Finance & Accounting - Interview Questions & Answers

1. **What are Intangible Assets? What are the recognition criteria for Intangible assets?**

   Intangible assets are those that do not have physical existence. Like fixed assets future economic benefits must flow from Intangible assets.

   E.g. - Patents, Copyright, Goodwill

   For recognition of Intangible assets:

   a. future economic benefits must flow and

   b. cost of the asset can be reliably measured.

2. **What are Fictitious Assets?**

   Fictitious assets are

   a. not assets indeed,

   b. these are simply debit balances shown in the asset side of the balance sheet.

   c. these are losses and expenditures which are to written off in future years.

   d. Examples - Debit balance of P&L account, pre-incorporation expenses, preliminary expenses etc.

3. **What are Preliminary expenses? What is deferred revenue expenditure, give an example?**

   Preliminary expenses are expenditures incurred before incorporation of the business. These are incurred to bring business into existence. They have to be written off over a period of not more than 5 years.

   Deferred revenue expenditure is

   a. revenue expenditure by nature

   b. but the benefit of these will be derived in more than one accounting year.

   c. It is thus written off in as many years or five years' time.

4. **What are Contingent Assets and liabilities?**

   Contingent Assets and liabilities are potential assets and liabilities however the timing and amount is uncertain.

   a. It may or may not come into existence upon happening or non-happening of future event.

   b. These are not recognized in financial statements but shown in the notes to financial statements. Example of contingent liability – outstanding lawsuit

5. **What is subsidiary book, name them?**

   Subsidiary books are the books of original entry thus books where first time recording takes place from vouchers.

   a. Ledger postings take place from subsidiary books.

   b. These are – Purchase Book, Sales Books, Purchase Returns, Sales Return, Cash Book, Journal, Bills Receivable and Bills Payable.

6. What are Sub-ledgers?

a. A subsidiary ledger is a group of similar accounts that work as an itemization of posting to General Ledger.

b. Subsidiary ledgers facilitate recording of complete financial and other information related to the transaction.

c. The General ledger Account the summarizes a subsidiary ledgers account balances is called the Control account

   e.g.- Accounts Payable, Receivable, Assets, Inventory.

7. What is a ledger?

a. A ledger is a principal book or book of final entry. It is where all the accounts (Assets/ Liabilities/ Expenses/ Income) It is a book of permanent record from where Trial balance can be drawn and financial statements are prepared.

b. are maintained and transactions are transferred from books of original entry.

8. What is the difference between P&L and Balance sheet?

a. P&L is an Account or Balance sheet is a statement.

b. P&L is prepared to analyze profitability of business from operating, non-operating activities. Balance sheet reflects statement of financial position of business.

c. P&L is made from Expense/ losses and Income/ Gain account. Balance sheet is made from asset, liability and capital account.

d. Accounts shown in P&L are not carried forward to next year. Accounts shown is balance sheet are carried forward to next year.

e. Net balance of P&L Account goes to Balance sheet in Reserves/ Surplus/ Capital/ P&L A/c.

9. What is the difference between accounting and bookkeeping?

a. Accounting is preparation of financial statements, Analyzing, Compliance with GAAP.

b. Bookkeeping is recording of Ledgers and Subledgers.

c. Accounting starts where bookkeeping ends.

d. Bookkeeping is clerical.

10. What is Balance sheet? Why is it prepared? Why does Balance sheet match?

a. Balance sheet is statement of financial position. Balance sheet summarizes & equates Assets against Liabilities and Shareholder's equity on a specified date.

b. Balance sheet is essential since it gives snapshot of financial health for business. It shows Sources from where funds were raised (i.e. Liabilities+ Equity) in the business and Application of funds (i.e. Assets).

c. Balance sheet should always match since

   i. All Accounting transactions are posted with Accounting Equation balanced i.e. Assets = Equity + Capital.

   ii. All transactions posted follow dual aspect of accounting that is Debit = Credit.

11. What are Accruals? What are deferrals?

a. **Accruals** are Income Accrued i.e. Income earned but not received and Outstanding Expenses i.e. expenses incurred but not paid. When closing a month/ year these are required to be considered and posted correspondingly. E.g. Rent due but not paid.

b. **Deferrals** are Income received in advance/ Unearned Income and Prepaid Expenses. Thus, all amounts received in advance for an Income that has not been earned and all payments made in advance against an expense that has yet not been incurred are categorized as deferrals. These are accumulated in prepayment account and later charged/ carried to respective accounts as periods.

12. Provide, originating entries and Reversal entries for?

Sol.	Originating	Reversal
Prepaid expense	Debit - Prepaid expense	Debit - Expense
	Credit - Cash/ Bank	Credit - Prepaid expense
Outstanding expense	Debit - Expense	Debit - Outstanding expenses
	Credit - Outstanding expense	Credit - Cash/ Bank
Unearned Income/ Income received in Advance	Debit - Cash/ Bank	Debit - Income Received in advance
	Credit - Income received in Advance	Credit - Income
Accrued Income	Debit - Income Accrued	Debit - Cash/ Bank
	Credit - Income	Credit - Income Accrued

13. **Define & Categorize these Accounts in Balance sheet both on Traditional and Modern approach?**

a. **Prepaid expense** – Expenses paid but not yet incurred for.
e.g. - Insurance paid for 12 months in advance.
Current Asset.
Personal.

b. **Outstanding expenses A/c** – Expenses incurred but not paid for.
e.g.– Rent for month of March paid in May.
Current Liabilities.
Personal.

c. **Income Accrued** – Income earned but not received.
Current Liabilities.

Personal.

d. **Personal Unearned Income** – Current liabilities. Personal.

e. **Deferred revenue expenditure** – non-current fictitious Asset. Personal.

14. **If Purchase is made from Mr. Kumar for list price Rs. 1,00,000 and trade discount is of 10% also cash discount given is 2%. Please give the journal entry?**

Purchase A/c	Debit	90,000	
Cash	Credit		88,200
Discount A/c	Credit		1,800

15. **If Purchase is made from Mr. Kumar for list price Rs. 1,00,000 and trade discount is of 10% also cash discount given is 1%. Half of the amount was paid by cheque immediately. Please give the journal entry?**

Purchase A/c	Debit	90,000	
Mr. Kumar/ AR A/c	Credit		45,000
Bank	Credit		44,550
Discount A/c	Credit		450

16. **If Asset was purchased or historical cost of asset was Rs. 50,000; Accumulated depreciation is Rs. 35,000. If the Asset is disposed what is the journal entry?**

Accumulated Depreciation A/c	Debit	35,000	
Loss of Asset disposal A/c	Credit	15,000	
Asset A/c	Credit		50,000

17. If in the above situation the Asset is sold for Rs. 20,000 what will be the J. Entry?

Bank A/c	Debit	20,000	
Accumulated Depreciation A/c	Debit	35,000	
Profit on sale of Asset A/c	Credit		5,000
Asset A/c	Credit		50,000

18. In an Intercompany transaction A ltd. Purchases Fixed Assets Rs. 50,000 for & on behalf of sister company B ltd. Journalize the transaction?

In the books of A ltd.-			
B ltd A/c	Debit	50,000	
Bank A/c	Credit		50,000
In the books of B ltd. –			
Fixed Asset A/c	Debit	50,000	
A ltd. A/c	Credit		50,000

19. Goods/ stock of Rs. 30,000 were destroyed in fire and Insurance company admits 60% of the claimed value?

Loss of stock due to fire	A/c	Debit		12,000	
Insurance Company A/c		Debit		18,000	
Purchase A/c			Credit		30,000

Profit & Loss A/c - debit 12,000

Loss of stock due to fire - credit 12,000

20. If in the above question salvage value of stock is 5,000 what will be the journal?

Cash	A/c	Debit		5,000	
Loss of stock due to fire	A/c	Debit		7,000	
Insurance Company	A/c	Debit		18,000	
Purchase	A/c		Credit		30,000

21. What is a Suspense A/c?

A Suspense A/c is an account in which the amount of difference in Trial balance is posted till such time errors are identified and rectification entries are posted.

A Suspense account is an outcome of accounting errors that affect trial balance. Normally a Suspense account should stand balanced after all errors have been rectified after before preparation of Balance sheet.

22. What are errors of commission?

Errors of commission that arise due to

a. Wrong recording, errors of posting- (these does not affect agreement of trial balance).

b. Wrong casting (subsidiary books), wrong carry forward, wrong balancing – (these affect T.B.).

23. What is accrual basis of accounting?

a. Income is recognized and recorded when they are earned.

b. Expenses are recognized and recorded when they are incurred.

24. What is a matching concept?

According to this principle expenses incurred in an accounting period to earn a revenue should be recognized and matched with the revenue so earned is recognized in that period. E.g.- If revenue is recognized on all goods sold during the period, cost (COGS) of those goods sold should also be charged to that period.

Matching concept = Accrual concept + Revenue recognition concept.

25. What is the principle of prudence or conservatism?

According to this principle “Anticipate no profits and gains” however “provide for all possible losses”.

a. Do not overstate Assets and Profits/ Income.

b. Do not understate Liabilities and losses/ expenses.

26. What is Revenue Recognition principle / AS-9?

Revenue from Sale of goods and services should only be recognized

a. If the transaction has actually taken place i.e. goods sold or service rendered.

b. The ownership and risk for the goods have been transferred to the buyer.

c. There is no uncertainty as to collectability of amount.

27. How do we make accruals/ provision at period end/ year end?

Accruals are made for

a. Accrued Income – Income earned but not received.

b. Outstanding expenses – Expenses incurred but not paid.

28. How do we make deferrals at period end/ year end?

Deferrals are made for

a. Unearned Income – Income received in advance i.e. not yet earned.

b. Prepayment of expenses- Expenses paid for but not yet incurred.

