general public.

Q: What is the full form of CPA?

A: CPA refers to a Certified Public Accountant. To become a CPA, one should complete 150 credit hours from an accredited university.

Q: What is meant by a bank reconciliation statement?

A: A bank reconciliation statement is generated when the passbook balance differs from the balance mentioned in the passbook.

Q: What is the difference between public and private accounting?

A: Public accounting is done by one company for another company. Private accounting is by the company for itself.

Q: What is meant by project implementation?

A: There are six steps in Project implementation. They are Identifying the need, Generating and screening ideas, Conducting a feasible study, Developing the project, Implementing the project and Handling the project.

Q: Why are accounting standards mandatory?

A: Accounting standards are mandatory as they are crucial for preparing accurate financial reports. Maintaining accounting standards ensure reliability and relevance in generating financial statements.

Q: State the different branches of accounting

A: The different branches of accounting are Financial accounting, Management accounting and Cost accounting.

Q: What is the difference between accounting and auditing?

A: Accounting refers to keeping a record of the day to day business activities. Auditing is the process of checking whether all the records of these transactions have been maintained correctly or not.

Q: What is a purchase return in accounting?

A: Purchase return is the record of every defective or unsatisfactory product that is returned to its supplier.

Q: What are material facts in accounting?

A: Material facts refers to documents that become the basis of every account book. All the documents using which an account book is prepared are called material facts.

Q: What is meant by MIS reports?

A: MIS reports are the means to identify the efficiency of any department in a company.

Q: What is a company's payable cycle?

A: A company's payable cycle refers to the time required by the company to pay all its account payables.

Q: What is retail banking?

A: Retail banking involves a retail client. These clients are individuals and not any organizational customers.

Q: What are bills receivable?

A: Bills receivable refers to exchange bills, bonds, and other securities owned by a business entity that are payable to them.

Q: What is the meaning of marginal cost?

A: The increase or decrease in the cost of producing units and serving the customers is known as the marginal cost.