

Mergers & Acquisitions Interview Questions And Answers Guide.



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Mergers & Acquisitions Job Interview Preparation Guide.

Question # 1

What are Mergers & Acquisitions?

Answer:-

Mergers and acquisitions (M&A) are both aspects of strategic management, corporate finance and management dealing with the buying, selling, dividing and combining of different companies and similar entities that can help an enterprise grow rapidly in its sector or location of origin, or a new field or new location, without creating a subsidiary, other child entity or using a joint venture.

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Question # 2

Describe 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 # 3

Can you please explain the difference between accounting and bookkeeping?

Answer:-

Bookkeepers perform a critical function for the firms and organizations they serve. Regularly challenged to maintain precise and accurate records, bookkeepers produce the vital reports that keep management up to date on the financial condition of their company.

Bookkeepers are responsible for maintaining the "business checkbook", much like a personal checkbook. They record routine money transactions like customer payments into a "cash receipts journal" and checks to vendors into a "cash disbursement journal." They also process payroll. At month end they transfer or "post", the "journal" totals to the "general ledger" in preparation for financial statements prepared by the accountant.

Accountants are responsible for the design and management of the financial systems that bookkeepers use. They prepare monthly financial statements and tax returns at year-end. Accountants may also prepare budgets for management and loan

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Question # 4

Define 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 # 5

Describe Purchase returns Accounting?

Answer:-

"Purchase returns" is the entry made in the journal that refers to "Unsatisfactory or defective merchandise/goods which is returned back to the supplier".

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Question # 6

Can you please 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



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- 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 # 7

List 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 $\text{Assets} = \text{Liabilities} + \text{Owners' Equities}$

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Question # 8

Which ways is math Addition used in accounting?

Answer:-

Summing accounts for inclusion in financial statements (i.e. many different cash accounts are summed to equal "cash" in balance sheet), adding items in inventory to determine accurate counts, adding all outstanding checks (written but not cashed) to reconcile a bank statement, etc.

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Question # 9

Which ways is math Multiplication used in accounting?

Answer:-

Tax rates by gross pay to calculate and remit correct taxes, extrapolating period results (i.e. 6 months sales x 2) to estimate annualized results, calculating present value of cash flows using given factors, calculate sales tax on sales, etc.

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Question # 10

Describe 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 # 11

Which qualification 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.

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Question # 12

Describe cost accounting and its applications?

Answer:-

Cost Accounting is a method by which an accountant can determine the cost of production of a "widget". This is used in accurate reporting of Cost of Goods Sold and consequently the Gross Income of a company. A Cost Accountant will follow the "widget" throughout the production process tracking any costs associated and breaking them down to a unit level. It gets more complicated than that but this is a good generic answer.

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Question # 13

Describe public accounting?

Answer:-

Public Accounting is best known for providing audits, CPAs who work in public accounting review company financial records for accuracy and accountability.

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Question # 14

Describe 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 # 15

Which ways is math Subtraction used in accounting?

Answer:-

Determine net income and various margins by subtracting expenses from revenues, calculating variances between actual and budgets.

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Question # 16

Which ways is math Division used in accounting?

Answer:-

Calculate various ratios such as asset turnover, operating margins, etc.

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Question # 17

Described basic accounting equation?

Answer:-

Assets = Liabilities + Owners Equity

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Question # 18

Why the accounting equation have to balance?

Answer:-

Due to its design, it was intended as check that your records were correct - think of it as a barometer of sorts. If you look at your general ledger or trial balance and the assets do not equal the liabilities plus equity (the debits don't equal the credits), then you know you have a problem that must be resolved prior to having numbers that should be relied upon for any purpose whatsoever.

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Question # 19

Why accounting firms needed?

Answer:-

Accounting firms come in handy for many reasons. Some of the smaller ones: Businesses will use them to calculate payroll and the accounting firm will calculate the amount of taxes taken out.

Company income tax returns, accounting firms will usually represent their work if the company is audited by the IRS. Accounting firms also give advice to companies on how to spend their money to save tax dollars and advice on tax shelters.