29. What are the source documents to record transactions in following books?

a. Purchase book - Invoice from Vendor

b. Sales book - Invoice issue to customer

c. Purchase returns - Debit note issued

d. Sales returns - Credit note sent out

30. What is the difference between Trade discount and Cash discount?

Trade Discount	Cash Discount
It is given to promote Sales	It is given to encourage prompt payment
It is reduced from the list price	It is reduced from the Invoice price
It is shown by way of deduction from Invoice	It is not shown on Invoice
It is not account for in ledger	It is accounted for in ledgers (Cash book)

30. Is it possible to debit –>Cash/ Bank and Credit -> Unearned Income/ Income received in advance A/c, In what conditions?

Yes, when at the time of receiving the payment, it known that Income is received in advance and amount is ascertainable then Unearned Income A/c is credit instead of concerned Income A/c.

31. Is it possible to debit – prepaid expenses and credit Cash/ Bank A/c, In what conditions?

Yes, when at the time of making the payment, it known that expense is a pre-payment and the amount is ascertainable then Prepaid account is debited instead of the concerned expense.

32. What is the difference between Reserves and provisions?

Reserves	Provisions
Reserves are created as an appropriation of Profits	Provisions are created as charge against profits
Reserves are created to strengthen financial position and to meet any future losses & liabilities.	Provisions are created against specific assets the loss or liability of which is uncertain e.g.- Provision for Doubtful debts, Provision for depreciation
Reserves are shown in liabilities side of Balance sheet	Provisions are shown on Assets side of balance sheet as deduction from the concerned asset.
Reserve can be created only if sufficient profits.	Provisions are created even if losses in business.
Reserves can be distributed as dividend to shareholders.	Provisions cannot be distributed as dividend to shareholders.

33. How do we account for Goods sent by HO to Branch, at both places?

<u>In the books of Head Office –</u>

Branch A/c - debit

To Goods sent to Branch A/c - credit

<u>In the books of Branch –</u>

Goods received from HO A/c - debit

To H.O. A/c - credit

34. How do we account for expenses incurred by HO on behalf of Branch, at both places?

<u>In the books of Head Office –</u>

Branch A/c - debit

To Cash - credit

<u>In the books of Branch –</u>

Expenses A/c - debit

To H.O. A/c - credit

35. Where does Closing stock show in Trial balance?

Normally closing stock shows outside the TB since stock valuation completes after preparation of TB. In that case Closing stock has two effects in financial statements – Credit to Trading A/c & shown as Current asset in Balance sheet.

If closing stock shows in T.B i.e. stock taking has been done before preparation of T.B. Then following adjustment entry has been passed.

Closing stock	- debit
To Purchases A/c	- credit

Thus, closing stock is debit balance in T.B. and purchases a/c in T.B. has been adjusted for closing stock. Closing stock in this case has only one effect i.e. shown as Current asset in Balance sheet.

36. What are adjusted purchases?

Adjusted purchases are – Net Purchases (Purchases less: returns) + Opening stock - Closing stock

37. What is Window dressing in Balance sheet or books?

Act of falsification in accounting records so that it shows a position better than it actually exist.

E.g. Overcasting Assets and Income and Under casting – losses and liabilities.

38. What are Real / Personal / Nominal Accounts?

Real – these are all Tangible and Intangible Assets except debtors and banks

Personal – the amount due to or due from persons that can be Natural, Artificial and Representative Persons.

Nominal – are all A/cs that are Expenses/ losses and Income/ gains

39. What are the three Golden rules in accounting?

Real – Debit what comes in / Credit what goes out

Personal – Debit the receiver / Credit the giver

Nominal – Debit all expenses / losses Credit all Income/ Gains

40. What is the Accounting Equation?

The accounting equation is fundamental in accounting and represents the relationship between a company's assets, liabilities, and owner's equity.

Assets = Liabilities + Owner’s Equity

41. What all transactions come on debit side of Asset A/c?

a. Purchase.
b. Additions.
c. Upward revaluation.
d. Capitalization of expenses (installation etc.).

42. What transactions come on credit side of Asset A/c?

a. Depreciation.
b. Impairment.
c. Sale of assets.
d. Disposal of assets.
e. Transfer.
f. Downward revaluation.

43. What are different methods of accounting for Depreciation?

a. Directly charging depreciation to Asset A/c

b. Accumulation of depreciation Accumulated depreciation A/c (normally used in corporates)

c. Sinking fund method

44. In which method -depreciation is high in the beginning and declines later?

Written down value method

45. Which type of errors does not affect the trial balance?

Errors that do not affect the Trial balance.

a. Error of Complete omission

i. Omission in recording of a transaction in Subsidiary books

ii. Omission of posting in all related accounts of transactions.

b. Error of Commission

Related to subsidiary:

i. Error of recording a wrong amount in the correct book.

ii. Error in recording a correct amount in wrong book

Related to ledger book:

i. Posting of a correct amount on the correct side of wrong account.

c. Error of principle.

d. Compensatory errors

46. What is error of commission, give example?

If an amount is recorded on the wrong side or in wrong account or the totals are wrong or a wrong balance is struck, it will be a case of error of commission.

47. Which type of errors affect Trial Balance?

1. Error of Partial Omission
2. Error of Commission

Related to subsidiary:

a. Error of casting
b. Error in carrying forward

Related to ledger book:

a. Error of posting on the wrong side of a correct account
b. Error of posting of wrong amount
c. Wrong balancing/ totaling of an account
d. Error in carrying forward / totaling of an account

48. What is return on capital employed? What is cost of equity?

ROI or Return on Capital Employed = EBITD / Capital Employed

Capital employed = {Share capital (Equity + Preference) + Reserves & surplus + Long term loans}

less: - [Fictitious assets + Working capital i.e. current assets- current liabilities]

Or,

Capital employed = (Total assets – fictitious assets) – current liabilities Total assets

= Fixed assets + Investments + Current assets

49. What is difference in Normal stock loss and Abnormal stock loss?

Normal stock loss	Abnormal stock loss
1. Related to the ordinary activities of the business **2.** e.g. Obsolete stock, damaged stock **3.** No entry needed	**1.** Caused by an exceptional event **2.** e.g. fire loss, burglary loss **3.** Accounting recorded needed

50. What is Inventory Turnover ratio?

Inventory Turnover = Cost of goods sold / Inventories (average)

This ratio measures the efficient use of inventories. A firm should have a high turnover ratio, which is managed through a small number of inventories.

51. Define the concept of deferred tax assets and liabilities?

When accounting profit/loss is higher than taxable profit/loss: Deferred Tax liability is created or Deferred tax asset is reversed.

When accounting profit/loss is less than taxable profit/loss: Deferred tax asset is created or Deferred Tax Liability is reversed.

52. Differentiate between permanent and timing difference?

Permanent Differences are the differences between taxable income and accounting income for a period that originate in one period and do not reverse subsequently.

Examples:

Expenditure disallowed as per Income Tax Act (Forever)

Excess expenditure allowed by Income Tax Act,1961 in respect of Scientific Expenditure

Timing Differences are the differences between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods.

Examples:

Depreciation rate/method different as per Accounts and Income tax Calculation

53. What is the difference between Provision for taxation and Deferred tax liability?

Provision for taxation is provision for Current year taxation. Deferred Tax liability is a provision for future taxation.

54. Under what circumstances goodwill is recognized and recorded in books?

Internally generated or Self- generated Goodwill is not recognized in books/ Financial statements. As the cost cannot be reliably measured, the self-generated is not recognized in Books/ financial Statements. Only purchased goodwill or that arising during amalgamation should be recognized in Books.

Value of Goodwill in Amalgamation in the nature of Purchase = Purchase consideration – fair value of the net assets acquired

55. How do we amortize goodwill?

Goodwill recognized in Books should be amortized and written off in period not more than 10 years. Amortization method should be reviewed at the end of each financial year. Intangible Assets (including Goodwill) need to be tested for Impairment at each Balance sheet date as per AS – 28.

56. Give Accounting entries for Share application, allotment?

a. **On receipt of the application money**

Bank Account Dr. (with the actual amount received)

To Shares Application Account

b. **On allotment of shares**

Share Allotment Account Dr. (with the amount due on allotment)

Share Application Account Dr. (with the application amount received on allotted shares)

To Share Capital Account (with the amount due on allotment and application)

57. What is the journal entry for debenture issued at discount and to be redeemed at premium?

Profit and Loss A/c - Dr

To Loss on Issue of Debentures A/c

58. What are Journal entries for VAT at time of purchase and Sale?

a. **When there is a purchase of goods involving different VAT: Goods Purchase X (with 12.5% VAT)**

VAT Credit receivable (inputs) - Dr.

To Bank/ Cash

b. **When Sale of Goods takes place:**

Bank A/c Dr. - Dr.

To Goods Sold A (with 4% VAT)

To VAT payable/ Output VAT

c. **Journal to record VAT payable liability met by using balance in VAT Credit receivable (inputs) A/c Input VAT/ VAT:**

Payable A/c - Dr.

To VAT Credit Receivable (inputs) A/c

d. **For VAT payment:**

VAT payable A/c- Dr.

To Bank

59. What is revaluation and impairment of asset, give journal entries?

Revaluation of Assets

a. When revaluation is made upward

Fixed Assets A/c-Dr.

To Revaluation Reserve

b. When revaluation is made downward

P&L A/c-Dr.

To Fixed Assets

Impairment of Assets

Impairment loss A/c -Dr.

Revaluation Reserve A/c-Dr. (if exist for the asset previously) To Fixed Asset A/c

60. What is foreign currency valuation on Balance sheet date?

Foreign currency valuation is to be done for preparing the financial statements at a key date. There are normally two types of foreign currency balances

a. Open Invoices in foreign currency

b. GL Account balance in foreign currency (e.g. Bank)

Conversion is performed at the exchange rate on the valuation date (e.g. Balance sheet date). Any gain or loss is calculated and posted to exchange rate gain/loss accounts.

