

Deputy Chief Financial Officer Interview Questions And Answers Guide.



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Deputy Chief Financial Officer Job Interview Preparation Guide.

Question # 1

What is the scope of uniform costing?

Answer:-

Uniform costing method can be advantageously applied:

- * In single organisation having number of branches.
- * In a number of firms in the same industry who are inter connected through trade association.
- * In industries which are similar such as cotton, gas and electricity.

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Question # 2

Explain uniform costing?

Answer:-

Uniform costing is the application of the same accounting and costing principles, methods or procedures uniformly by various undertakings in the same industry. It is a particular technique which applies the usual accounting methods like standard costing, marginal costing, and budgetary control.

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Question # 3

What are the main duties and responsibilities of a finance executive?

Answer:-

Recurring Duties:

- * Deciding the financial needs
- * Raising the funds required
- * Allocation of funds
- * Fixed assets management
- * Working capital management
- * Allocation of Income
- * Control of Funds
- * Evaluation of Performance
- * Corporate Taxation

Other duties:

To prepare annual accounts, carrying out internal audit, safeguarding securities, present financial reports to top management. Etc.

Non recurring Duties:

- * Preparation of financial plan at the time of company promotion
- * Financial adjustments in times of liquidity crisis
- * Valuation of the firm at the time of acquisition and merger etc.

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Question # 4

What is internal structure of a finance department in medium and large businesses?

Answer:-

There is no standard pattern for the organization of finance function. In general, internal structure of finance department can take following form:

- * Board of directors
- * Executive Committee
- Vice President(Production)
- Vice President(Finance)
- > Financial Controller
- * Accounting and Costing
- * Annual Reporting
- * Internal Auditing



- * Budgeting
- * Statistics and Finance
- * Record Keeping
- > Treasurer
- * Receivables management
- * Taxes and Insurance
- * Cost management
- * Securities
- * Banking Relations
- * Real Estates
- * Dividend Distribution
- * Vice President(Marketing)

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Question # 5

What you feel motivates you?

Answer:-

When an interview question about your motivation is asked it's designed to determine whether you have the right motivation to be a good fit for the company and the position offered.

Make sure you make you describe your motivation in manner that's relevant to the job.

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Question # 6

Can you persuade others to see your point of view?

Answer:-

In the finance industry financial professionals often have to persuade influential people to count on their expertise, follow their advice, and use their services. Your interviewer will want to make sure you are able to determine the best approach to achieve what you want by influencing clients.

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Question # 7

Example of a recent win-win situation you successfully negotiated?

Answer:-

Think carefully before you answer, because the object of this question is to explore whether you are capable of communication information and whether you have the ability to communicate in a way that will gain the acceptance and agreement you are seeking.

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Question # 8

How you approach teamwork and what your plan would be to adapt so you could effectively work with the team?

Answer:-

Finance interviewers are looking for team players who can build strong relationships and play an integral role in the team's success. In the financial industry it's imperative that you can successfully work in a team environment, and that you are highly adaptable.

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Question # 9

Explain Cash System of Accounting?

Answer:-

This system records only cash receipts and payments. This system assumes that there are no credit transactions. In this system of accounting, expenses are considered only when they are paid and incomes are considered when they are actually received. This system is used by the organizations which are established for non profit purpose. But this system is considered to be defective in nature as it does not show the actual profits earned and the current state of affairs of the organization.

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Question # 10

What are biggest opportunities and the biggest challenges that financial professionals face in today's market?

Answer:-

Make sure the interviewer knows you understand the current economic times, the financial sectors issues relating to reputation issues, regulatory changes, cost reduction, industry innovations, and credit availability. If you want to increase your likelihood of getting the position, give this question the attention it deserves.

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Question # 11

Explain Mercantile or Accrual System of Accounting?

Answer:-

In this system, expenses and incomes are considered during that period to which they pertain. This system of accounting is considered to be ideal but it may result into unrealized profits which might reflect in the books of the accounts on which the organization have to pay taxes too. All the company forms of organization are legally required to follow Mercantile or Accrual System of Accounting.

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Question # 12

What is Financial Accounting?

Answer:-

Financial Accounting is the process in which business transactions are recorded systematically in the various books of accounts maintained by the organization in order to prepare financial statements. These financial statements are basically of two types: First is Profitability Statement or Profit and Loss Account and second is Balance Sheet.

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Question # 13

Described Cost Accounting?

Answer:-

Cost Accounting is the process of classifying and recording of expenditure incurred during the operations of the organization in a systematic way, in order to ascertain the cost of a cost center with the intention to control the cost.

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Question # 14

What is Management Accounting?

Answer:-

Management Accounting is the process of analysis, interpretation and presentation of accounting information collected with the help of financial accounting and cost accounting, in order to assist management in the process of decision making, creation of policy and day to day operation of an organization. Thus, it is clear from the above that the management accounting is based on financial accounting and cost accounting.

