

1) What do you mean by financial accounting?

The term financial accounting is used for summarizing and gathering financial data plan to arrange financial reports such as income statement, the balance sheet for the organization's management lenders, suppliers and other stakeholders.

2) What are some most famous accounting software?

Following is a list of some most famous accounting software:

- Tally
 - FreeAgent
 - FreshBooks
 - Sage 50 cloud
 - Zoho Books etc.
-

3) What are the skills required for an accountant job role?

Following are some skills that are required to work as an accountant:

- Strong analytical skills
 - Prepared work style
 - Excellent at Mathematics
 - Technology geek
-

4) How many types of business transactions are there in accounting?

There are two types of business transaction happen in accounting:

- Revenue Transaction
- Capital Transaction

5) What is TDS? And where is it shown in the balance sheet?

TDS stands for Tax Deduction at Source. It is used to gather text from the company from where the employee profits are generated.

TDS is shown on the assets part, right after the current head asset.

6) What do you understand by real and nominal accounts? Explain them with examples.

Real Account: A real account is an account of assets and liabilities. For example, land account, building account, etc. are the example of a real account.

Nominal Account: A nominal account is an account of income and expenses. For example, salary account, wages account, etc. are the example of nominal account.

7) Which accounting platforms have you worked on? Which is your favorite accounting platform?

I have worked with many accounting platforms such as QuickBooks, Microsoft Dynamic GP, Tally, FreeAgent, FreshBooks, Sage 50 cloud, Zoho Books etc. From these accounting platforms, I liked the tally most.

8) What is working capital in accounting?

In accounting, working capital is calculated as current assets minus current liabilities used in day-to-day trading.

9) What do you understand by double-entry bookkeeping in accounting? What are the rules associated with it?

Double-entry bookkeeping is a principle of accounting where every debit has a corresponding credit. In simple words, we can say that the total debited amount is always equal to the total credit amount. This principle specifies that when one account is debited, then another account gets credited at the same time.

10) What do you understand by Tally Accounting?

Tally is accounting software used for accounting in small shops and businesses for running routine accounting transactions.

11) What do you understand by Departmental Accounting?

Departmental accounting is a type of accounting in which a divided account is created for departments. The departmental accounting is managed and shown separately in the balance sheet.

12) What are the abbreviations used for the accounting terms credit and debit?

The abbreviation terms used for credit and debit are "cr" and "dr."

13) What is the difference between inactive and dormant accounts?

In accounting, inactive accounts are the type of accounts that have been closed and will not be used further anymore. On the other hand, dormant accounts are those accounts that are not efficient today but may be used in the future.

14) What do you do to maintain accounting accuracy?

It is very important to maintain the accuracy of an organization's account as it can result in a huge loss in the case of any error. There are various tools and resources that I have worked on which can be used to limit the potential errors that may occur.

15) What is the difference between "accounts payable (AP)" and "accounts receivable (AR)"?

The following table specifies the differences between the "accounts payable (AP)" and "accounts receivable (AR):

Accounts Payable	Accounts Receivable
The term Accounts Payable specifies the amount a company owes because it has purchased goods or services on credit from a vendor or supplier.	The term Accounts Receivable amount a right to receive because it has sold goods on credit to the customer.
Accounts payable is a form of liability.	Accounts receivable is a form of asset.

16) What is the difference between a trial balance and a balance sheet in accounting?

The following table specifies the differences between a trial balance and a balance sheet in accounting:

Trial Balance	Balance Sheet
The trial balance is the list of all balances in a ledger account.	A balance sheet is a statement that shows the assets, liabilities, and equity of a company.
It is used to check the arithmetical accuracy in recording and posting.	It is used to detect its financial position on a specific date.

17) What are some common or standards errors in accounting?

The common or standard errors in accounting are - errors of omission, errors of commission, errors of principle, and compensating error.

18) What do you think about Accounting Standards? Are they mandatory?

We have to follow Accounting Standards to create a precise and accurate financial report. They play a significant role in preparing an excellent and precise financial report.

Accounting Standards are mandatory to ensure reliability and relevance in financial reports.

19) What is the best way to estimate bad debts?

Following are some good ways to estimate bad debts:

- Aging analysis
 - Percentage of outstanding accounts
 - Percentage of credit sales
-

20) What do you understand by deferred tax asset, and how is the value created?