61. What are capital expenditures and Revenue Expenditure?

Capital expenditure is incurred to

a. Acquire or bring into existence new asset (E.g. Purchase of new Plant)
b. Bring into existence any benefit of enduring nature (E.g. Purchase of
c. Increase the productivity and earning capacity of business (e.g. construction of additional floor in building)

Revenue expenditure is incurred to

a. Meet essential expenses for running expenses.
b. The benefits of expenses may extend maximum for a period of 1 year.

62. What expenses get capitalized during acquisition Assets?

a. Purchase price.
b. Import duties and other non-refundable taxes.
c. Cost of bringing the asset to the working condition like: - Site preparation, Delivery cost, Installation cost, Expenditure on test runs, administrative overheads on construction/acquisition/installation.

63. How to charge depreciation on Land and building?

Cost of Land and cost of building should be segregated. Depreciation should be provided only on cost of building.

64. Difference between P&L and cash flow?

	Profit & Loss		Cash Flow
1	This is an Account prepared for a period	1	This is statement, prepared for a period.
2	P&L shows profitability of business from operating and non-operating activities.	2	Cash Flow Statement is a statement which shows the Changes in the Cash Position of an organization during the period from – Operating , Financing and Investing activities
3	P&L is considering only revenue Income and expenses	3	Cash flow considers both Capital and Revenue payments involving both cash and cash equivalents
4	P&L is prepared on Accrual basis	4	This is prepared only on Cash basis.

65. What is the difference between Trading A/c and P&L?

Trading provides G.P or G.L, whereas P&L provides N.P. or N.L

Trading takes into only Direct Income and Direct Losses, whereas P&L takes into account Indirect Expenses, losses and indirect Income, gains.

Balance of Trading is carried forward to P&L, whereas balance of Trading is carried forward to Reserves.

66. What are COGS? How it can be calculated?

COGS is cost of goods sold which is = opening stock + net purchases + direct expenses – closing stock in trading account COGS is compared against Net sales to arrive at Gross profit i.e. COGS = Net Sales – GP

67. Differentiate between Horizontal analysis and Vertical Analysis of financial statements?

	Horizontal		Vertical
1	It requires comparative financial statements of two or more accounting periods	1	It requires a statement of one period
2	It deals with the same item of different periods	2	It deals with different items of same period
3	It provides information in absolute and percentage form	3	It provides information in percentage form.
4	It is generally used for time series analysis	4	It is generally used for cross sectional analysis
5	Comparative Financial statements are an example of this.	5	Common size financial statements are an example of this

68. Differentiate between Intra firm analysis and Inter firm Analysis of financial statements?

Intra firm Analysis is a comparison of financial variables of a firm over a period of time. It is also known as time series or trend analysis. It analyses the performance of a business over a number of years and shows trend of financial factors.

Inter firm analysis is a comparison of two or more business firms. It analyses and compares financial variables of two or more business firms to determine the competitive position of these firms. When single set of statements of two firms is compared, it is known as cross- sectional analysis.

69. What are Comparative Financial statements, Common size financial statements, Trend percentages?

Comparative Financial statements are statements in which figures for two or more periods are placed side by side along with changes in figures in absolute and percentage terms to facilitate comparison. Both P&L and Balance sheet are prepared in form of comparative financial statements.

Common size financial statements express figures of a financial statement as a percentage of common base. In the P&L Sales figure is assumed to be 100 and all percentages are expressed as a percentage of sales. In Balance sheet total of assets or liabilities is taken as 100 and all figures are expressed as a percentage.

Trend percentages are used in comparative study of financial statements for several years. The method of calculating trend percentages is calculation of percentage relationship that each item bears to same item in the base year. Each item in the base year is taken as 100 and on that basis percentages of each item of each of the years is calculated.

70. Differentiate between Cash flow statement and Fund flow statements?

Basis of Difference	Funds Flow Statement	Cash Flow Statement
Definition	Fund flow states the changes in the working capital of the business in relation to the operations in one time period.	A Cash Flow Statement is a statement showing changes in cash position of the firm from one period to another. It explains the inflows (receipts) and outflows (disbursements) of cash over a period of time
Basis of Analysis	Funds flow statement is based on broader concept i.e. working capital.	Cash flow statement is based on narrow concept i.e. cash, which is only one of the elements of working capital.
Source	Funds flow statement talks about the various sources from where the funds generated with various uses to which they are put.	Cash flow statement stars with the opening balance of cash and reaches to the closing balance of cash by proceeding through sources and uses.
Usage	Funds flow statement is more useful in assessing the long-range financial strategy.	Cash flow statement is useful in understanding the short-term phenomena affecting the liquidity of the business.
Principal of Accounting	Funds flow statement is in alignment with the accrual basis of accounting.	In cash flow statement data obtained on accrual basis are converted into cash basis.

71. Differentiate between Cash flow statement and Cash budget?

A cash flow statement shows the cash inflows and outflows which have already taken place during a past time period. On the other hand, a cash budget shows cash inflows and outflows which are expected to take place during a future time period. In other words, a cash budget is a projected cash flow statement.

72. Differentiate between Revised Schedule VI and Old Schedule VI?

Revised Schedule VI	Old Schedule VI
It prescribes only Vertical form of balance sheet	It prescribes two forms of Balance sheet – Horizontal 7 Vertical
Information under each head is to be shown in the Notes to accounts	Broad information e.g. Capital Reserves, Securities Premium & Gen Res etc. were shown on face of BS and details in Notes to Accounts
Assets are classified into Current Assets and Non-current Assets.	Assets are classified into Fixed Assets, Investments, Current Assets, Loans & advances, Miscellaneous exp& P&L A/c.
Fixed Assets are classified into Tangible, Intangible, Capital WIP & Intangible Assets under Development	There is one head of Fixed Assets under which all kinds of Fixed Assets are stated there is no such sub- classification.
It does not recognize Miscellaneous expenditure; thus, it has to be adjusted against securities premium reserve.	It recognizes Miscellaneous expenditure to be shown separately in assets side.
Specified format 'Statement of Profit & losses has been adopted.	Old schedule does not specify any format for P&L

73. Differentiate between Capital and Revenue reserves?

Revenue Reserve	Capital Reserve
Accumulated profits retained from business operations	Funds derived from non-operational activities or capital transactions
To fund future growth, investments, or cover unexpected losses	Earmarked for specific purposes like capital expenditures, issuing bonus shares, or writing off capital expenses
Retained earnings from normal business operations	Capital gains, donations, sale of assets, or revaluation of assets
High; can be used for general business purposes	Restricted; often designated for specific uses
General business activities, reinvestment, or to cover operational losses	Specific capital projects, issuing bonus shares, or covering capital losses
Subject to fewer legal restrictions	Often governed by specific regulations or company articles
Can be used to pay dividends to shareholders	Typically, not used for dividend payments
General reserve, retained earnings, profit and loss account	Revaluation reserve, capital redemption reserve, securities premium reserve

74. Does existence of reserves indicate a fund of cash?

Mere existence of reserves does not indicate a fund of Cash in Business. Creation of reserves may simply be a bookkeeping transaction.

75. What Control Accounts. Explain the purpose of Control Accounts?

Control Accounts are a means of controlling a complete ledger or group of ledger accounts, by containing duplicate information in total or summary form.

The balance in control account should equal the balance on the individual ledger accounts that it controls.

It can be used as a means of checking the accuracy of the entries, and assists in the speedy production of final accounts.

76. Differentiate between Capital/ Finance lease and Operating lease?

Finance/ Capital Lease	Operating Lease
Lessee will get ownership of leased Asset at the end of lease term.	Lessor retains the Asset after lease term.
All risks and rewards incident to ownership of an asset is transferred to lessee	Risks and rewards of ownership do not transfer to lessee.
Leased Asset is recognized as an Asset and provided depreciation in books of Lessee.	Leased Asset is recognized as an Asset and provided depreciation in books of Lessor
Lessor recognizes lease receipts as Income in P&L Account.	Lease payment should be recognized as an expense in P&L Account of Lessee.

77. Provide Journal Entries for creating Deferred tax Assets and Deferred tax liabilities?

Deferred Tax Assets Account	Debit
To Profit & Loss Account	Credit

Profit & Loss Account	Debit
To Deferred Tax Liabilities	Credit

78. What do you understand by reconciliations?

a. **Authenticity** - of account balances.

b. **at a specific point in time**

c. documented by relevant calculations**, clear and complete explanations**

d. Verified with an **independent source**

e. prepared in compliance with organization policy and that of Regulatory authorities (e.g. SOX)

“Recs is key to achieving balance sheet integrity”

79. How is it performed i.e. please give steps?

a. to **compare two set of records** originating from **different sources** or systems
b. verifying General Ledger (GL) **account balances** with supporting documents
c. Investigating the **differences**
d. Identifying the underlying **causes**
e. **Rectifying & reporting** them

80. Purpose of reconciliations?

a. **Accuracy** – of the GL balances
b. **Integrity** – of financial statements.
c. **Reliability** – Data given to regulatory authorities is true.
d. **Control** – detecting & preventing financial misstatements.