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Question # 15

What is Convention of Conservation?

Answer:-

This accounting convention is generally expressed as to "anticipate all the future losses and expenses, without considering the future incomes and profits unless they are actually realized." This concept emphasizes that profits should never be overstated or anticipated. This convention generally applies to the valuation of current assets as they are valued at cost or market price whichever is lower.

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Question # 16

Explain Convention of Materiality?

Answer:-

This accounting convention proposed that while accounting only those transactions will be considered which have material impact on financial status of the organization and other transactions which have insignificant effect will be ignored. It gives relative importance to an item or event.

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Question # 17

Explain Convention of Consistency?

Answer:-

This accounting convention proposes that the same accounting principles, procedures and policies should be used consistently on a period to period basis for preparing financial statements to facilitate comparison of financial statements on period to period basis. If any changes are made in the accounting procedures or policies, then it should be disclosed explicitly while preparing the financial statements.

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Question # 18

What are accounting concepts?

Answer:-

Accounting concepts are those basis assumptions upon which basic process of accounting is based. Following are the basic accounting concepts:

- 1) Business Entity Concept
- 2) Dual Aspect Concept
- 3) Going Concern Concept
- 4) Accounting Period
- 5) Concept Cost Concept
- 6) Money Measurement Concept
- 7) Matching Concept

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Question # 19

Explain the Business Entity Concept?

Answer:-

According to this concept, the business has a separate legal identity than the person who owns the business. The accounting process is carried out for the business and not for the person who is carrying out the business. This concept is applicable to both, corporate and non corporate organizations.



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Question # 20

Check Dual Aspect Concept?

Answer:-

According to this concept, every transaction has two affects. This basic relationship between assets and liabilities which means that the assets are equal to the liabilities remains the same.

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Question # 21

Explain Going Concern Concept?

Answer:-

According to this concept, the organization is going to be in existence for an indefinite period of time and is not likely to close down the business in the shorter period of time. This affects the valuation of assets and liabilities.

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Question # 22

Accounting Period Concept?

Answer:-

According to this concept, the indefinite period of time is divided into shorter time periods, each one being in the form of Accounting period, in order to facilitate the preparation of financial statements on periodical basis. Selection of accounting period depends on characteristics like business organization, statutory requirements etc.

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Question # 23

Please name one major achievement in your career?

Answer:-

Choose one of your most notable achievements and why you felt it was important.

Keep it relevant to the finance position you are applying for. Discuss the challenges you faced and tell the interviewer how your achievement can help you succeed in your new position.

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Question # 24

Can you do to add value to our organization?

Answer:-

Your answer to this question needs to highlight your knowledge of the company, that you understand the company's goals, achievements, and the challenges it faces.

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Question # 25

Explain Money Measurement Concept?

Answer:-

According to this concept, only those transactions find place in the accounting records, which can be expressed in terms of money. This is the major drawback of financial accounting and financial statements.

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Question # 26

Define Matching Concept?

Answer:-

According to this concept, while calculating the profits during the accounting period in a correct manner, all the expenses and costs incurred during the period, whether paid or not, should be matched with the income generated during the period.

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Question # 27

Explain Balance Sheet?

Answer:-

A position statement as it refers to a particular date. It is also referred to as Statement of Sources and Application of Funds. It informs about the various sources used by the organization which are technically known as liabilities to raise the funds which are referred as assets.

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Question # 28

Described Cost Concept?

Answer:-



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According to this concept, an asset is recorded at the cost at which it is acquired instead of taking current market prices of various assets.

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Question # 29

Define high stress situation you found yourself in and how did you handle it?

Answer:-

The finance industry is always under pressure and the interviewer is looking to see if you are able to perform under pressure, that you can stay calm, and defuse a stressful situation.

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Question # 30

Described Profitability Statement?

Answer:-

Profitability Statement also known as Profit and Loss Account. It is a period statement as it refers to a particular period.

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Question # 31

Described Share Capital?

Answer:-

Share Capital is that portion of a company's equity that has been obtained by issuing share to a shareholder. The amount of share capital increases as new shares are sold to public in exchange for cash.

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Question # 32

Described about Deferred Revenue Expenditure?

Answer:-

Deferred Revenue Expenditure is a revenue expenditure which has been incurred during an accounting year but the benefit of which may be extended to a number of years. And these are charged to profit and loss account. E.g. Development expenditure, Advertisement etc.

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Question # 33

Described Reserves and Surpluses?

Answer:-

Reserves and Surpluses indicate that portion of the earnings, receipt or other surplus of the company appropriated by the management for a general or specific purpose other than provisions for depreciation or for a known liability. Reserves are classified as: Capital Reserve and Capital Redemption Reserve.

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Question # 34

What is Easy Formation?