A deferred tax asset specifies that the tax amount has been paid or has been carried forward but has still not been recognized in the income statement. The value is created by taking the difference between the book income and the taxable income.

21) What is the equation for the Acid test ratio in accounting?

The equation for the acid test ratio in accounting is:

1. Acid-test **ratio** = (Current assets - Inventory) / Current Liabilities
-

22) What is the basic accounting equation?

There are three main aspects of accounting:

- Liabilities
- Assets
- Capital

So, we can write the equation in the following form:

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

23) What are the different branches of accounting?

There are three different branches of accounting. They are:

- Cost Accounting
 - Financial Accounting
 - Management Accounting
-

24) What is GST? Explain something about it.

GST is an acronym that stands for Goods and Service Tax. This is an indirect tax other than the income tax. The seller applies this tax. The seller charges it to the customer on the value of the service or product they have sold to the customer sold, and then the seller deposits the GST to the government.

25) What do you understand by reconciliation statement in accounting?

In accounting, the bank reconciliation statement or BRS is a form that allows individuals to compare their bank account records to that of the bank. This statement is prepared when the passbook balance differs from the cashbook balance.

26) What do you understand by fictitious assets?

Fictitious assets are abstract assets or intangible assets. The benefit of these assets is derived over a longer period. For example, goodwill, rights, deferred revenue expenditure, miscellaneous expenses, preliminary expenses, etc., are examples of fictitious assets.

27) What is the meaning of purchase return in accounting?

In accounting, the term purchase return specifies a transaction where the buyer of merchandise, inventory or fixed assets returns these defective or unsatisfactory products to the seller.

28) What do you understand by retail banking?

Retail banking is also known as consumer banking. It contains a retail client, where specific customers use local branches of better commercial banks.

29) What do you understand by trade bills in accounting?

In accounting, the trade bills are the bills that are generated against every transaction. Trade bills are required in the documentation process for all kinds of transactions.

30) What is the scrap value in accounting?

In accounting, the scrap value is the remaining value of an asset. Any asset holds this value after its predictable lifetime.

31) What are the three golden rules of accounting?

There are three golden rules in accounting:

- Debit what comes in, credit what goes away.
- Debit the receiver, credit the giver.

- Debit all expenses and losses, credit all incomes and gains.
-

32) What do you understand by premises in accounting?

In accounting, premises are used to specify fixed assets obtainable on a balance sheet.

33) What is the meaning of offset accounting?

The offset accounting is canceling an accounting entry with an equal but opposite entry. The offset accounting is used to decrease the net amount of another account to create a net balance.

34) What is the meaning of fair value accounting?

In accounting, fair value accounting is a practice that a company uses. It is used to show the value of all of its assets in terms of price on the balance sheet on which that asset can be sold.

35) What is the meaning of the term company's payable cycle?

The term company's payable cycle specifies a time required by the company to pay all its account payables.

36) What is the meaning of the statement "Debit the Receiver, Credit the Giver"?

This statement is one of the three golden rules of accounting. This principle is used in the case of personal accounts. If a person is giving any amount either in cash or by cheque to an organization, it becomes an inflow, and thus that person must be credited in the books of accounts. Therefore, when an organization receives the money or cheque, it needs to credit the person paying and debit the organization.

37) What is ICAI in accounting?

ICAI is an acronym that stands for the Institute of Chartered Accountants in India. The Institute of Chartered Accountants of India is a statutory body established by an Act of Parliament.

38) What do you understand by Executive Accounting?

Executive Accounting is a popular term in finance, advertising and public relations businesses. This term is specifically designed for service-based businesses.

39) What do you understand by bills receivable?

As the name suggests, bills receivable are the proceeds or payments that a merchant or a company has to receive from its customers.

40) What do you understand by Balancing in Accounting?

Balancing means equating or balancing both the debit and credit sides of an account.

41) What is Marginal Cost in Accounting?

When a company increases its production, it increases the number of units produced, and then the total cost of output is changed. That change in the cost of an additional unit of output is called Marginal cost.

42) What do you understand by the term Material Facts in Accounting?

In Accounting, material facts are documents such as vouchers, bills, debit and credit notes, receipts, etc. They serve as the base of every account book.

43) What are the different stages of the Double Entry System?

