

ACCOUNTANT INTERVIEW

Questions & Answers



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1. What is Accounting?

Accounting is the process of recording, classifying, and summarizing financial transactions to provide useful financial information

2. What is the role of Accounting in Business?

Accounting helps in tracking financial performance, making decisions, ensuring compliance, and providing insights to stakeholders.

3. Explain the basic Accounting Equation.

Assets = Liabilities + Equity. It shows the relationship between a company's resources, debts, and owners' equity.

4. What are the different types of Accounting?

- **Financial Accounting:** Preparing financial statements.
- **Management Accounting:** Internal decision-making support.
- **Cost Accounting:** Tracking costs of goods/services.
- **Tax Accounting:** Ensuring tax compliance.
- **Forensic Accounting:** Investigating financial fraud.
- **Auditing:** Reviewing financial records for accuracy.

1. Define the term 'Assets'.

Assets are resources owned by a business that provide future economic benefits

2. What are liabilities?

Liabilities are obligations or debts a business owes to others.

3. Explain the concept of Equity in Accounting.

Equity represents the owners' claim on a company's assets, calculated as **Assets - Liabilities**.

4. What is Double-Entry Bookkeeping?

A system where every transaction affects at least two accounts (debits and credits) to keep the accounting equation balanced.

5. What is the difference between financial and management accounting?

- Financial Accounting: Focuses on external financial reporting.
- Management Accounting: Focuses on internal decision-making and performance analysis.

Journal Entries



1. What are journal entries in Accounting?

Journal entries record financial transactions showing how each affects at least two accounts (debits and credits).

3. What is a Contra Entry?

A contra entry is a transaction where both debit and credit are recorded in the same account, often used for transactions involving cash and bank accounts (e.g., transferring money from cash to bank).

3. How do you record depreciation in journal entries?

Debit: Depreciation Expense

Credit: Accumulated Depreciation

4. What is the journal entry for cash sales?

Debit: Cash Account

Credit: Sales Account

5. What is the journal entry for capital investment by an owner?

Debit: Cash/Bank Account

Credit: Owner's Equity (Capital Account)

Goods and Services Tax (GST)



1. What is GST and how is it recorded in journal entries?

GST is a value-added tax on the supply of goods and services:

- **Purchases:** Dr. Purchases, Dr. Input GST
- **Sales:** Cr. Sales, Cr. Output GST

2. Journal entry for GST under Reverse Charge Mechanism (RCM)?

- **Debit:** Expense Account
- **Credit:** Output GST Payable
- **Credit:** Supplier's Account

3. What is the journal entry for GST on exports?

- **Debit:** Accounts Receivable
- **Credit:** Sales Account (Zero-rated, ITC available)

4. How do you record Input Tax Credit (ITC)?

- **Debit:** Input GST Account
- **Credit:** Accounts Payable or Cash/Bank Account

5. What is the impact of GST on advance payments?

- **On receiving advance:** Dr. Cash/Bank, Cr. Advance from Customer
- **On delivery:** Dr. Advance, Cr. Sales, Cr. Output GST

1. What is the difference between provisions and reserves?

- **Provision:** Set aside for probable future liability.
- **Reserve:** Set aside from profits to strengthen financial position.

2. How is a provision for bad debts recorded?

- **Debit:** Bad Debts Expense
- **Credit:** Provision for Bad Debts

3. What is the journal entry for provision for tax?

- **Debit:** Provision for Tax Account
- **Credit:** Tax Expense Account

4. How do provisions affect the balance sheet?

- **Shown as liabilities, reducing net worth.**

5. What is the difference between a general and a specific reserve?

- **General Reserve:** For any purpose.
- **Specific Reserve:** For a defined purpose (e.g., capital redemption reserve).

1. What are final accounts in accounting?

Statements prepared at period-end to summarize performance — includes Profit & Loss Account and Balance Sheet.

2. What is the income statement?

Shows revenues, expenses, and profit/loss over a specific period.

3. What is the difference between trial balance and balance sheet?

- **Trial Balance:** Checks debit-credit equality.
- **Balance Sheet:** Shows assets, liabilities, and equity.

4. What are key components of final accounts?

- **Profit & Loss Account, Balance Sheet, and Cash Flow Statement.**

5. How is depreciation treated in final accounts?

- **Expense in P&L; deducted from asset cost in Balance Sheet.**

1. What is GST and why is it important?

- A single indirect tax replacing multiple taxes, promoting transparency and ease of compliance.

2. Difference between CGST, SGST, and IGST?

- **CGST: Central tax (intra-state)**
- **SGST: State tax (intra-state)**
- **IGST: Central tax (inter-state)**

3. What are GST return forms?

- GSTR-1 (sales), GSTR-3B (summary), GSTR-9 (annual), GSTR-2A (purchase data).

4. What is Input Tax Credit (ITC)?

- Credit for GST paid on purchases against GST collected on sales.

5. What are penalties for non-compliance?

- Late fees, 18% interest, and penalties up to 100% of tax evaded.

1. What is TDS?

Tax Deducted at Source — tax deducted by payer and remitted to government on behalf of payee.

2. What is TDS under Section 192?

TDS on salary based on income tax slabs and employee declarations.

3. What is TDS under Section 194C?

On payments to contractors — 1% for individuals/HUF, 2% for firms/companies.

4. What is TDS under Section 194J?

On professional fees — 10% (professionals) or 2% (technical services).

5. What is a TDS certificate?

Form 16 (salary) / Form 16A (non-salary) — proof of TDS deduction and deposit.



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