

Inventory Accounting Interview Questions And Answers Guide.



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Inventory Accounting Job Interview Preparation Guide.

Question # 1

Why you want to be an accountant?

Answer:-

Stereotypical answer to this question is that accountancy offers a respected professional qualification which can lead on to a wide range of opportunities in business. This is all true, but it doesn't answer the question of why YOU want to become an accountant - and if you give as general an answer as this, you can expect to be questioned in detail on the nature of the qualification and the opportunities you see it leading to. Much of the income of the larger accountancy firms now comes from consultancy and related services rather than from audit. Even in audit you will spend much of your time visiting clients and asking questions, so good interpersonal skills are important. Your answer to this question should probably make this point.

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Question # 2

What is accounting?

Answer:-

Accounting is a method or system used to keep track of and determine the financial status of a person or company's income/assets and outlay of money/possessions. (An Accountant engages in Accounting: "The occupation of maintaining and auditing records and preparing financial reports for a business")

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Question # 3

Define account in accounting?

Answer:-

An account is the method used to visualize the debit credit accounting procedure. The account can represent any account regardless of expense, revenue, asset, or liability. The debits are placed the left side and the credits on the right.

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Question # 4

Describe fair value accounting?

Answer:-

Fair Value accounting is an accounting term that requires a company to place a value on all of the assets on its balance sheet that, it is the price at which the assets could be sold. This is easy to do when the asset has a quoted market price. However, it is often the case that there is no liquid market for an asset, and thus the company has to make an estimate of fair value. When the marketplace is in turmoil and illiquid, as it has been for much of 2008, companies are sometimes forced to place a very low value on an asset, resulting in a substantial markdown from the prior value. See related links for complete explanations.

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Question # 5

Why financial accounting necessary?

Answer:-

Yes, the accounting calculates the cost of capital to the business. It compares the current, expected, and historic rates of return. Suppose a company is making 12% returns but borrowing money by using the owner's credit card at 22% be good to know that.

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Question # 6

What are the 4 phases of accounting?

Answer:-

- 1) Recording
- 2) Classifying
- 3) Summarizing
- 4) Interpreting



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Question # 7

Described accounting management?

Answer:-

Accounting Management (Business) is the practical application of management techniques to control and report on the financial health of the organization. This involves the analysis, planning, implementation, and control of programs designed to provide financial data reporting for managerial decision-making. This includes the maintenance of bank accounts, developing financial statements, cash flow, and financial performance analysis. Accounting management is a mandatory knowledge module of any MBA program.

Accounting (IT) management: Accounting is often referred to as billing management. The goal is to gather usage statistics for users.

Using the statistics the users can be billed and usage quota can be enforced.

Examples:

- * Disk usage
- * Link utilization
- * CPU time

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Question # 8

Described creative accounting?

Answer:-

"Thinking outside the box" when such practice is not permitted. Creative accounting is actually a good description of the practice, as it tends to create a picture, which is not technically correct from the perspective of the information's intended user.

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Question # 9

Described the functions of accounting?

Answer:-

Accounting involves the creation of financial records of business transactions, flow of finance, the process of creating wealth in an organization, and summarizing the financial position of a business at a given moment in time.

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Question # 10

Which are different branches of accounting?

Answer:-

Financial accounting refers to accounting for revenues, expenses, assets, and liabilities. It involves the basic accounting processes of recording, classifying, and summarizing transactions.

- Cost accounting is the branch of accounting dealing with the recording, classification, allocation, and reporting of current and prospective costs.

- Managerial accounting is the branch of accounting designed to provide information to various management levels in the hospitality operation for enhancing controls.

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Question # 11

Described about the accounting transaction?

Answer:-

A transaction is an execution of a user program and is seen by the DBMS as a series or list of actions. The actions that can be executed by a transaction include the reading and writing of database.

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Question # 12

Which are the different fields of accounting?

Answer:-

There is one field of accounting, but there are many different jobs within the field such as auditor, bookkeeper, payroll accountant, cost accountant, tax accountants, etc. Accountants wear many hats and often do different tasks for different clients.

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Question # 13

Described accounting loss?

Answer:-

It is when revenues are less than expenses.

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Question # 14

Described accounting period?

Answer:-



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This concept defines the unit of time for which accounting data are collected. It is hard to calculate and measure the profit if the business is trading for long periods. Therefore, accountants estimate profitability in the short segments of time that we call Accounting periods.

