



accountests



GRADUATE / INTERN

Example Questions

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Example Question

1

Example Question

1

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?

A

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

B

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

C

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

D

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

E

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

Answer

1

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

A

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

B

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

C

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

D

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

E

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

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Example Question

2

Example Question

2

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

A

150%

B

60%

C

250%

D

67%

E

40%

Answer

2

150%

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

A

150%

B

60%

C

250%

D

67%

E

40%

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Example Question

3

Example Question

3

What transaction is happening from this journal entry?

Dr Interest expense / Cr Accrued expenses

A

Payment of interest on a bank loan

B

Accrue for interest payable on a note payable

C

Receipt of interest on a bank deposit

D

Accrue for interest receivable on a bank deposit

E

Accrue for interest receivable on overdue receivable balances

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.

A

Payment of interest on a bank loan

B

Accrue for interest payable on a note payable

C

Receipt of interest on a bank deposit

D

Accrue for interest receivable on a bank deposit

E

Accrue for interest receivable on overdue receivable balances

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Example Question

4

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?

A

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

B

Repair costs should be a fixed amount each month

C

Repair costs should be based on last years costs

D

Repair costs should be in proportion to vehicle rental revenue

E

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

Repair costs should be in proportion to vehicle rental revenue

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

A

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

B

Repair costs should be a fixed amount each month

C

Repair costs should be based on last years costs

D

Repair costs should be in proportion to vehicle rental revenue

E

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

Thanks for your interest in the
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