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Question # 20

Described Tally Accounting?

Answer:-

Tally is a financial accounting software package designed by Tally Solutions mainly for small businesses and shops. They claim on their website that Tally is used by over 2 million users, in over 90 countries. Tally 9.0 is the latest version to date.

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Question # 21

What you mean by material facts in accounting?

Answer:-

Material facts are documents pertaining to the historical events of the facts being justified.

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Question # 22

Described Accounting and it's importance in business?

Answer:-

Because a business is all about money and management of money can only be done through accounting and not otherwise.

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Question # 23

What is manual accounting?

Answer:-



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It is recording accounting transaction without the use of computer.

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Question # 24

Described offset accounting?

Answer:-

The one reduces the gross amount of another account to derive a net balance. Accumulated depreciation, which is a contra account to fixed assets to obtain book value, is an example of an offset account.

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Question # 25

Can you please explain the difference between Accounting for VC money in financials?

Answer:-

It depends on the form in which the money comes in. If it was invested as equity (either Common or Preferred Stock), it shows up on the balance sheet as Paid in Capital. If it came in as debt (such as bridge loan, secured note, etc.) it shows up as debt that must be repaid by the company.

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Question # 26

Can you contrast between bookkeeping and accounting?

Answer:-

Bookkeeping is the maintenance of the company's financial records. Accounting is the presentation and interpretation of those records to be used by management for decision making, improvement, and planning.

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Question # 27

Described cash float in accounting?

Answer:-

Cash float is the time between when you authorize a bank to disperse funds from your bank account and when it actually leaves your account.

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Question # 28

Define the important of computerized accounting to manual?

Answer:-

Computerized accounting is quicker and easier than manual accounting and less subject to unintentional error.

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Question # 29

Described social responsibility accounting?

Answer:-

It is a new phase to development of accounting and its birth to increase the social awareness. In addition, it is the social effects of business decisions in addition to the economic effects.

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Question # 30

Described disadvantages of back-flush accounting?

Answer:-

One of the main disadvantages of the system is that it only works under some quite strict requirements. If these are not met, the system will become unbalanced and may be quite unusable, or a nightmare to maintain.

Standard costs must be reliably estimated and variances kept to a minimum. The premise of the system is that a sale triggers the manufacturing process, therefore buildup of work in progress or finished goods needs to be avoided. Another drawback is that detailed information for management purposes may not be available where needed, and the production control therefore needs to be all the stronger. The cost accounts used in back-flush accounting may be more difficult to reconcile to financial accounts needed for reporting.

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Question # 31

Described the concept of responsibility accounting?

Answer:-

They are Collection, summarization, and reporting of financial information about various decision centers (responsibility centers) throughout an organization; called activity accounting or profitability accounting. It traces costs, revenues, or profits to the individual managers who are primarily responsible for making decisions about the costs, revenues, or profits in question and taking action about them. Responsibility accounting is appropriate where top management has delegated authority to make decisions. The idea behind responsibility accounting is that each manager's performance should be judged by how well he or she manages those items under his or her control.

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Question # 32

Describe the relationship between bookkeeping and accounting?

Answer:-

Trust, reliability, and confidentiality head the list of qualities that employers look for when selecting and promoting Certified Bookkeepers. Strong organization and communication skills are also important. Not only are bookkeepers challenged to record routine money transactions, to reconcile accounts and to locate misguided transactions, they also must be able to paint a picture--both verbally and on paper--of all the activities within their assigned area of responsibility.

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Question # 33

List the Accounting entries for branch accounts?

Answer:-

- * DR investments in branch
- * Cr cash
- * Cash sent to branch

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Question # 34

Define register when referring to accounting or bookkeeping?

Answer:-

Register was the name of the Company that mfg. the first Green line spread sheets. Paper sheet ledgers were originally used to maintain credit records etc.

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Question # 35

Tell me in accounting, are assets a permanent account?

Answer:-

Assets, Liabilities, and Stockholder's Equity are all permanent accounts.