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Question # 15

Define Control in Accounting?

Answer:-

A control is some type of device or procedure that attempts to limit the possibility of a transaction to be manipulated.

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Question # 16

Described partnership accounting?

Answer:-

A business can be a corporation, a partnership, or a sole proprietorship. A corporation is incorporated at the state level. A sole proprietorship is one person in business. A partnership is two or more persons with an agreement on who has which assets and liabilities and income. Partnership accounting is doing the books for the partnership. For IRS purposes, a partnership return must be filed each year.

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Question # 17

Described the definition of accounting?

Answer:-

The theory and system of setting up, maintaining, and auditing the books of a firm; art of analyzing the financial position and operating results of a business house from a study of its sales, purchases, overhead, etc.

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Question # 18

Described the importance of accounting standards?

Answer:-

Financial statements are prepared to summarize all business activities by an enterprise during an accounting period in monetary terms & report financial outcomes in terms of performance, status of assets, liabilities, & flow of cash. These business activities vary from one enterprise to other on one hand and size & volume of business on the other hand. To compare the financial statements of various reporting enterprises poses some difficulties because of the divergence in the methods and principles adopted by these enterprises in preparing their financial statements. In order to make these methods and principles uniform, comparable, transparent, establish accountability, and bring true & fair view of Financial Statement - Accounting Standards are evolved.

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Question # 19

What are different Branches of accounting?

Answer:-

For information, accounting field could be divided into a few branches, which is as follows:

- i) Management Accounting
- ii) Financial Accounting
- iii) Taxation,
- iv) Auditing

Management Accounting is consider a future prediction on the business cost which will be useful for the management (internal users) to make their decision, projection, planning and control their business activity.

The example of the M.A reporting consists of Sales Budget Report, Projection P & L for the year, Monthly Performance Review Report, etc.

The format is not standardized from one business to another and it will be more depending to the need and requirement of the company.

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Question # 20

Who is considered the father of accounting?

Answer:-

Generally, Luca Pacioli is considered the father of accounting. For more information about him and double entry system he developed.

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Question # 21

Explain the difference between accounting and auditing?

Answer:-

Accounting records the events. Auditing is a process that checks to see whether the events occurred and it is properly recorded.

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Question # 22

Who created SnapIt accounting?

Answer:-



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SnapIt accounting was developed in South Africa by Joe Schoemann Systems.

System Analysis: Joe Schoemann

Programming: Danny Schoemann

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Question # 23

Explain the difference between Accounting and Marketing?

Answer:-

Accounting has to do with the company finances. Marketing has to do with company public relations, advertising, and product placement. The difference is accounting only deals with financial figures where marketing works on creating those figures.

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Question # 24

Define peach tree accounting?

Answer:-

Peachtree Accounting is the name of a computerized accounting software program.

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Question # 25

Described accounting rules called?

Answer:-

There are 3 types of golden rules in accounting:

- 1)personal accounting
- 2)real accounting
- 3)Nominal accounting

1.personal accounting refers to individuals or organisation or comprises the rule of personal accounting debit the reciever credit the giver

2.real accountinf refers to tangible and intangible assets the rukle of real accounting debit what comes in credit what goes out.

3.Nominal accounting refers to all expenditure and income the rule of nominal accounting debit all expenses/losses credit income/gains

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Question # 26

Described interlocking accounting system?

Answer:-

The interlocking accounting is a system where the cost and financial accounts are maintained independently of each other, and in the cost account, no attempt is made a separate record of the financial account transaction.

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Question # 27

List the basic assumptions in accounting?

Answer:-

- * Economic Entity Assumption
- * Going Concern Assumption
- * Monetary Unit
- * Periodicity Assumption

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Question # 28

Described source documents in accounting?

Answer:-

Source documents are those documents in which all kinds of business transactions are recorded. These include invoice, sales order, purchase order, debit note, credit note, goods received note; goods dispatched note, quotation, statement, remittance advice, and receipt.

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Question # 29

Explain about mutual fund sub accounting?

Answer:-

Mutual fund sub accounting is a way to "clear" (the process of buying and selling) the mutual fund transactions. An intermediary record keeps all of the individual shareholder account information, such as the individual balances and individual transactions and dividends in each fund. The account balances roll up to match an omnibus account balance that is record kept by the transfer agent of the fund. When individual investors buy or sell a particular fund those transactions the intermediary combines those transactions and a minimum number of larger trades are placed with the fund in the omnibus account.

