

Accounts Questions

Question 1. 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").

Question 2. Who Uses Accounting?

Answer:

Taxpayers like to use accounting.

Question 3. What Are Accounting Principles?

Answer:

The Accounting Principles are the assertion rules of accounting and the application of these rules, method, & procedures to the actual practice of accounting. These Accounting principles have been divided into

- A. accounting concepts
- B. accounting conventions.

Question 4. What Are Accounting Entities?

Answer:

Accounting entities are for example a business do not get these mixed up with legal entities.

Question 5. What Are The 4 Phases Accounting?

Answer:

1. Recording
2. Classifying
3. Summarizing
4. Interpreting.

Question 6. What 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.

Question 7. What Are The 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.

Question 8. What Is 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.

Question 9. What Are 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.

Question 10. What Is 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.

Question 11. What Is A Ledger In Regards To Accounting?

Answer:

It is a complete set of accounts for a business entity.

Question 12. What Is 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.

Question 13. What Is Use Of Statistics In Accounting?

Answer:

Well, in many accounting situations, there is too much data to go through all this. For example, if we are looking about Ford motor corp., and looking at some specific data, there may be too

much to analyze, so we take a sample. Then we need to know how big a sample to take so we can say with 95% confidence that our results are representative of all the data.

Statistics tell us what sample size we need.

Question 14. Why Are Accounting Standards Necessary?

Answer:

Accounting standards are necessary to promote high-quality financial reporting. The fundamental role of accounting is to communicate economic information about businesses and other organization to various stakeholders including government, investors, shareholders, suppliers, lenders, customers, and the public. These stakeholders use such information to make decisions and to assess the stewardship of people appointed to manage such organizations. If this information were not of a high-quality standard, then the stakeholders would be unable to take effective decisions that will benefit them. For example, if a financial report were manipulated to show higher profits, investors would hold on to their shares with the belief that the company is doing well.

Accounting standards came to be developed from the mid-sixties onwards to promote the integrity of the accounting profession by way of ensuring uniformity in the way accountants report transactions in their books and in their preparation of the final accounts of businesses. This is largely aimed at boosting the confidence of stakeholders, particularly shareholders and potential investors in the accounting profession.

Good and useful information should have the essential characteristics of understandability, comparability, relevance, and reliability in order to play its role effectively.

Accounting standards serve to promote the understandability, comparability, relevance, and reliability of financial reports.

Question 15. What Is Accounting Normalization?

Answer:

It is removing items from the income statement or balance sheet that do not normally occur during the course of business to better estimate the value of a company.