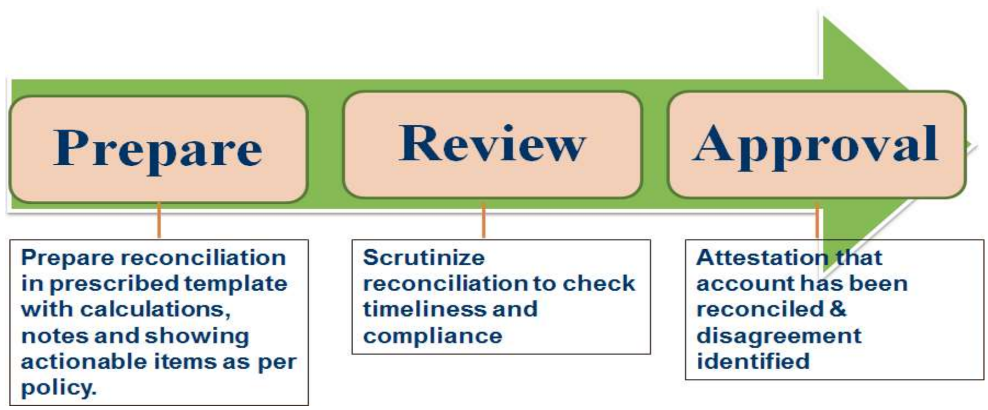
81. Why is reconciliation necessary? i.e. significance of reconciliation?

a. Good **Accounting** process
b. Mandatory in compliance with **Sarbanes Oxley (SOX)**
c. **Internal Control** measure

82. What are three stages of recs? Or what are three parties involved in Recs?

The 3 Stages of **Reconciliations** are

1. **Prepare**
2. **Review**
3. **Approval**



83. What are different approaches to Reconciliation?

1. Third Party reconciliations e.g. Bank, Debtors, Creditors.
2. GL to SL Recons. e.g. AR, AP, GL, FA, IC, etc.
3. Scheduling or detailed Reconciliation – verifying from source docs, calculations, compliance.

84. Define the below items?

1. Reconciled item
2. Open items
3. Recorded item
4. Aged open item
5. Un-reconciled item

1. Reconciled item

Variance has been itemized and root cause has been established

2. Open Item

Open item is an item of variance, which requires an action to remove the balance from the account.

3. Recorded Item

An item of variance which does not require an action to remove the balance from the account is called as Recorded item

4. Aged Open Item

a. If an open item is not resolved or action not taken within a required time frame (quarter) it is termed as an Aged open item.

b. Aged open item results an account as Un-reconciled.

c. Normally open items should be resolved in the quarter these are identified.

5. Un-reconciled Item

It is an item of variance for which the reason is not yet identified or is yet to be reconciled.

85. Enumerate steps for Reconciliation process?

The following are the steps in reconciling an account: -

Step 1 - Gather all Supporting Documents.

Step 2 - Analyze and performs reconciliations.

Step 3 - Itemize variances

Step 4 - Root cause analysis for variance

Step 5 - Resolve variances

Step 6 - Report the results

Step 7 - Perform Review

Step 8 - Finalize Reconciliations and Approve.

86. What are un-reconciled accounts?

An Account will be rendered as Un-reconciled Account due to either.

a. Un-reconciled Items

b. If an open item does not have a valid action plan

c. Aged open item remains unresolved

87. How do we perform un-reconciled accounts?

a. Bank Reconciliation.

b. Fixed Assets Reconciliation.

c. Intercompany Reconciliation.

d. Accounts Payable Reconciliation.

e. Accounts Receivable Reconciliation.

88. What is the importance of having Cash/ Bank reconciliation?

a. Keeps control over cash disbursements.

b. Helps detect and prevent fraudulent activities.

c. Ensures accuracy of Cash / Bank accounts while reporting B/S

d. Helps to assess cash position & cash planning

89. What are inter-company transactions? Why is intercompany reconciliation important?

Inter-company transactions are those that happen between two legal entities within same group. Intra company transactions that two business units within a legal entity.

Intercompany reconciliation is important at the time of group consolidation.

Intercompany reconciliation requires GL to SL recs & third-party recs between entities, objective is to:

- Eliminate difference in Intercompany balances both short term and long term
- Eliminate Unrealized gains on intercompany transactions e.g. sale- purchase, dividend etc.

90. Give some examples that cause difference in Bank Reconciliation?

Timing differences: -

a. Check deposited but not cleared

b. Check paid but not presented for payment

c. Interest credited or charged by Bank not entered in cash book.

Error of recording: -

a. Check paid of Rs, 1600 was recorded in Cash book for Rs 1060.

b. Check received from a customer and deposited in bank was recorded on credit side of the cash book.

91. Define the term 'Depreciation.'?

Depreciation and amortization are accounting methods used to allocate the cost of tangible and intangible assets over their useful lives.

These methods help match the expenses of using assets with the revenue generated by those assets, adhering to the matching principle in accounting.

92. Define the term 'Amortization.'?

Amortization applies to intangible assets (such as patents, copyrights, trademarks, and goodwill) and is similar to depreciation in that it spreads the cost of the asset over its useful life.

Intangible assets often have finite useful lives and are amortized using the straight-line method.

93. What is a Contra Account?

It's an account employed to reduce or balance the value of a related account. In the case of a specific kind of account, it holds the opposing sign.

A credit balance will exist in a contra account if an account has a debit balance (such as an asset account). In contrast, a liability account is correct.

94. What are Contingent Liabilities?

Contingent liabilities are debts that a company may or may not suffer, depending on the outcome of a future event. The happening of this type of duty is entirely dependent on the events of a likely future event.

Assume Dell begins a patent violation action against Asus, and Asus not only know that it may be required to pay for violations but also evaluate the overall amount. In this situation, Asus will record the expected amount as a Contingent Liability in their records.

95. What is Accounts Payable?

Accounts Payable (AP) refers to the amount of money a company owes to its suppliers or vendors for goods and services purchased on credit.

Accounts Payable is recorded as a liability on the balance sheet and is an essential component of a company's working capital management.

96. What is Accounts Receivable?

Accounts Receivable (AR) refers to the amount of money owed to a business by its customers for goods or services provided on credit.

Accounts Receivable represents a current asset on the balance sheet, as the company expects to receive cash from customers within a relatively short period, typically 30 to 90 days, depending on the agreed-upon credit terms.

97. What are Fixed Assets?

Fixed Assets, also known as property, plant, and equipment (PP&E), are tangible assets held by a company for long-term use in generating income.

Examples of fixed assets include land, buildings, machinery, vehicles, furniture, and equipment.

98. What is Intercompany?

Intercompany refers to transactions or relationships between two or more entities that are part of the same corporate group or organization.

These entities could be subsidiaries, sister companies, or divisions operating under common ownership or control.

99. What is Month End Close?

Month End Close, also known as monthly closing or month-end accounting, refers to the process of finalizing all financial transactions, adjustments, and reporting activities for a specific accounting period, typically a month.

This process is crucial for accurately capturing and reporting financial results and ensuring compliance with accounting standards and regulatory requirements.

a. Financial Transactions
b. Adjusting Entries
c. Reconciliation
d. Financial Reporting
e. Review and Analysis

100. Which accounting software is commonly used?

SAP, Oracle, Net Suite, Quick Books, Zoho Books, Xero, Wave, Yardi, Bill.com, Great Plains, Cargo Wise, Tally, etc.

101. What is the purpose of a trial balance in R2R?
It ensures that debits and credits are balanced before preparing financial statements.

102.How do you handle intercompany reconciliation discrepancies?
Identify and resolve mismatches through detailed analysis of transactions and communication with involved entities.

103. What is the significance of period-end close in R2R?
It ensures accuracy and completeness of financial records by finalizing all transactions for a given period.

104. How do you address unrecorded liabilities during financial close?
Accumulate all pending invoices and transactions to ensure they are recorded before the period-end close.

105. What is the role of the general ledger in the R2R process?
It serves as the central repository for recording all financial transactions and balances.

106. How do you handle fixed asset depreciation in R2R?
Apply depreciation methods consistently and record depreciation expenses in accordance with accounting standards.

107. What is the purpose of reconciliations in R2R?
To ensure that financial records match external statements and identify discrepancies.

108. How do you perform bank reconciliation?
Compare bank statements with ledger entries to identify and rectify discrepancies.

109. What are the challenges in managing master data in R2R?
Ensuring data accuracy, consistency, and completeness across different systems.

110. How do you ensure compliance with accounting standards during R2R?
Regularly review and update processes and records to align with relevant standards and regulations.

111. What is the role of audit trails in R2R?
To provide a documented history of transactions for verification and auditing purposes.

112. How do you handle foreign currency adjustments in R2R?
Apply appropriate exchange rates and revalue transactions as necessary to reflect accurate financial statements.

113. What are the key considerations for month-end close?
Timeliness, accuracy of recorded transactions, and completeness of all financial entries.

114. How do you manage user authorizations in R2R?
Implement role-based access controls and regularly review user permissions to ensure proper segregation of duties.

115. What is the importance of the Chart of Accounts (COA) in R2R?
It categorizes financial transactions and ensures consistent recording of financial activities.

116. How do you manage reconciliation of intercompany transactions?
Coordinate with intercompany partners to match and reconcile transactions and resolve discrepancies.

117. What is the impact of incorrect journal entries on financial reporting?
It can lead to inaccurate financial statements, affecting decision-making and compliance.

118. How do you handle adjustments for accrued expenses?
Record expenses in the period incurred, even if the cash flow occurs in a different period.

119. What steps are involved in a financial statement close?
Finalize all transactions, reconcile accounts, and prepare and review financial statements.

120. How do you address discrepancies in financial reporting?
Investigate root causes, correct errors, and implement controls to prevent recurrence.

121. What is the role of automated tools in the R2R process?
To streamline processes, reduce errors, and improve efficiency in financial reporting.

122. How do you ensure accuracy in financial consolidation?
Validate data sources, apply consistent consolidation methods, and review consolidated reports thoroughly.

123. What are the key components of a comprehensive R2R process?
Transaction recording, reconciliation, financial close, and reporting.

124. How do you manage the complexities of multi-currency transactions?
Utilize robust systems for currency conversion and ensure accurate recording of gains and losses.

125. What is the role of financial reporting in R2R?
To provide stakeholders with accurate and timely financial information for decision-making.

126. How do you ensure timely and accurate financial reporting?
Follow a structured close schedule, use automated tools, and conduct regular reviews.

127. What are the common challenges in financial statement preparation?
Ensuring data accuracy, adherence to standards, and integration of information from various sources.

