

Nonprofit Accounting Interview Questions And Answers Guide.



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Nonprofit Accounting Job Interview Preparation Guide.

Question # 1

How 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 # 2

What is 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 # 3

Define 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 # 4

Explain the difference between bookkeeping and accounting?

Answer:-

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 proposals for bankers; and perform cost analysis for the company's products or services.

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Question # 5

What is 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 # 6

Explain the difference between public and private accounting?

Answer:-

Public accounting includes any accounting work that a company performs for another company. Examples would be audits, tax compliance, consulting, etc. The "Big 4" (KPMG, Deloitte & Touché, Price Waterhouse Coopers, and Ernst & Young) are the dominant firms that provide public accounting services.

Private accounting is accounting work that is done for your own company. Every company has some form of an internal accounting department and those employees



would be considered private accountants.

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Question # 7

What is the importance 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 # 8

What is 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 # 9

What is 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 # 10

What is Tell me 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 # 11

Described 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 # 12

Described the 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 # 13

Define the word credit mean in terms of accounting?

Answer:-

The word "credit" is part of the equation of double entry bookkeeping.

In order for bookkeeping entries to balance, there must always be a debit (left side, abbreviated by "dr") and credit (right side, abbreviated by "cr") entry that equal one another.

For example, to record an Office Supply Store purchase (on account ~ a payable), the entry would be:

Office Supplies Exp \$500.00(dr)

Accounts Payable \$500.00(cr)

If an entry does not balance the totals for debits and credits, your books will be out of balance.

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Question # 14

Are assets a permanent account?

Answer:-

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

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Question # 15

What is 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 # 16

When trial balance is taken?

Answer:-

At least once a month.

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Question # 17

What is book value?

Answer:-

Carrying amount (original value of the asset minus accumulated depreciation)

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Question # 18

Describe the Accounting entries for branch accounts?

Answer:-

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

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Question # 19

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 # 20

Can you describe 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 # 21

Which procedure for excess payment to supplier I would like to know without adjusting invoice that means how supplier will send back excess amount how do in oracle apps?

Answer:-

Excess payment to supplier is treated as Advance paid to supplier. This will show as debit balance in supplier account. Supplier can send the payment by way of check/ demand draft without adjusting in his subsequent bills.

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Question # 22

Can you please 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 # 23

What is FBT?

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 # 24

Suppose if assume we paid 50/- as an advance for worth or 100/- goods, but our supplier sent only up to 25/- worth of goods. Know my question is that we want to close the transaction now and how it possible? What about VAT like Tax Setups in AP and AR? What about the SWEEP command in AP?

Answer:-

First, there should not be assumptions in transactions. If you received 25 of worth in exchange of 50 advances, you can close it for a temp. The transaction entry would be...Supplier A/c Debit 25Received Goods A/c Debit 25Cash paid A/c Credit 50.

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Question # 25

Define 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 \$20The 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 # 26

Define 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 # 27

List 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 # 28

Prepared the 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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Question # 29

Described Departmental Accounting?

Answer:-

Departmental accounting means account prepared separately for the department and here ledgers will be opened trial balance will be prepared, also p&l account will be prepared, and profit or loss is included in the main p&l account and shown in the balance sheet.

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Question # 30

What is Service Tax & Excise?

Answer:-

Service Tax is a form of indirect tax imposed on specified services called Taxable services. Presently it covers 58 services. The service provider but A collected shall pay a service tax from the service receiver. Excise is also a form of indirect tax levied on A goods produced or manufactured in India.



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Question # 31

Explain Capital Budget?

Answer:-

Capital Budgeting is a way to justify capital expenditures. It was done to see if the added benefit of a capital purchase, i.e. increased revenue or decreased expense, exceeds the cost of capital.

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Question # 32

Explain vendor?

Answer:-

Vendor means the one who sells.

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Question # 33

Explain purchasing order?

Answer:-

Purchasing order means order given to purchase anything.

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Question # 34

Describe debit and credit note?

Answer:-

Debit and credit note: while making entry in your books of accounts you need the documentary voucher. Therefore, the voucher made stating what entry and why it is made is called debit/credit note.

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Question # 35

Define SLA?

Answer:-

SLA - Service Level Agreement Period.

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Question # 36

Explain dual aspect concept?

Answer:-

Dual aspect concept: Each transaction has two sides. Example: when you buy a shirt, then shirt comes to you while cash leaves you similarly if you sell the same shirt to anyone then cash comes to you while shirt leaves you. Recording both aspects of coming and going is called dual aspect concept.

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Question # 37

Can you please explain the difference between Accounts and Finance?

Answer:-

Account is the detailed record of a particular asset, liability, owners' equity, revenue, or expense. Financial Accounting is the area of accounting concerned with reporting financial information to interested external parties.

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Question # 38

Explain depreciation?

Answer:-

Depreciation and its types: Depreciation means reducing/lowering value of an asset because of its use. Like machines/vehicles gets rusty/slow because of consistent use.

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Question # 39

Define cash flow and fund flow?

Answer:-

Cash flow and funds flow: cash flow means direct entry of cash in your business and exit of the same funds flow means entry of funds (cash funds or non cash funds) and their exit non cash funds may mean rise in current assets or fall in current liabilities which was not due to any cash movement.

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Question # 40

Explain capital gain?

Answer:-

Capital gain: when any capital asset is sold and it is sold at a higher price than its book value then that extra gain is called capital gain. The word profit generally means revenue profits. While capital gain is generally received infrequently.

