

# Basic Accounting Interview Questions And Answers Guide.



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## Basic Accounting Job Interview Preparation Guide.

### Question # 1

What is Trial Balance? What does an accurate Trial Balance suggest?

#### Answer:-

Trial Balance is a summary of all the balances of various ledger accounts and Cash/Book accounts of an organisation at any given date. For the preparation of Trial Balance the entire Ledger accounts and Cash book/Bank book are required to be balanced to get the closing balance. Assets and Expenses accounts having debit balance are posted on debit side whereas Income and Liability accounts having credit balance are posted on credit side of the Trial Balance.

An accurate Trial Balance is an evidence that all the transactions are recorded and posted in the General Ledger account as per the accounting principles. It also ensures arithmetical accuracy of the process of ledger posting.

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### Question # 2

What are control ledgers? What are the purposes of maintaining it?

#### Answer:-

In a business, sometimes it is not feasible to carry accounts of all the suppliers and customers in the main ledger. In such cases apart from General or main ledger, the control ledgers are maintained. Control ledgers records the individual accounts. In the end of the period, balance shown in the main ledger has to tally with the balance in the individual ledger accounts maintained in the control ledger. Purposes of maintaining control ledgers are:

- Sundry Debtors
- Sundry Creditors
- Advances to Staff

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### Question # 3

What is Opening Entries?

#### Answer:-

-Opening Entries : are the entries which are made at the starting of the financial year.

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### Question # 4

What is Transfer Entries?

#### Answer:-

-Transfer Entries : are the entries which are passed in order to transfer one account to another account.

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### Question # 5

Explain Entries for which there is no special journal?

#### Answer:-

-Entries for which there is no special journal : When the transactions cannot be recorded in the above sub journals then the same are entered in the journal proper.

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### Question # 6

List the type of transactions entered in Journal proper?

#### Answer:-

The Journal proper is used to record following transactions:-

-Opening Entries : are the entries which are made at the starting of the financial year.

-Closing Entries : At the close of the accounting period balances from the various accounts are transferred in order to balance the books of accounts. Thus, this process of transferring balances of the trading and profit and loss account at the end of year is called closing the books and entries passed at that time are called closing entries.



## Basic Accounting Interview Questions And Answers

- Transfer Entries : are the entries which are passed in order to transfer one account to another account.
  - Adjustment Entries : are passed at the end of an accounting period in order to modify the accounts.
  - Rectification Entries : are passed to rectify the error detected the books through an entry in journal proper.
  - Entries for rare transactions : Journal proper is used for rare transactions.
  - Entries for which there is no special journal : When the transactions cannot be recorded in the above sub journals then the same are entered in the journal proper.
- Examples of such transactions are: Distribution of goods as free sample, Goods destroyed by fire, etc

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### Question # 7

What is difference between finance and accounts?

**Answer:-**

Accounts are nothing but a recording of transactions, and finance can be referred to as analyzing, evaluating the recorded transaction

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### Question # 8

What is Rectification Entries?

**Answer:-**

-Rectification Entries : are passed to rectify the error detected the books through an entry in journal proper.

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### Question # 9

What steps would you take to locate the errors in case Trial Balance disagrees?

**Answer:-**

In case Trial Balance disagrees, following steps should be taken to locate the errors:

- Totalling of all the subsidiary books and trial balance should be checked carefully.
- Opening balances of all the accounts are properly brought down in the current year's books of account.
- Ledger accounts have been properly balanced and the balances of ledger accounts have been correctly shown in the trial balance.
- To locate some errors the difference in the trial balance is halved.
- Another way is dividing the difference in the trial balance by 9.
- If the difference gets divisible without leaving any remainder that indicates the transposition of the amounts.
- To locate certain other errors, current year trial balance can be compared with the trial balance of the previous year.

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### Question # 10

What is Journalizing? What are the columns of a journal?

**Answer:-**

Journalizing is the process of recoding business transactions in the Journal in chronological order, as and when the transactions take place. Journal is also known as Book of Original Entry or the Book of Prime Entry.

Journal has following five columns:

- Date
- Particulars
- Ledger Folio
- Amount Debited
- Amount Credited

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### Question # 11

What are the reasons which cause pass book of the bank and your bank book not tally?

**Answer:-**

- \* Cheques deposited into the bank but not yet collected
- \* Cheques issued but not yet presented for payment
- \* Bank charges
- \* Amount collected by bank on standing instructions of the concern.
- \* Amount paid by the bank on standing instructions of the concern.
- \* Interest debited by the bank
- \* Interest credited by the bank
- \* Direct payment by customers into the bank account
- \* Dishonour of cheques
- \* Clerical errors

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### Question # 12

Explain Purchase day book?

**Answer:-**

Purchase Day book (Purchase Register) is the book of original entry in which all the transactions relating to only credit purchase are recorded. Cash purchases do not find place in purchase day book as they are recorded in Cash book. At the end of every month purchase day book is totalled. The total amount show the total goods purchased on credit. The total of purchase book is debited to the purchase account and the accounts of the suppliers of goods are credited with the amount standing against their names. Ruling of purchase day book is different from a journal. There are five columns in a purchase day book: first column records Date, second column records name of the supplier, quantity supplied, Rate at which quantity supplied, description, etc. , third column records Invoice number, fourth column



records Ledger Folio, fifth column records total amount to the supplier.

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### **Question # 13**

Explain Compound Journal Entry?

**Answer:-**

In day to day business, various similar transactions take place on the same day and every account is either debited or credited. Thus instead of passing different entries, a compound entry can be passed, which involves more than one debit or more than one credit or both. This makes the journal less bulky and avoids duplication.

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### **Question # 14**

What is Closing Entries?

**Answer:-**

-Closing Entries : At the close of the accounting period balances from the various accounts are transferred in order to balance the books of accounts. Thus, this process of transferring balances of the trading and profit and loss account at the end of year is called closing the books and entries passed at that time are called closing entries.

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### **Question # 15**

What is Adjustment Entries?

**Answer:-**

- Adjustment Entries : are passed at the end of an accounting period in order to modify the accounts.

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### **Question # 16**

What is Entries for rare transactions?

**Answer:-**

-Entries for rare transactions : Journal proper is used for rare transactions.

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