



accountests

CPA FIRM ACCOUNTANT

Example Questions

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CPA Firm Accountant Test

Example Question

1

Example Question

1

In which order would you find these acronyms for profitability in a set of management reports presented to directors (first to last)

A

EBITDA / EBIT / NPBT / NPAT

B

EBIT / EBITDA / NPBT / NPAT

C

NPAT / NPBT / EBIT / EBITDA

D

NPBT / EBITDA / EBIT / NPAT

E

EBIT / EBITDA / NPAT / NPBT

Answer

1

EBITDA / EBIT / NPBT / NPAT

EBITDA is the closest to operating cash flow, with later acronyms reducing this by including depreciation, amortization, interest and tax.

A

EBITDA / EBIT / NPBT / NPAT

B

EBIT / EBITDA / NPBT / NPAT

C

NPAT / NPBT / EBIT / EBITDA

D

NPBT / EBITDA / EBIT / NPAT

E

EBIT / EBITDA / NPAT / NPBT

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Example Question

2

Example Question

2

You are reviewing Operating Activities section from your Statement of Cash Flows and notice an item that shouldn't be there.

Which one is it?

A

Revenue from sale of goods

B

Royalty receipts

C

Corporation tax payments

D

Term loans received

E

Insurance premiums paid

Term loans received

US GAAP requires loans to be included as Financing activities in the Statement of Cash Flows

A

Revenue from sale of goods

B

Royalty receipts

C

Corporation tax payments

D

Term loans received

E

Insurance premiums paid

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Example Question

3

Example Question

3

A couple obtained a \$1.25m mortgage in 2019.

Their mortgage interest for 2023 was \$75,000.

What would their allowed mortgage interest expense on Schedule A be on their 2023 personal return?

A \$45,000

B \$75,000

C \$37,500

D \$52,500

E \$60,000

Answer

3

\$45,000

\$45,000 ($\$750\text{k}/\$1.25\text{m} = 0.6$)

Then $0.6 * \$75,000 = \$45,000$)

A

\$45,000

B

\$75,000

C

\$37,500

D

\$52,500

E

\$60,000

CPA Firm Accountant Test

Example Question

4

Example Question

4

You have completed a cashflow forecast for your clients fast expanding business, which shows a shortfall in available cash.

Which of these options will NOT assist your client in improving the situation?

A

Receivables factoring

B

Improving receivable collection policies

C

Entering in to a "fixed for floating" interest swap

D

Obtain extended credit terms from suppliers

E

Move to a Just In Time inventory procurement policy

Entering in to a "fixed for floating" interest swap

Changes to cashflow from a swap will depend on the arrangement and current interest rates. The effect may be positive or negative in a particular period.

A

Receivables factoring

B

Improving receivable collection policies

C

Entering in to a "fixed for floating" interest swap

D

Obtain extended credit terms from suppliers

E

Move to a Just In Time inventory procurement policy

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