There are following three different stages of the double-entry system:

- Recording transactions in the accounting systems.
 - Preparing a trial balance in respective ledger accounts.
 - Preparing final documents and closing the books of accounts.
-

44) What are the drawbacks of the Double Entry System?

The Following are some disadvantages or drawback Double Entry System:

- In the Double Entry System, it is very difficult to find the errors, especially when transactions are recorded in the books.
 - If somehow you find an error, extensive clerical labor is required.
 - It is impossible to disclose all the information of a transaction, which is not properly recorded in the journal.
-

45) What do you understand by GAAP?

GAAP is an acronym that stands for Generally Accepted Accounting Principles (GAAP). It is issued by the Institute of Chartered Accountants of India (ICAI) and the Companies Act's provisions, 1956. It is a cluster of accounting standards and common industry usage, and organizations use it for the following reasons:

- To record their financial information properly.
 - To summarize accounting records into financial statements.
 - To disclose information whenever required.
-

46) What are some examples of liability accounts?

Following are some popular examples of liability accounts:

- Accounts Payable
 - Accrued Expenses
 - Bonds Payable
 - Customer Deposits
 - Income Taxes Payable
 - Installment Loans Payable
 - Interest Payable
 - Lawsuits Payable
 - Mortgage Loans Payable
 - Notes Payable
 - Salaries Payable
 - Warranty Liability etc.
-

47) What do you understand by compound journal entry?

The term compound journal entry is used just like other accounting entries. The only difference is that it affects more than two account heads. The compound journal entry has one debit, more than one credit, or more than one of both debits and credits.

48) What is depreciation? What are the different types of depreciation?

Depreciation is used to refer to the decreasing value of an asset that is in use. There are mainly two types of depreciation used in accounting:

- Straight Line Method of depreciation
- Written Down Value Method of depreciation

49) What are some examples of intangible assets?

Following are some examples of intangible assets:

- Patents
- Copyrights
- Trademarks
- Brand names
- Domain names

50) How does the goodwill increase?

We can increase the goodwill by acquiring another company as a subsidiary and paying more than the fair value of its tangible and intangible assets.

51) What do you understand by bad debt expense?

Bad debt expense is an asset account receivable of a company. It is considered to be no collectible accounts expense or doubtful accounts expense.

52) What are the Revenue Recognition and Matching Principles in Accounting?

The Revenue Recognition and Matching Principles can be defined as follow:

Revenue Recognition Principle: The Revenue Recognition Principle is used to specify that the revenue should be recognized and recorded when realized and earned. It doesn't matter the fact when the amount has been paid.

Matching Principle: The Matching Principle is used to specify that the companies have to report an expense on their income statement when the related revenues are earned. It is associated with the buildup basis of accounting.

53) What are some different accounting concepts?

Following are the most popular accounting concepts:

- Accounting Period Concept
- Business Entity Concept
- Cost Concept
- Dual Aspect Concept
- Going Concern Concept
- Matching Concept
- Money Measurement Concept

54) What do you understand by the term owner's equity?

In accounting, the term owner's equity is used for the business owner's claim against the business's assets. It is also called the business's capital and is calculated by subtracting creditors' equity from the total equity.

55) What things are included in the Owner's equity?

The following two things are included in the Owner's equity:

- Capital (Common Stocks)
- Retained earnings (It specifies the balance at the beginning of the year, profits for the current year, less dividend paid, capital contributed during the year, if any).

56) What do you understand by a debit note or a debit memorandum?

A debit note or a debit memorandum is a commercial document sent to a buyer, formally requesting a credit note. The buyer sent the original document to the party to whom the goods are being returned and keep the duplicate copy for the official record.

57) What do you understand by a credit note in accounting?

In accounting, a credit note is a receipt given to a buyer who has returned a product by the seller/shop. The seller or shop sends this to specify that the buyer's account is credited for the returned product.

58) What do you understand by contingent liabilities?

The contingent liabilities are potential obligations that may or may not become an actual liability. As this liability is not sure, it may or may not be incurred by an entity, according to the result of an uncertain future event.

For example, if a company's ex-employee sues it for gender discrimination for any particular sum, the company has a contingent liability. If the company is found guilty, it will have a liability, and if it is not found guilty, the company will not have an actual liability.

59) What do you understand by project implementation in accounting?

In accounting, the project implementation is a phase when the plans and visions come into reality. In this phase, the tasks are carried out to deliver the outputs and monitor the related progress.

