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Example Questions

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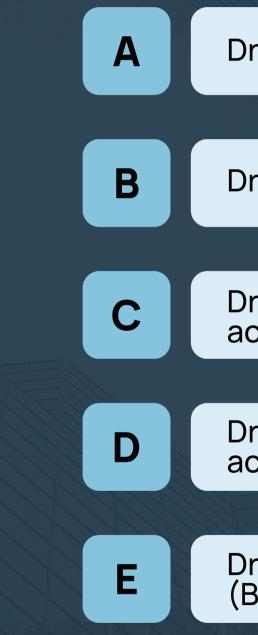




Example Question

Your company expects to pay management bonuses at the end of the year.

What would be the monthly journal to spread this cost over the year?



1

Dr Payables (B/S), Cr Bonus expense (P&L)

Dr Bonus expense (P&L), Cr Payables (B/S)

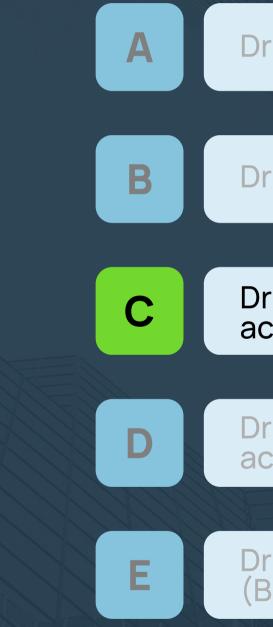
Dr Bonus expense (P&L), Cr Bonus accrual (B/S)

Dr Accounts payable (B/S), Cr Bonus accrual (B/S)

Dr Bonus expense (P&L), Cr Bank (Cash) (B/S)

Dr Bonus expense (P&L), Cr Bonus accrual (B/S)

The cost has been committed to we want to expense this in the P&L. However as the payment hasn't been made and no invoice has been received an accrual is required



1

Dr Payables (B/S), Cr Bonus expense (P&L)

Dr Bonus expense (P&L), Cr Payables (B/S)

Dr Bonus expense (P&L), Cr Bonus accrual (B/S)

Dr Accounts payable (B/S), Cr Bonus accrual (B/S)

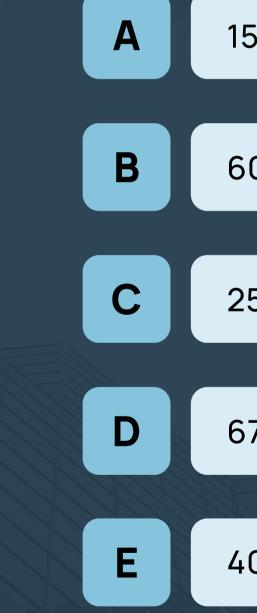
Dr Bonus expense (P&L), Cr Bank (Cash) (B/S)

Example Question

2

2

You sell goods for \$200 which cost you \$80. What is the mark up percentage on cost?

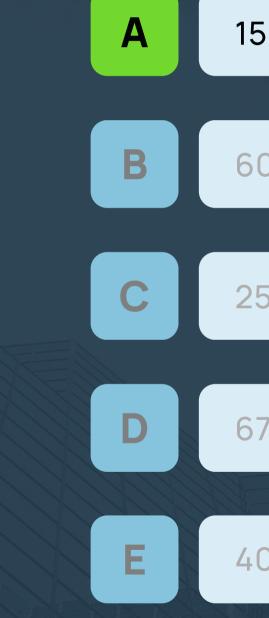


50%	
	254
0%	
50%	
7%	
0%	

2

150%

Mark up on cost is \$120. Mark up percentage is 120/80 = 150%



50%		
	NO YO	284
0%		
50%		
7%		
.0%		

Example Question

3

3

What transaction is happening from this journal entry?

br>Dr Interest expense / Cr Accrued expenses



Payment of interest on a bank loan

Accrue for interest payable on a note payable

Receipt of interest on a bank deposit

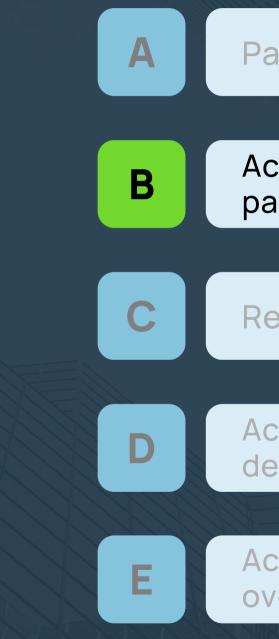
Accrue for interest receivable on a bank deposit

Accrue for interest receivable on overdue receivable balances

3

Accrue for interest payable on a note payable

The Dr is to interest expense which is in the P&L, the Cr is to the liability of accrued costs which is in the B/S. Therefore interest costs are being accrued.



Payment of interest on a bank loan

Accrue for interest payable on a note payable

Receipt of interest on a bank deposit

Accrue for interest receivable on a bank deposit

Accrue for interest receivable on overdue receivable balances

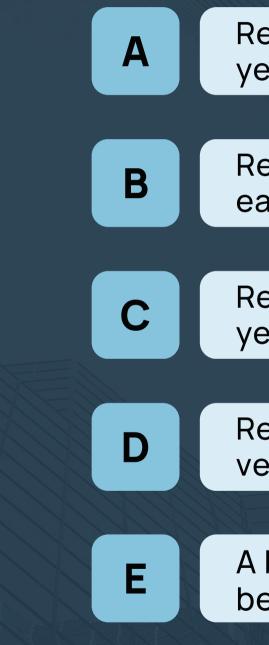
Example Question

4

You are preparing a budget for a vehicle rental business for the next financial year.

You are told the vehicle damage repair costs are "variable costs".

How would you budget them?



Repair costs should be based on last years costs with an inflation increment

Repair costs should be a fixed amount each month

Repair costs should be based on last years costs

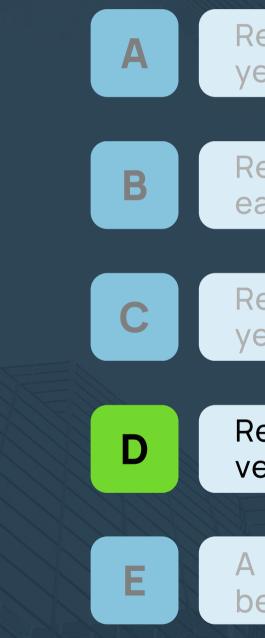
Repair costs should be in proportion to vehicle rental revenue

A budget is not required as costs will be recovered from vehicle renters

4

Repair costs should be in proportion to vehicle rental revenue

The term "variable costs" means that costs are always proportionate to applicable revenue.



Repair costs should be based on last years costs with an inflation increment

Repair costs should be a fixed amount each month

Repair costs should be based on last years costs

Repair costs should be in proportion to vehicle rental revenue

A budget is not required as costs will be recovered from vehicle renters

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