128. How do you handle post-close adjustments?
Record adjustments promptly, communicate with stakeholders, and update financial statements as needed.

129. What is the significance of variance analysis in R2R?
To identify and understand deviations from budgets or forecasts and make necessary adjustments.

130. How do you ensure the integrity of financial data?
Implement strong internal controls, conduct regular audits, and validate data inputs and processes.

131. What are the best practices for managing the R2R cycle?
Establish clear procedures, use technology effectively, and continuously improve processes.

132. How do you manage complex journal entries?
Ensure thorough documentation, review for accuracy, and reconcile entries with supporting data.

133. What is the role of the R2R team in compliance and governance?
To ensure financial processes and reporting adhere to regulatory requirements and internal policies.

134. How do you manage financial data across different systems?
Use integration tools and ensure data consistency through regular reconciliation and validation.

135. What are the key performance indicators (KPIs) for R2R?
Accuracy of financial reports, timeliness of the close process, and efficiency of reconciliations.

136. How do you handle changes in accounting standards or regulations?
Stay informed about updates, train staff, and adjust processes to ensure compliance.

137. What is the impact of effective documentation in R2R?
It ensures transparency, supports audits, and provides clarity for financial reporting.

138. How do you address issues in financial statement accuracy?
Investigate discrepancies, correct errors, and implement controls to prevent future issues.

139. What are the challenges in financial data migration?
Ensuring data accuracy, completeness, and integrity during the transfer process.

140. How do you ensure efficient account reconciliation?
Use automated tools, establish clear processes, and perform regular reviews.

141. What is the role of internal controls in R2R?
To safeguard assets, ensure accuracy of financial reporting, and prevent fraud.

142. How do you handle complex accounting adjustments?
Document the rationale, review for accuracy, and ensure compliance with accounting principles.

143. What are the key considerations for year-end close?
Ensure all transactions are recorded, complete reconciliations, and prepare comprehensive financial statements.

144. How do you manage financial statement disclosures?
Ensure disclosures are complete, accurate, and in accordance with relevant accounting standards.

145. What is the role of technology in streamlining R2R processes?
It automates tasks, reduces errors, and improves efficiency in financial reporting.

146. How do you manage financial reporting for multiple entities?
Consolidate financials using consistent policies and systems for accurate reporting.

147. What is the importance of process documentation in R2R?
It provides clarity, ensures consistency, and facilitates training and auditing.

148. How do you address issues in financial consolidation?
Ensure accurate data aggregation, eliminate intercompany transactions, and review consolidated reports.

149. What are the best practices for managing the financial close process?
Follow a detailed checklist, use automation, and conduct regular process reviews.

150. How do you handle discrepancies between internal and external financial reports?
Investigate the differences, reconcile discrepancies, and adjust reports as needed for accuracy.

Month End Close – Checklist

Sl.	Task	Description
1	**Review & Reconcile Accounts**	Reconcile all balance sheet accounts and ensure accuracy of data.
2	**Process Journal Entries**	Record all necessary journal entries and adjustments.
3	**Review & Approve Transactions**	Ensure all transactions are properly authorized and recorded.
4	**Reconcile Bank Statements**	Match bank statements with company records to identify discrepancies.
5	**Verify Fixed Assets**	Ensure all fixed asset transactions are recorded and accurate.
6	**Update Financial Statements**	Prepare & update financial statements including IS, BS & CF.
7	**Review Intercompany**	Ensure all intercompany transactions are properly recorded and reconciled.
8	**Prepare Management Reports**	Compile and prepare reports for management review.
9	**Complete Tax Filing**	Ensure all necessary tax filings are completed and submitted.
10	**Review & Resolve Exceptions**	Investigate and resolve any issues identified during the close process.
11	**Conduct Financial Close Meeting**	Review close process, address issues, and discuss improvements.
12	**Document Close Process**	Ensure all procedures & adjustments are well-documented.

Accounting Important Journal Entries

In accounting, journal entries are crucial for recording financial transactions. Here are some important types of journal entries:

1. Opening Entries

- These entries are made at the beginning of an accounting period to open the books.

Example:

Dr. Assets

Cr. Liabilities

Cr. Owner's Equity

2. Closing Entries

- These entries are made at the end of an accounting period to close temporary accounts.

Example:

Dr. Revenue

Cr. Income Summary

Example:

Dr. Income Summary

Cr. Expenses

3. Adjusting Entries

- These entries are made to update the accounts before financial statements are prepared.

Example:

Dr. Depreciation Expense

Cr. Accumulated Depreciation

Example:

Dr. Accounts Receivable

Cr. Revenue

4. Compound Entries

- These involve more than two accounts.

Example:

Dr. Cash

Dr. Discount Allowed

Cr. Accounts Receivable

5. Reversing Entries

- These entries are made to reverse an adjusting entry from a previous period.

Example:

Dr. Accrued Expenses

Cr. Expense Account

6. Accrued Revenue Entries

- These are made when revenue is earned but not yet received.

Example:

Dr. Accounts Receivable

Cr. Revenue

7. Accrued Expense Entries

- These are made when expenses are incurred but not yet paid.

Example:

Dr. Expense

Cr. Accrued Expenses

8. Deferred Revenue Entries

- These are made when cash is received before revenue is earned.

Example:

Dr. Cash

Cr. Unearned Revenue

9. Deferred Expense Entries

- These are made when expenses are paid in advance.

Example:

Dr. Prepaid Expense

Cr. Cash

10. Sales Entries

- These record sales transactions.

Example:

Dr. Accounts Receivable/Cash

Cr. Sales Revenue

11. Purchase Entries

- These record purchase transactions.

Example:

Dr. Purchases/Inventory

Cr. Accounts Payable/Cash

12. Cash Receipts Entries

- These record cash received.

Example:

Dr. Cash

Cr. Accounts Receivable

13. Cash Disbursements Entries

- These record cash paid.

Example:

Dr. Accounts Payable

Cr. Cash

14. Payroll Entries

- These record payroll expenses.

Example:

Dr. Salaries Expense

Cr. Salaries Payable

15. Depreciation Entries

- These record depreciation of fixed assets.

Example:

Dr. Depreciation Expense

Cr. Accumulated Depreciation

Key Points to Remember

- **Debits and Credits:** Always ensure debits equal credits in each entry.
- **Double-Entry System:** Every transaction affects at least two accounts.
- **Accuracy:** Review entries for accuracy to avoid errors in financial statements.

Using SAP T Codes for Journal Entries

- **FB50:** Enter G/L account document.
- **FB60:** Enter vendor invoice.
- **FB70:** Enter customer invoice.
- **F-02:** General ledger account posting.
- **F-03:** Clear G/L account.

Adjusting Journal Entries

Adjusting journal entries are made at the end of an accounting period to update account balances before financial statements are prepared. These entries ensure that revenues and expenses are recognized in the period in which they occur, aligning with the accrual basis of accounting.

Here are common types of adjusting journal entries:

1. Prepaid Expenses

Prepaid expenses are payments made for expenses that will benefit future periods. As time passes, these need to be expensed.

Example:

- Prepaid Insurance:

Dr. Insurance Expense

Cr. Prepaid Insurance

2. Accrued Expenses

Accrued expenses are expenses that have been incurred but not yet paid or recorded.

Example:

- Accrued Salaries:

Dr. Salaries Expense

Cr. Salaries Payable

3. Depreciation

Depreciation spreads the cost of a fixed asset over its useful life.

Example:

- Depreciation of Equipment:

Dr. Depreciation Expense

Cr. Accumulated Depreciation

4. Unearned Revenue

Unearned revenue is money received before the revenue has been earned. As services are performed or goods delivered, revenue needs to be recognized.

Example:

- Unearned Service Revenue:

Dr. Unearned Revenue

Cr. Service Revenue

5. Accrued Revenues

Accrued revenues are revenues that have been earned but not yet received or recorded.

Example:

- Accrued Interest:

Dr. Interest Receivable

Cr. Interest Revenue

6. Supplies

Adjusting for supplies used during the period.

Example:

- Supplies:

Dr. Supplies Expense

Cr. Supplies

7. Bad Debts

Estimating uncollectible accounts receivable.

Example:

- Allowance for Doubtful Accounts:

Dr. Bad Debt Expense

Cr. Allowance for Doubtful Accounts

Example Adjusting Entries in SAP (T-Code F-02)

1. Prepaid Expenses:

- **T-Code:** F-02
- **Entry:**

Dr. Expense Account

Cr. Prepaid Expense Account

2. Accrued Expenses:

- **T-Code:** F-02
- **Entry:**

Dr. Expense Account

Cr. Accrued Liabilities Account

3. Depreciation:

- **T-Code:** F-02
- **Entry:**

Dr. Depreciation Expense Account

Cr. Accumulated Depreciation Account

4. Unearned Revenue:

- **T-Code:** F-02
- **Entry:**

Dr. Unearned Revenue Account

Cr. Revenue Account

5. Accrued Revenues:

- **T-Code:** F-02
- **Entry:**

Dr. Receivables Account

Cr. Revenue Account

6. Supplies:

- **T-Code:** F-02
- **Entry:**

Dr. Supplies Expense Account

Cr. Supplies Account

7. Bad Debts:

- **T-Code:** F-02
- **Entry:**

Dr. Bad Debt Expense Account

Cr. Allowance for Doubtful Accounts

Key Points to Remember

- **Accrual Basis Accounting:** Adjusting entries ensure that financial statements reflect revenues when they are earned and expenses when they are incurred, not necessarily when cash is received or paid.
- **Accuracy:** Carefully review adjusting entries to ensure accuracy and completeness.
- **Timing:** These entries are typically made at the end of an accounting period before financial statements are prepared.

Accounts Reconciliation

Accounts reconciliation involves comparing internal financial records with external statements to ensure accuracy and consistency. Here are common types of account reconciliation:

1. Bank Reconciliation

Purpose: To ensure the cash balance in the company's records matches the bank statement.