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Question # 41

Explain bills receivable?

Answer:-

Bills Receivable, in merchant accounts, are all promissory notes, bills of exchange, bonds, and other evidences or securities which a merchant or trader holds, and which are payable to him.

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Question # 42

Explain deferred account?

Answer:-

A best example of a deferred account is advertisement expense account. This account are those where an investment or expense is don't with an expectation of making a intangible profit which cannot be measured or directly linked to expense.

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Question # 43

Explain MIS reports and do you prepare it?

Answer:-

MIS is management information system. In addition, MIS report is reporting information of reports like efficiency of wing or a department of a company. IF we take BPO (Call center) sector as example, MIS consists of efficiency of agents, Average time taken hold time etc, and passing this to the management level for their analysis.

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Question # 44

Explain your role in planning?

Answer:-

It is a common question in interview, based on CV Planning is a group work, so we find what work we done on the planning process. Every work is group work so we find what work we done in every part of Accounting.

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Question # 45

How to do credit control?

Answer:-

1. Make the creditor, your debtor
2. For good creditor, give discounts & offers
3. For bad creditor, inform your position of willingness but inability to sustain relationship keeping in mind our business position.

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Question # 46

Explain bank reconciliation statement?

Answer:-

A Bank reconciliation statements are prepared if balance of bank account as shown in cashbook differs from balance as shown in passbook. This statement shows the reasons or transactions because of which balances as shown in cashbook and passbook are not tallying with each other.

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Question # 47

Described extraordinary items?

Answer:-

Transactions that happened due to catastrophic events i.e. unusual circumstance example: earthquake, flood, tsunami etc are called extraordinary items.

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Question # 48

Described fictitious assets?

Answer:-

These are like intangible assets, which cannot be seen or touched. Actually, these are not assets but some expenditure, which cannot turn to profit and loss account of a particular period that is why these items are shown on assets side of balance sheet to be written off to P&L account in reasonable years.



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Question # 49

Describe the functions of manager -accounts and manager-finance? Explain in detail?

Answer:-

When we see their difference from broad organizational review, the function of accounts manager are- The approval of the accounting system utilization and calculated amounts in supportable documents, for example in journal vouchers and the approval of the accounting method. Also, change of the accounting procedures of the company.

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Question # 50

Define premises in accounting sense?

Answer:-

Premises is and Fixed Assed in the accounting sense which is shown in the balance sheet in final accounts. Vat adjustment is out put tax - input tax the vat which is paid on purchase will be deducted from vat collected from sales this adjustment is known as vat adjustment.

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Question # 51

Can you define premises in accounting sense?

Answer:-

Premises is and Fixed Assed in the accounting sense which is shown in the balance sheet in final accounts. Vat adjustment is out put tax - input tax the vat which is paid on purchase will be deducted from vat collected from sales this adjustment is known as vat adjustment.

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Question # 52

Explain shadow balance?

Answer:-

Shadow Balance in bank accounts is the balance unto which the subsequent debits can be posted.

Shadow Balance = Book Balance - Debit (yet to be authorized for posting).

Example: Book balance is 1000. There is a debit of 500. The debit is posted in the system and is sent for authorization. Now the Account shows a Shadow Balance of 500.

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Question # 53

Explain meant by balancing?

Answer:-

Balancing means equalizing debit and credit side totals in a T-account.

If there is a deficit on side that is, debit, or credit a suspense account is opened with the balancing figure.

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Question # 54

Explain turnover?

Answer:-

The turnover refers to the sales volume for a specific period like quarterly, semi annually or annually. It can be measured with sales volume figure or no. of days taken.

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Question # 55

Explain operative accounts?

Answer:-

Operative Accounts means Account is running/operating regularly, transaction is running from the account (debit/credit and deposit/withdrawal from account) this is known as Operative Account.

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Question # 56

Explain calendar maintenance?

Answer:-

Calendar maintenance means update the sales, purchase and accounts records. Simply meaning is maintaining the records monthly, quarterly, half-yearly, and yearly.

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Question # 57

What is retail banking?



Answer:-

Retail banking refers to the banking done with the retail client (e.g. the normal people) rather than business or organizational customers.

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Question # 58

Explain customer account?

Answer:-

Debtors account and bills receivable account are theoretically same. Both are called as receivables. When we sold goods to debtors account is debited. If we receive a bill from that debtor, we open bills receivable account by closing that debtor account. Thus, bills receivable account is nothing but debtor account. If the bill is dishonored on the due date, we again debit the debtor account in our books. For information and accounting purpose, we use both debtor account and bills receivable account.

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Question # 59

Explain the difference between inactive accounts and dormant account?

Answer:-

Dormant accounts are those accounts in which there are transactions in the recent history (the stipulation may vary according to the company's rules). Inactive accounts are those accounts in which transactions are being made for long time.

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Question # 60

What is daily accrual and booking?

Answer:-

Meaning of Accrual: Revenues and costs are accrued (gathered), that is recognized as they are earned or incurred (and not as money is received or paid) and recorded in the financial statements of the periods to which they relate. Accrual basis of accounting is one of the fundamental accounting assumptions underlying the preparation and presentation of financial statements.

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Question # 61

List the steps involved in Project implementation?

Answer:-

Step involved in project implementation:

- * Identification of the need
- * Idea generation and screening of ideas
- * Feasibility Study
- * Project Development
- * Implementation
- * Controlling

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