60) What are the various steps of project implementation in accounting?

There are six steps used in project implementation. These steps are:

- Need for Identification

- Idea Generation and Screening
 - Conducting a feasibility study
 - Developing the project
 - Implementing the project
 - Controlling the project
-

61) What is the usage of accounting standards?

The accounting standards are used to contribute high quality and accurate reporting and ensure reliable financial statements.

62) What is the Accounting Information System (AIS)?

AIS stands for Accounting Information System. It is a computer-based method for tracking accounting activity and responsible for collecting, storing, processing, organizing, and summarizing accounting data and transactions.

It is also used to cumulate financial transactions and essential financial reports, which helps stakeholders in decision making.

By using AIS, we can store and process financial data that later help in the following tasks:

- It is used to measure financial performance.
 - It can evaluate the company's finances and compare it with the previous period to conclude.
 - It also avoids any miss-handling of data.
 - It can also be used to connect Information Technology with GAAP principles.
-

63) Why did you choose 'accounting' as a career? / Why have you chosen accounting as a profession?

This is a very tricky accounting interview question. You can answer this question as follow:

I have chosen accounting as a profession because I was good at numbers and accounting since my school days. During my 10+2, I decided to adopt this field as a profession and did Bachelor's and then Master's in accounting.

Or

I have chosen accounting as a profession because I want to become a part of an extensive network of professionals and experience the challenging role. This field attracts me since my school days. So, I have chosen this field as my profession. This field provides all kinds of career options as well as I can explore all new opportunities.

64) What is an MIS report? Have you prepared any?

MIS is an acronym that stands for Management Information System. This report is generated to identify the efficiency of any department of a company.

Yes, I have prepared several MIS reports for my previous company.

65) What do you understand by the departmental accounting system?

The departmental accounting system is a type of accounting information system that records all department's financial information and activities. This financial information can be used to check the profitability and efficiency of every department.

66) What do you understand by a perpetual inventory system?

The perpetual inventory system is a methodology that involves recording the sale or purchase of inventory immediately using enterprise asset management software and computerized point-of-sale systems.

67) What happens to the cash collected from the customers but not recorded as revenue?

The cash collected from the customers but not recorded as revenue goes into "**Deferred Revenue**" on the balance sheet as a liability if no revenue has been earned yet.

68) What is the meaning of negative working capital in accounting?

When a company's current liabilities exceed its current assets, it is named negative working capital. It is a common terminology in certain industries like retail and restaurant businesses.

69) What are the major constraints that can hamper relevant and reliable financial statements?

The following are the major constraints that can hamper relevant and reliable financial statements:

- Delay, which leads to irrelevant information.
 - No balance between costs and benefits.
 - No balance between the qualitative characteristics.
 - No clarity in true and fair view presentation.
-

70) What is VAT in accounting?

VAT is an acronym that stands for Value Added Tax. It is a consumption tax applied on a product whenever the value is added at each stage of the supply chain, from production to the point of sale.

71) How many accounting standards are published by ICAI?

There are 33 accounting standards published by ICAI. ICAI publishes these accounting standards to implement the same policies and practices in every country.

72) What do you understand by the term CPA in accounting?

The term CPA is an acronym that stands for Certified Public Accountant. To become a CPA, you must have to do many other qualifications as well. It is a qualification with a 150-hour requirement. It means that one should complete 150 credit hours at an accredited university.

73) What is the main difference between public and private accounting?

The difference between public and private accounting:

- **Public accounting:** Public accounting is a type of accounting done by one company for another company.
 - **Private accounting:** Private accounting is done for your own company.
-

74) What is the dual aspect term in accounting?

The dual aspect concept is used to specify that every transaction has two sides. For example, when you buy something, you give the cash and get the thing. Similarly, when you sell something, you lose the thing and get the money. So this getting and losing are two aspects of every transaction and are known as dual aspects.

75) What is the difference between consignor and consignee in accounting?

The consigner is the owner of the goods. You can say that he is the person who delivers the goods to the consignee. The consignee is the person who receives the goods.

76) Is the knowledge of statistics is necessary for accounting?

The basic knowledge of statistics is necessary for accounting. You must have a good knowledge of statistics to excel in the field of accounting. Without the proper knowledge, it isn't easy to manage your day to day transactions effectively in accounting.