Process:

- Compare the company's cash ledger with the bank statement.
- Identify discrepancies such as outstanding checks, deposits in transit, and bank fees.
- Adjust the cash ledger for any errors or omissions.

Documents:

- Company cash ledger.
- Bank statement.
- Deposit slips and cancelled checks.

2. General Ledger Reconciliation

Purpose: To ensure the accuracy of account balances in the general ledger.

Process:

- Verify the balance of each account in the general ledger.
- Compare with supporting documents such as invoices, receipts, and subsidiary ledgers.
- Adjust entries for any discrepancies.

Documents:

- General ledger.
- Supporting documents (invoices, receipts).
- Subsidiary ledgers.

3. Intercompany Reconciliation

Purpose: To ensure transactions between different entities within the same group are accurately recorded.

Process:

- Compare intercompany transactions recorded by both entities.
- Identify and resolve any discrepancies.
- Adjust entries to ensure consistency.

Documents:

- Intercompany transaction records.
- Intercompany invoices and statements.
- General ledgers of both entities.

4. Vendor Reconciliation (Accounts Payable Reconciliation)

Purpose: To ensure the company's records of amounts owed to vendors match the vendor statements.

Process:

- Compare the company's accounts payable ledger with vendor statements.
- Identify any missing invoices, duplicate payments, or payment errors.
- Adjust entries to correct any discrepancies.

Documents:

- Accounts payable ledger.
- Vendor statements.
- Invoices and payment records.

5. Customer Reconciliation (Accounts Receivable Reconciliation)

Purpose: To ensure the company's records of amounts receivable from customers match customer statements.

Process:

- Compare the accounts receivable ledger with customer statements.
- Identify any missing receipts, incorrect charges, or payment discrepancies.
- Adjust entries to reconcile differences.

Documents:

- Accounts receivable ledger.
- Customer statements.
- Invoices and payment receipts.

6. Inventory Reconciliation

Purpose: To ensure the inventory records match the physical inventory count.

Process:

- Perform a physical inventory count.
- Compare the physical count with inventory records.
- Investigate and resolve any discrepancies.
- Adjust inventory records accordingly.

Documents:

- Inventory records.
- Physical inventory count sheets.
- Inventory adjustment forms.

7. Fixed Assets Reconciliation

Purpose: To ensure the fixed assets recorded in the books match the actual assets owned by the company.

Process:

- Compare the fixed asset register with physical assets.
- Identify any missing or unrecorded assets.
- Adjust the fixed asset register to reflect actual assets.

Documents:

- Fixed asset register.
- Physical asset verification reports.
- Purchase invoices and disposal records.

8. Credit Card Reconciliation

Purpose: To ensure credit card transactions recorded in the books match the credit card statements.

Process:

- Compare the company's credit card ledger with credit card statements.
- Identify any unrecorded transactions or errors.
- Adjust entries to reconcile the differences.

Documents:

- Credit card ledger.
- Credit card statements.
- Receipts for credit card transactions.

Key Points to Remember

- **Regular Reviews:** Conduct reconciliations regularly to identify and correct discrepancies promptly.
- **Documentation:** Maintain comprehensive documentation to support reconciliation activities.
- **Automation:** Use accounting software to automate reconciliation processes where possible, improving accuracy and efficiency.
- **Segregation of Duties:** Ensure different individuals perform reconciliation and approval to enhance internal controls.
- **Training:** Provide adequate training to staff involved in reconciliation processes to ensure they understand and follow best practices.

Trial Balance

A trial balance is a bookkeeping worksheet in which the balances of all ledgers are compiled into debit and credit account column totals that are equal. It is an important step in the accounting cycle and helps ensure the accuracy of the financial records before financial statements are prepared.

Purpose of a Trial Balance

1. **Check Mathematical Accuracy:**
   - Ensure that total debits equal total credits in the ledger accounts.
2. **Identify Errors:**
   - Detect errors in ledger posting, such as transpositions, incorrect amounts, and omissions.
3. **Financial Statement Preparation:**
   - Serve as the basis for preparing financial statements, including the income statement and balance sheet.
4. **Internal Control:**
   - Act as an internal control measure to verify the integrity of the financial records.

Types of Trial Balances

1. **Unadjusted Trial Balance:**
   - Prepared before adjusting entries are made.
   - Lists the balances of all accounts before adjustments.
2. **Adjusted Trial Balance:**
   - Prepared after adjusting entries are made.
   - Includes the effects of adjustments, such as accruals and deferrals.
3. **Post-Closing Trial Balance:**
   - Prepared after closing entries are made.
   - Contains only the balance sheet accounts since temporary accounts (revenues, expenses) are closed.

Format of a Trial Balance

A trial balance typically includes three columns:

1. **Account Name:**
   - Lists all the accounts from the ledger.
2. **Debit Column:**
   - Shows the total debits for each account.
3. **Credit Column:**
   - Shows the total credits for each account.

Example of a Trial Balance:

Account Name	**Debit Amount**	**Credit Amount**
Cash	$10,000	
Accounts Receivable	$5,000	
Inventory	$15,000	
Equipment	$25,000	
Accounts Payable		$8,000
Notes Payable		$10,000
Owner's Equity		$32,000
Revenue		$30,000
Expenses	$15,000	
Totals	**$70,000**	**$70,000**

Steps to Prepare a Trial Balance

1. **List All Accounts:**
   - Extract balances of all ledger accounts.
2. **Classify Accounts:**
   - Place each account in the debit or credit column based on its balance.
3. **Calculate Totals:**
   - Sum the debit and credit columns separately.
4. **Compare Totals:**
   - Verify that the total debits equal total credits.
5. **Investigate Discrepancies:**
   - If totals do not match, investigate and correct errors.

Common Errors Detected by a Trial Balance

1. **Transposition Errors:**
    - When two digits are reversed in an amount (e.g., $540 recorded as $450).
2. **Slide Errors:**
    - When digits are misplaced (e.g., $1000 recorded as $100).
3. **Omission Errors:**
    - When an entry is completely omitted from the ledger.
4. **Incorrect Amounts:**
    - When an incorrect amount is posted to the ledger.
5. **Double Posting:**
    - When an entry is posted twice.

Limitations of a Trial Balance

1. **Errors Not Detected:**
    - A trial balance does not detect all types of errors, such as:
        - Errors of omission (entries not recorded).
        - Errors of commission (entries recorded in the wrong account).
        - Errors of principle (entries violating accounting principles).
        - Compensating errors (offsetting errors that cancel each other out).
2. **Adjustments Required:**
    - Does not reflect adjustments for accruals, deferrals, and other adjustments needed for accurate financial reporting.

Importance of a Trial Balance

- **Foundation for Financial Statements:**
    - Provides the basis for preparing accurate financial statements.
- **Financial Accuracy:**
    - Ensures that the financial records are mathematically correct.
- **Error Detection:**
    - Helps in detecting and rectifying errors in the ledger accounts.

Income Statement

An income statement, also known as a profit and loss statement, is a financial report that summarizes the revenues, costs, and expenses incurred during a specific period, usually a fiscal quarter or year. It provides insight into a company's financial performance, indicating how much profit or loss was generated.

Purpose of an Income Statement

1. **Measure Performance:**
    - Assess the company's profitability over a specific period.
2. **Inform Decision-Making:**
    - Provide valuable information for management, investors, and stakeholders to make informed decisions.
3. **Financial Analysis:**
    - Evaluate operational efficiency and cost management.
4. **Compliance:**
    - Meet regulatory requirements for financial reporting.

Example of an Income Statement

XYZ Corporation Income Statement For the Year Ended December 31, 2023

Description	**Amount**
Revenue:	
Sales Revenue	$500,000
Service Revenue	$100,000
Total Revenue	**$600,000**
Cost of Goods Sold (COGS):	
Raw Materials	$150,000
Direct Labor	$50,000
Total COGS	**$200,000**
Gross Profit	**$400,000**
Operating Expenses:	
Salaries and Wages	$100,000
Rent and Utilities	$20,000
Marketing and Advertising	$30,000
Depreciation Expense	$10,000
Total Operating Expenses	**$160,000**
Operating Income	**$240,000**
Non-Operating Income and Expenses:	
Interest Income	$5,000
Gain on Sale of Equipment	$3,000
Interest Expense	$8,000
Total Non-Operating Income/Expenses	**$0**
Net Income Before Tax	**$240,000**

Description	Amount
Income Tax Expense	$60,000
Net Income	**$180,000**

Key Points to Remember

- **Revenue Recognition:** Ensure revenue is recorded in the period it is earned.
- **Expense Matching:** Match expenses to the revenues they helped generate within the same period.
- **Accrual Accounting:** Use accrual basis accounting to reflect true financial performance.
- **Comparative Analysis:** Compare with previous periods to identify trends and areas for improvement.
- **Regulatory Compliance:** Follow accounting standards and regulatory requirements for financial reporting.

Balance Sheet

A balance sheet, also known as a statement of financial position, is a financial statement that provides a snapshot of a company's financial condition at a specific point in time. It summarizes a company's assets, liabilities, and shareholders' equity.

Purpose of a Balance Sheet

1. **Assess Financial Position:**
   - Provides an overview of what the company owns and owes, and the equity invested by shareholders.
2. **Evaluate Liquidity:**
   - Helps in understanding the company’s ability to meet its short-term obligations.
3. **Analyze Capital Structure:**
   - Offers insights into how a company is financed, whether through debt or equity.
4. **Inform Decision-Making:**
   - Assists investors, creditors, and management in making informed decisions.

Key Components of a Balance Sheet

1. **Assets:**
   - Resources owned by the company that are expected to provide future economic benefits.
2. **Liabilities:**
   - Obligations the company owes to outside parties.
3. **Shareholders' Equity:**
   - The residual interest in the assets of the company after deducting liabilities.