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Question # 30

Described accrual accounting?



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Answer:-

Accrual Accounting refers to the recording of financial transactions once an economic event has happened and it is not based on the movement of cash. For example, in Accrual Accounting if you have office rent of \$1000 per month, you would record the expense of \$1000 each month, regardless if you have actually paid the rent or received an invoice from the property owner. Most individuals live our daily lives in the cash basis of accounting. We get our paychecks we have revenue, when we pay our car note we have expense.

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Question # 31

How many accounting standards are currently published?

Answer:-

There are total of 9 accounting standards.

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Question # 32

Describe the nine accounting cycles?

Answer:-

1. Collecting and Analyzing Data from the occurred transaction.
2. Journalize Transaction.
3. The general journal entries are posted to the General Ledger, which is organized by account.
4. Prepare an unadjusted trial balance. At the end of the period, double-entry accounting requires that debits and credits recorded in the general ledger be equal.
5. Prepare adjustments. Period-end adjustments are required to bring accounts to their proper balances after considering transactions and/or events not yet recorded.
6. Prepare an adjusted trial balance: As with an unadjusted trial balance, this step tests the equality of debits and credits.
7. Prepare financial statements: Financial statements are prepared using the corrected balances from the adjusted trial balance.
8. Close the accounts: Revenues and expenses are accumulated and reported by period, a monthly, either quarterly, or yearly
9. Prepare a post-closing trial balance: fold: to determine that all revenue and expense accounts have been closed properly and to test the equality of debit and credit balances of all the balance sheet accounts.

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Question # 33

What is the basic accounting equation?

Answer:-

Assets = Liabilities + Owners Equity

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Question # 34

Which are the elements of the accounting equation?

Answer:-

The elements of accounting are Assets, Liabilities, and Owner Equities. The way to remember this would be through the acronym ALOE. The accounting equation is Assets = Liabilities + Owners' Equities

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Question # 35

Which are the limitations of accounting ratios?

Answer:-

Ratios place significant emphasis on short-term results. Ratios such as EPS and the ROCE are subject to accounting conventions that might deter businesses pursuing policies that are in their long-term interest.

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Question # 36

What is push down accounting?

Answer:-

A method of accounting wherein the financial report of the subsidiary reflects the parents cost incurred in acquiring the sub.

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Question # 37

Which qualification do you need to become an accounting professional?

Answer:-

As an accounting professional in the state of Maryland, the requirements are 150 credit hours in order to sit for the CPA examination. The exam is given in 4 parts and all 4 parts can be taken separately. Once you have passed all 4 for parts of the exam, you will be qualified as a Certified Public Accountant. Although the CPA exam is required for all states, the credit qualification may differ for your state. The department of labor and licensing for your particular state will have more information on the items needed in order to sit for the CPA exam. As an accounting professional in the state of Maryland, the requirements are 150 credit hours in order to sit for the CPA examination. The exam is given in 4 parts and all 4 parts can be taken separately. Once you have passed all 4 for parts of the exam, you will be qualified as a Certified Public Accountant. Although the CPA exam is required for all states, the credit qualification may differ for your state. The department of labor and licensing for your particular state will have more information on the items needed in order to sit for the CPA exam.



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Question # 38

List the disadvantages of manual accounting?

Answer:-

- 1) Manual records are very difficult to be maintained safe
- 2) Manual records are subject to greater human error
- 3) Business can see itself in fines and penalties if records are lost
- 4) Manual records are easier to be falsified, modified, altered, or vanished, as compared to computerized records, which become very safe when using passwords, firewalls, and back-ups.

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Question # 39

Tell me how is an accounting department structured?

Answer:-

Accounting Departments are usually structured along functional lines: Accounts Payable, Accounts Receivable, Payroll, General Ledger, Sales Transactions, Inventory, etc. A small company may have one person performing more than one (sometimes all) of the functions. In this case, there needs to be financial controls to reduce the probability of theft or embezzlement. In a large company, there could be many people working in one functional area; and in that case, that function might be broken down to smaller components.

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Question # 40

Describe Executive Accounting?

Answer:-

Executive Accounting is designed for service type businesses that require a sophisticated accounting system, yet simple to use accounting system. Executive Accounting contains many advanced features such as three styles of invoicing (service, distribution and recurrent), multi-currency capabilities, multiple bank account capabilities and other powerful features. Executive is a single-user system that can be upgraded to an unlimited number of users.

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