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Question # 36

Describe accounting training outside of public practice?

Answer:-

Training outside Public Practice is an alternate route to become a chartered accountant. However, you cannot perform statutory audits; instead, you specialize in financial management.

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Question # 37

Which steps would you take before approving an invoice for payment?

Answer:-

Following steps should be taken.

- 1) Validate the invoice once it matched for checking any holds.
- 2) If workflow is implemented, then initiate approval for the invoice. Once the invoice is approved/Approval not required (status in case WF is not implemented) you can go for payments.
- 3) Create accounting after approval of invoice. Finally, for payments you need to format and build.

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Question # 38

Explain the difference between Consigner and Consignee?

Answer:-

Consigner is the person who is the owner of the goods and who deliver the goods to the consignee. Consignee is the person who receives the goods and he just possesses the goods and not the owner.

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Question # 39

Describe FBT (Fringe Benefit Tax)?

Answer:-

The tax payable on a non-salary benefit provided to an employee or an associate of the employee. The employer is liable to pay any FBT and may choose to recover the FBT amount from the employee.

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Question # 40

Describe premises in accounting sense?

Answer:-

Premises is and Fixed Asset in the accounting sense which is shown in the balance sheet in final accounts. VAT adjustment is output tax - input tax. The VAT which is



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paid on purchase will be deducted from vat collected from sales this adjustment is known as vat adjustment.

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Question # 41

Described provision and the Entry for Provision?

Answer:-

Provision means liabilities it means payable account A it's an very useful for controlling payable accounts like telephone charges, ESIC accounts, EPF accounts, A EPF payable accounts Dr to EPF accounts ESIC payable accounts Dr to ESIC account.

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Question # 42

Which are the advantages of Computer accounting over Paper accounting?

Answer:-

There are many advantages from computer accounting over manual accounting. You can get automatically the creditors data, debtors' data, sale proceeds, balance sheet, and many more information in the desired manner.

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Question # 43

Described about marginal cost?

Answer:-

The marginal cost of an additional unit of output is the cost of the additional inputs needed to produce that output. More formally, the marginal cost is the derivative of total production costs with respect to the level of output. Marginal cost and average cost can differ greatly. For example, suppose it costs \$1000 to produce 100 units and \$1020 to produce 101 units. The average cost per unit is \$10, but the marginal cost of the 101st unit is \$20. The Econ Model applications Perfect Competition and Monopoly emphasize the roles of average cost and marginal cost curves. The short movie Derive a Supply Curve (40 seconds) shows an excerpt from the Perfect Competition presentation that derives a supply curve from profit maximizing behavior and a marginal cost curve.

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Question # 44

Described the consistency concept in accounting?

Answer:-

Consistency is a concept used when applying accounting methods to a business, the business must continue to use that particular method. For an example if a company is charging depreciation using the straight-line method, they must stick with the straight-line method.

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Question # 45

Described about accounting contribute to the community?

Answer:-

Accounting helps communities in many ways. Accountants help the communities manage their money and they take care of their taxes yearly. They also manage their money, help set a budget for them and teach them to manage their money wisely.

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Question # 46

Described the meaning of invoice?

Answer:-

Invoice is a statement which contains the under mentioned details compulsorily:

1. Invoice Number
2. Invoice date
3. Name and address of the person
4. Name and address of the person to whom invoice is made (Buyer of goods and service)
5. Description of goods / services involved
6. Applicable rates and taxes with percentages
7. Rate of the goods / services
8. Quantity of the goods and services
9. Quality or any other specifications
10. Price / Value of the goods and services
11. Invoice must be signed by the person making it
12. Terms and conditions of making the payment

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Question # 47

Described finalization accounts?

Answer:-

First, of all post all the journals in the ledger and then post in the trial balance and from that prepare trading account and manufacturing account (if necessary) and profit and loss account. And then prepare profit and loss adjustment account and with the help of the trial balance prepare balance sheet and also show the profit under reserves after deducting the previous year losses and show contingencies (if any) in the notes to accounts.

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