Format of a Balance Sheet

A balance sheet is typically structured in two main sections:

1. **Assets**
   - Current Assets
   - Non-Current Assets
2. **Liabilities and Shareholders' Equity**
   - Current Liabilities
   - Non-Current Liabilities
   - Shareholders' Equity

Example of a Balance Sheet

ABC Corporation Balance Sheet As of December 31, 2023

Description	Amount	Description	Amount
Assets		**Liabilities and Equity**	
Current Assets:		**Current Liabilities:**	
Cash	$20,000	Accounts Payable	$15,000
Accounts Receivable	$30,000	Short-term Loans	$10,000
Inventory	$25,000	**Total Current Liabilities**	**$25,000**
Prepaid Expenses	$5,000		
Total Current Assets	**$80,000**	**Non-Current Liabilities:**	
		Long-term Loans	$30,000
Non-Current Assets:		**Total Non-Current Liabilities**	**$30,000**
Property, Plant, and Equipment (PPE)	$70,000		
Intangible Assets	$10,000	**Total Liabilities**	**$55,000**
Total Non-Current Assets	**$80,000**		
		Shareholders' Equity:	
Total Assets	**$160,000**	Common Stock	$50,000
		Retained Earnings	$55,000
		Total Shareholders' Equity	**$105,000**
		Total Liabilities and Equity	**$160,000**

Detailed Explanation

1. **Assets:**
   - **Current Assets:**
     - **Cash:** Money available for immediate use.
     - **Accounts Receivable:** Money owed by customers for sales made on credit.
     - **Inventory:** Goods available for sale.
     - **Prepaid Expenses:** Payments made in advance for services or goods to be received in the future.
   - **Non-Current Assets:**
     - **Property, Plant, and Equipment (PPE):** Long-term assets used in operations.
     - **Intangible Assets:** Non-physical assets like patents and trademarks.
2. **Liabilities:**
   - **Current Liabilities:**
     - **Accounts Payable:** Money owed to suppliers for purchases made on credit.
     - **Short-term Loans:** Loans and obligations due within one year.
   - **Non-Current Liabilities:**
     - **Long-term Loans:** Loans and obligations not due within the next year.
3. **Shareholders' Equity:**
   - **Common Stock:** Value of shares issued to shareholders.
   - **Retained Earnings:** Accumulated profits retained in the company for reinvestment.

Key Points to Remember

- **Double-Entry Accounting:** The balance sheet follows the accounting equation: Assets = Liabilities + Shareholders' Equity.
- **Time-Specific:** The balance sheet reflects the financial position at a specific date.
- **Liquidity and Solvency:** Helps assess the company's liquidity (ability to meet short-term obligations) and solvency (ability to meet long-term obligations).
- **Comparative Analysis:** Comparing balance sheets from different periods helps identify trends and assess financial health.

Cash Flow Statement

A cash flow statement, also known as the statement of cash flows, is a financial statement that summarizes the amount of cash and cash equivalents entering and leaving a company. It provides insights into a company's cash inflows and outflows over a specific period, usually categorized into operating, investing, and financing activities.

Purpose of a Cash Flow Statement

1. **Assess Liquidity:**
    - Determine the company's ability to generate cash to meet its obligations.
2. **Evaluate Financial Health:**
    - Provide insights into the company's financial stability and cash management practices.
3. **Inform Decision-Making:**
    - Assist management, investors, and creditors in making informed decisions about the company's financial position.
4. **Analyze Cash Flow:**
    - Understand the sources and uses of cash, differentiating between operating, investing, and financing activities.

Key Components of a Cash Flow Statement

1. **Operating Activities:**
    - Cash flows from the core business operations.
2. **Investing Activities:**
    - Cash flows from the purchase and sale of long-term assets and investments.
3. **Financing Activities:**
    - Cash flows related to borrowing, repaying, and equity financing.

Example of a Cash Flow Statement

XYZ Corporation Cash Flow Statement For the Year Ended December 31, 2023

Description	**Amount**
Cash Flows from Operating Activities:	
Net Income	$180,000
Adjustments for Non-Cash Items:	
Depreciation Expense	$10,000
Amortization Expense	$5,000
Changes in Working Capital:	
(Increase) Decrease in Accounts Receivable	$3,000
(Increase) Decrease in Inventory	($2,000)
Increase (Decrease) in Accounts Payable	$4,000
Net Cash Provided by Operating Activities	**$200,000**
Cash Flows from Investing Activities:	
Purchase of Property, Plant, and Equipment (PPE)	($30,000)
Sale of Investments	$15,000
Net Cash Used in Investing Activities	**($15,000)**
Cash Flows from Financing Activities:	
Issuance of Common Stock	$50,000
Repayment of Long-Term Debt	($20,000)
Dividends Paid	($10,000)
Net Cash Provided by Financing Activities	**$20,000**
Net Increase in Cash and Cash Equivalents	**$205,000**
Cash and Cash Equivalents at Beginning of Year	$50,000
Cash and Cash Equivalents at End of Year	**$255,000**

Detailed Explanation

1. **Operating Activities:**
    - **Net Income:** Profit or loss for the period from the income statement.
    - **Adjustments for Non-Cash Items:** Include depreciation, amortization, and other non-cash expenses.
    - **Changes in Working Capital:** Adjustments for changes in accounts receivable, inventory, accounts payable, and other current assets and liabilities.
2. **Investing Activities:**
    - **Purchase of PPE:** Cash outflows for purchasing property, plant, and equipment.
    - **Sale of Investments:** Cash inflows from selling investments or long-term assets.
3. **Financing Activities:**
    - **Issuance of Common Stock:** Cash inflows from issuing new shares.
    - **Repayment of Long-Term Debt:** Cash outflows for repaying borrowed funds.
    - **Dividends Paid:** Cash outflows for dividend payments to shareholders.

Key Points to Remember

- **Direct and Indirect Methods:**
    - The statement of cash flows can be prepared using either the direct method (showing actual cash receipts and payments) or the indirect method (adjusting net income for changes in balance sheet accounts).
- **Positive vs. Negative Cash Flow:**
    - Positive cash flow indicates more cash is coming in than going out, suggesting good liquidity.
    - Negative cash flow may indicate financial difficulties but can also result from investments in growth.
- **Importance of Cash Flow:**
    - Even profitable companies can face liquidity issues if they do not manage their cash flows effectively.
- **Link to Other Financial Statements:**
    - The cash flow statement complements the income statement and balance sheet, providing a comprehensive view of a company's financial health.

SAP T Codes – Finance

AP SAP T Codes

Master Data

FK01: Create Vendor

FK02: Change Vendor

FK03: Display Vendor

Invoice Processing

FB60: Enter Vendor Invoice

FB65: Enter Vendor Credit Memo

MIRO: Enter Incoming Invoice

MR8M: Cancel Invoice Document

MRBR: Release Blocked Invoices

Payment Processing

F-53: Post Outgoing Payments

F-58: Payment with Printout

F110: Automatic Payment Program

F111: Payment with Bill of Exchange

F-59: Payment with Clearing

Reporting and Analysis

FBL1N: Vendor Line Items

FK10N: Vendor Balance Display

S_ALR_87012082: Vendor Payment History

S_ALR_87012078: Due Date Analysis for Open Items

Reconciliation and Clearing

F-44: Clear Vendor

FB1S: Post with Clearing

F-44: Clear Vendor Account

F-03: Clear G/L Account

Special Process

FBRA: Reset Cleared Items

FB08: Reverse Document

F-02: General Posting

Configuration (Customizing)

OBD3: C FI Maintain Table T052

OBYR: C FI Table T030

OBBP: Define Tolerance Groups for Employees

AR SAP T Codes

Master Data

FD01: Create Customer (Centrally)

FD02: Change Customer (Centrally)

FD03: Display Customer (Centrally)

XD01: Create Customer (Sales)

XD02: Change Customer (Sales)

XD03: Display Customer (Sales)

VD01: Create Customer (Sales View)

VD02: Change Customer (Sales View)

VD03: Display Customer (Sales View)

Transactions

FB70: Enter Customer Invoice

FB75: Enter Customer Credit Memo

F-28: Post Incoming Payments

F-32: Clear Customer

FD10N: Customer Balance Display

FBL5N: Customer Line-Item Display

Reporting

S_ALR_87012177: Customer Open Items

S_ALR_87012178: Customer Due Date Analysis

S_ALR_87012179: Customer Payment History

S_ALR_87012182: Customer Balances

Account Management

F-22: Enter Customer Invoice

F-29: Post Customer Down Payment

F-30: Clear Customer Account

F-36: Change Customer Payment Data

F-37: Customer Down Payment Request

Period-End Closing

F.13: Automatic Clearing

F101: Receivables Reclassification

F103: Write-Offs

F110: Automatic Payment Transactions

Integration with General Ledger

FB01: Post Document

FB02: Change Document

FB03: Display Document

FB08: Reverse Document

Configuration (Customizing)

OBD2: Customer Account Groups

OBXR: Revenue Accounts Determination

OBXE: Automatic Postings (AR)

OBXL: Maintain Default Values

Billing process SAP T Code

VF01 - Create Billing Document

VF02 - Change Billing Document

VF03 - Display Billing Document

VF04 - Maintain Billing Due List

VF06 - List of Billing Documents

VF21 - Revenue Account Determination

VF31 - Output from Billing Documents

VF44 - Maintain Billing Output

VF52 - Change Billing Index

VF11 - Cancel Billing Document

Cash Application in SAP T Code

FBL5N - Display Customer Line Items

F-28 - Post Incoming Payments

F-32 - Clear Customer Accounts

F-44 - Clear Customer

F-30 - Post with Clearing

F-03 - Clear G/L Account

F-27 - Credit Memo

F-32 - Automatic Clearing

Collection SAP T Codes

FBL5N - Display Customer Line Items

FD32 - Change Customer Credit Management

FD33 - Display Customer Credit Management

FD20 - Customer Evaluation

FD27 - Display Credit Management

F.27 - Display/Change Customer Account

F150 - Dunning

F.27 - Credit Memo

F.37 - Post Processing of Payments

F.38 - Post Processing of Collections

Fixed Assets SAP T Codes

Asset Master Data

AS01: Create Asset Master Record

AS02: Change Asset Master Record

AS03: Display Asset Master Record

AS04: Create Asset Master Record (in mass)