Answer:-

Proprietary firm is easiest and economic form to create and operate as it can be started by any person without any legal formalities. Also there is no set limit of minimum or maximum number of persons to start the business as it can be started by a single person.

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Question # 35

What is Better Control?

Answer:-

As the owner is the single person so he has full control over his business. His total authority over his business gives him the power to plan, organize, co-ordinate the various activities. The sizes of such firm are generally small which also makes it better to control.

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Question # 36

What is Quick Decision Making?

Answer:-

Being the only owner of the business the sole trader takes all the decisions himself. He evaluates all the opportunities available and finds the solution to problems which makes decision making quick.

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Question # 37

What is Flexibility in Operations?

Answer:-

One man ownership makes it possible to bring flexibility in the operations of the business.



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Question # 38

What is Creation of Employment?

Answer:-

Proprietor firm facilitates self employment and also employment for many others. It promotes entrepreneurial skill among the individuals.

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Question # 39

What is Personal attention to customer needs?

Answer:-

Due to the small geographical area it becomes easy for the sole proprietor deal with all its customers personally and knows their needs. Thus it makes easy for him to pay special attention to consumer needs.

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Question # 40

What is Equal Distribution of Wealth?

Answer:-

Proprietary firm is generally a small scale business. Hence there are many opportunities for individuals to start their own business enabling widespread dispersion of economic wealth.

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Question # 41

What are Recurring Duties?

Answer:-

Deciding the financial needs

- * Raising the funds required
- * Allocation of funds
- Fixed assets management
- Working capital management
- * Allocation of Income
- * Control of Funds
- * Evaluation of Performance
- * Corporate Taxation

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Question # 42

What are Non recurring Duties?

Answer:-

- * Preparation of financial plan at the time of company promotion
- * Financial adjustments in times of liquidity crisis
- * Valuation of the firm at the time of acquisition and merger etc.

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Question # 43

Please explain the difference between share capital & reserves and surpluses?

Answer:-

Share Capital is that portion of a company's equity that has been obtained by issuing share to a shareholder. The amount of share capital increases as new shares are sold to public in exchange for cash.

Reserves and Surpluses indicate that portion of the earnings, receipt or other surplus of the company appropriated by the management for a general or specific purpose other than provisions for depreciation or for a known liability. Reserves are classified as: Capital Reserve and Capital Redemption Reserve.

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Question # 44

What is capital structure? and principles of capital structure management?

Answer:-

Capital structure is a term which is referred to be the mix of sources from which the long term funds are required for business purposes which are raised to improve the capital of the company. To fund an organization plan this capital structure is required which is the combination of debt and equity. The management ensures the capital structure accesses which are needed to fund future growth and enhance financial performance. The principles of capital structure management which are essentially required are as follows:-

- 1) Cost Principle
- 2) Risk Principle
- 3) Control Principle
- 4) Flexibility Principle
- 5) Timing Principle

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Question # 45

what is capitalization and its importance?

Answer:-

Capitalization is a term which has different meanings in both financial and accounting context. Capitalization in accounting means the cost to buy an asset which is included in the price of the asset whereas in financial terms it is the cost which is required to buy an asset which includes price of a particular asset and it also includes the retained earnings of a company with stock debt and long term debt. There are two kinds of capitalization which are called as Over-capitalization and another is called as Under-capitalization. Capitalization is very important aspect in determining the value of the company in the market which is based on the economic structure of the company. This aspect depends on the previous records and economics of the company. This also shows a particular behaviour of the companies' structure and allows them to create a plan to do the marketing.

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Question # 46

Explain Balanced Capitalization?

Answer:-

Capitalization is a collection of share capital, loans, reserves and debentures. It represents permanent investment in companies and it also removes the need of long-term loan plans. It is used to show the reality of the industry by promoting competition, development, profit and investment between individuals, companies and businesses. Balance capitalization is part of this Capitalization only where it is compared to the relative importance, value and other things to make it proportionate in every sense. In balance capitalization debits and credits should be equal on both sides and the share should be shared among all in equal proportions.

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Question # 47

Describe about Capital Expenditure?

Answer:-

Capital Expenditure is an amount incurred for acquiring the long term assets such as land, building, equipments which are continually used for the purpose of earning revenue. These are not meant for sale. These costs are recorded in accounts namely Plant, Property, Equipment. Benefits from such expenditure are spread over several accounting years.

E.g. Interest on capital paid, Expenditure on purchase or installation of an asset, brokerage and commission paid.

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Question # 48

Describe Cash System of Accounting?

Answer:-

Cash System of Accounting: This system records only cash receipts and payments. This system assumes that there are no credit transactions. In this system of accounting, expenses are considered only when they are paid and incomes are considered when they are actually received. This system is used by the organizations which are established for non profit purpose. But this system is considered to be defective in nature as it does not show the actual profits earned and the current state of affairs of the organization.

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