AS05: Change Asset Master Record (in mass)

AS06: Delete Asset Master Record

Asset Transactions

ABZON: Asset Acquisition

ABUMN: Asset Transfer

ABAVN: Asset Retirement by Scrapping

ABAON: Asset Retirement with Revenue (Without Customer)

ABZP: Post-Capitalization

Asset Depreciation

AFAB: Depreciation Run

AW01N: Asset Explorer

AW01: Asset Value Display

Periodic Processing

AFAMA: Change Depreciation Key

AJAB: Close Fiscal Year

AJRW: Recalculate Values

Reporting

S_ALR_87011964: Asset Balances

S_ALR_87012048: Asset History Sheet

S_ALR_87011990: Depreciation List

S_ALR_87011965: Assets Acquired

Configuration

OA02: Create/Change Chart of Depreciation

OAY1: Specify Account Determination

OAYZ: Asset Classes

Integration with General Ledger

AO90: Account Determination

OABW: Define Depreciation Areas

Intercompany SAP T Codes

Financial Accounting (FI)

FB50 - Enter G/L Account Document

FB70 - Enter Customer Invoice

FB60 - Enter Vendor Invoice

F-02 - General Ledger Posting

F.05 - Foreign Currency Valuation

F-44 - Clear Vendor

F-32 - Clear Customer

Controlling (CO)

KB11N - Enter Intercompany Posting

KB21N - Enter Activity Allocation

KE21N - Enter Profitability Segment Adjustment

KO02 - Change Order

KOB1 - Actual Costs for Orders

Materials Management (MM)

ME21N - Create Purchase Order

ME22N - Change Purchase Order

MIGO - Goods Movement

MIRO - Enter Incoming Invoice

Sales and Distribution (SD)

VA01 - Create Sales Order

VA02 - Change Sales Order

VL01N - Create Outbound Delivery

VF01 - Create Billing Document

VFX3 - List Blocked Billing Documents

Cross-Module Functions

OBYA - Configure Automatic Postings (Cross-Company Code Transactions)

OBA7 - Define Document Types for Intercompany Postings

Master Data Management

XD01 - Create Customer (Centrally)

XD02 - Change Customer (Centrally)

XK01 - Create Vendor (Centrally)

XK02 - Change Vendor (Centrally)

General Ledger

FS00 - G/L Account Master Record Maintenance (Centrally)

OB52 - Maintain Posting Periods

Others

MR21 - Price Change

MR22 - Material Debit/Credit

Inventory SAP T Codes

Stock Overview and Analysis

MMBE: Stock Overview

MB52: List of Warehouse Stocks on Hand

MC.9: Inventory Analysis Report

Goods Receipt

MIGO: Goods Movement (most comprehensive for goods receipt, issue, transfer)

MB01: Post Goods Receipt for Purchase Order

MB31: Goods Receipt for Production Order

VL32N: Change Inbound Delivery

Goods Issue

MIGO: Goods Movement

MB1A: Goods Issue

MB1B: Transfer Posting

MB1C: Other Goods Receipts

Stock Transfers

MIGO: Goods Movement

MB1B: Transfer Posting

MB5T: Stock in Transit

Inventory Count

MI01: Create Physical Inventory Document

MI04: Enter Inventory Count with Document

MI07: Post Inventory Differences

Reservations and Reversals

MB21: Create Reservation

MB22: Change Reservation

MB23: Display Reservation

MBST: Cancel Material Document

MBVR: Management Program: Reservations

Batch Management

MSC1N: Create Batch

MSC2N: Change Batch

MSC3N: Display Batch

Serial Number Management

IQ01: Create Material Serial Number

IQ02: Change Material Serial Number

IQ03: Display Material Serial Number

Reporting

MB5B: Stocks for Posting Date

MB51: Material Document List

MB59: Material Document Evaluation

Plant Maintenance

IW32: Change Maintenance Order

IW38: Change PM Orders

Quality Management

QM01: Create Quality Notification

QM02: Change Quality Notification

QM03: Display Quality Notification

Petty Cash SAP T Codes

FBCJ: This transaction code is used for posting cash journal entries, including petty cash transactions. You can use FBCJ to record cash receipts and payments, including petty cash replenishments and disbursements.

FBCJC0: This is another transaction code for cash journal entry. It allows you to post cash transactions directly to the cash journal without going through the general ledger.

FBCJC1: Similar to FBCJC0, this transaction code is used to post cash journal entries but with reference documents.

FBCJX: This transaction code is used to display cash journal documents. You can use FBCJX to view posted cash transactions, including those related to petty cash.

FBCJC2: This transaction code allows you to reverse cash journal documents. If you need to reverse a posted cash transaction, including petty cash transactions, you can use FBCJC2.

FBCJC3: This is the transaction code for changing cash journal documents. If you need to make corrections to a posted cash transaction, you can use FBCJC3.

Payroll SAP T Codes

Payroll Processing and Data Entry

PC00_MXX_CALC - Payroll Calculation

XX represents the country version, e.g., PC00_M10_CALC for the US.

PC00_MXX_CEDT - Payroll Editor

PC00_MXX_PA03 - Control Record for Payroll

PC00_MXX_PBS - Payroll Status

Payroll Reports

PC00_MXX_HIST - Payroll Results History

PC00_MXX_RPCL - Payroll Journal

PC00_MXX_RCLJ - Payroll Log

PC00_MXX_RPTR - Payroll Posting to Accounting

Configuration and Master Data

PA03 - Payroll Control Record

PA30 - Maintain HR Master Data

PA40 - Personnel Actions

PE51 - HR Form Editor

Special Functions

PU03 - Initialize Payroll

PU12 - HR Data Exchange

PU19 - Tax Reporter

P0011 - Payroll Encashment

Others

S_PH9_46000172 - Payroll Results

S_ALR_87012004 - Employee Payroll Results

S_AHR_61016406 - Payroll Reconciliation Report

PC_PAYRESULT - Display Payroll Results

GL SAP T Codes

Master Data

FS00: G/L Account Master Record Maintenance

FS01: Create G/L Account

FS02: Change G/L Account

FS03: Display G/L Account

Posting

F-02: Enter G/L Account Posting

FB50: G/L Account Posting

F-04: Post with Clearing

FB01: Post Document

F-05: Post Foreign Currency Valuation

Display and Reporting

FBL3N: G/L Account Line Items Display

FS10N: G/L Account Balance Display

S_ALR_87012301: G/L Account Balances

S_ALR_87012282: G/L Account Transaction Figures

Periodic Processing

F.01: Financial Statements

F.05: Foreign Currency Valuation

F.13: Automatic Clearing

Closing Operations

F.03: Reconciliation of FI and CO

F.07: G/L Account Carry forward

Special Ledger

GB01: Create Special Ledger

GB02: Change Special Ledger

GB03: Display Special Ledger

Configuration

OB52: Maintain Posting Periods

OBY6: Company Code Global Data

OBC4: Define Tolerances (Employees, G/L Accounts, etc.)

SAP T Codes – Record to Report – RTR – R2R

1. FBL3N: Display G/L Account Line Items 📊 to display line items of a specific G/L account, providing detailed information about transactions and balances. 📊
2. F.01: Financial Statements 📈 generates financial statements, It helps in analysing the financial performance of a company. 📈
3. FB50: Enter G/L a/c Document ✍️ commonly used for journal entries. ✍️
4. F.07: Reconciliation of G/L a/c ⚖️ enables you to reconcile G/L acct, ensuring that the account balances in the SAP system match the corresponding balances in external systems or bank statements. ⚖️
5. FBL1N: Vendor Line Items 🧾 displays line items related to a specific vendor, providing a detailed overview of transactions, invoices, and payments. helps vendor account analysis. 🧾
6. F.28: Customer Account Balance ⚖️ displays the a/c balance of a specific customer, showing outstanding invoices, payments, and credit memos. It helps in managing AR. ⚖️
7. F.44: Clear Vendor Account 🔍 💰 clear open items in a vendor account, reconciling payments and invoices. It helps in managing outstanding balances and maintaining accurate AP records. 🔍 💰
8. F.19: Reverse Statistical Posting ↩️ reverses statistical postings made in the system. Statistical postings don't have a financial impact but are used for reporting and analysis purposes. The T-code helps in correcting any erroneous statistical postings. ↩️
9. F.05: Foreign Currency Valuation 💱 performs valuation of foreign currency balances, revaluing them based on current exchange rates. 💱
10. F.52: Post Outgoing Payments 💰 to post outgoing payments, such as vendor payments or payroll disbursements. It helps in maintaining accurate payment records and managing cash flow. 💰
11. FB03: Display Document 📄 to display accounting documents, such as invoices or journal entries. You can view the details of a specific document, including its line items, dates, and reference numbers.
12. F.13: Automatic Clearing of Open Items 🔄 automatically clears open items in the AR or AP sub ledger. It matches debits and credits, reducing the number of outstanding items and streamlining the reconciliation process.
13. FS10N: Display G/L Account Balances ⚖️ an overview of the balance in a specific G/L account. It shows the current balance, as well as information about open items, cleared items, and line-item details.
14. F-53: Post Outgoing Payments 💳 is used to post outgoing payments made to vendors or suppliers. You can allocate the payment to specific vendor invoices or against open items in the vendor account.
15. F.80: Mass Reversal of Documents 🔄 allows you to reverse multiple accounting documents simultaneously. It helps correct errors or undo transactions in bulk, saving time and effort.