AAT LEVEL 2 INTRODUCTION TO BOOKKEEPING PRACTICE TEST (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

• Practice answering questions under realistic conditions,

• Improve accuracy and speed,

• Review explanations to strengthen weak areas, and

• Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

1. What term is defined by the CLIC mnemonic?

A. Creditors

B. Liability

C. Income

D. Capital

2. Which of the following should be checked regarding the date on a cheque?

A. That the cheque is signed

B. That the payee name on the cheque is correct

C. That the amount in words matches the figures

D. That the cheque is still in date

3. How do you replenish petty cash under an imprest system?

A. Debit petty cash; Credit cash.

B. Increase the imprest amount by the total receipts.

C. Close the petty cash account.

D. Reimburse the fund to fixed imprest amount by recording the total of the receipts and restoring the float.

4. What is the normal balance for the Sales (Sales Revenue) account?

A. Credit.

B. Debit.

C. Zero.

D. Debit or Credit depending on period.

5. If the credit amount is higher, what would be brought down at the start of a new accounting period?

A. The Credit amount would be brought down at the start of a new accounting period

B. The Debit amount would be brought down at the start of the new period

C. The Balance would be zero

D. The Difference would be carried forward

6. Where is the total value of trade payables recorded in the general ledger?

A. Payables ledger control account
B. Subsidiary payables ledger
C. Cash book
D. Purchases ledger

7. Which entries correctly record a purchase of inventory on credit including VAT of 20%?

A. Debits Purchases; Credits VAT Input and Trade Creditors.
B. Debits Purchases and VAT Input; Credits Trade Creditors.
C. Debits VAT Input; Credits Purchases and Trade Creditors.
D. Debits Purchases; Credits Trade Creditors.

8. Which item is a fixed asset?

A. Delivery van
B. Stock
C. Cash at bank
D. Accounts receivable

9. What should a business ensure and check for when a payment is being made by cheque?

A. That the cheque is signed
B. That the payee name on the cheque is correct
C. That the amount in words is the same as the amount in figures
D. That the cheque is still in date

10. How would you record a cash sale with no VAT?

A. Dr Sales; Cr Cash/Bank.
B. Dr VAT; Cr Revenue.
C. Dr Cash/Bank; Cr Sales.
D. Dr Inventory; Cr Cash/Bank.

Answers

1. A
2. D
3. D
4. A
5. A
6. A
7. B
8. A
9. A
10. C

Explanations

1. What term is defined by the CLIC mnemonic?

A. Creditors

B. Liability

C. Income

D. Capital

CLIC helps you remember four kinds of accounts related to what a business owes and earns: Creditors, Liabilities, Income, and Capital. Creditors are the specific liabilities representing amounts owed to suppliers. They sit on the balance sheet as liabilities, and in bookkeeping you increase them when you buy on credit and decrease them when you pay what you owe. This makes Creditors the term defined by the mnemonic in this context, since it's the concrete creditor item included in the CLIC group. The other terms—Liabilities (the broader category), Income (revenue), and Capital (owner's equity)—are related concepts but are not the particular item represented by the mnemonic's listing in this question.

2. Which of the following should be checked regarding the date on a cheque?

A. That the cheque is signed

B. That the payee name on the cheque is correct

C. That the amount in words matches the figures

D. That the cheque is still in date

Cheque dates matter because they define how long the bank will honour the instruction to pay. In most jurisdictions, a cheque is valid for about six months from the date written on it. After that period, it's considered stale, and many banks won't cash it unless a fresh cheque is issued. So, checking the date ensures the cheque is still in date and likely to be paid. The other checks—whether the cheque is signed, the payee name is correct, or the amount in words matches the figures—are important for authorization and accuracy, but they don't determine whether the cheque remains payable at present.

3. How do you replenish petty cash under an imprest system?

A. Debit petty cash; Credit cash.

B. Increase the imprest amount by the total receipts.

C. Close the petty cash account.

D. Reimburse the fund to fixed imprest amount by recording the total of the receipts and restoring the float.

In an imprest petty cash system you keep a fixed float and replenish it so that the fund returns to that exact amount after small expenditures are made. When petty cash is used, you add up the receipts and then replenish by two actions: first, record the total of the receipts as expenses against the appropriate accounts, and second, restore the petty cash to its fixed level by transferring funds from the main cash/bank. Practically, you post the expenses (debits to the relevant expense accounts) and credit petty cash for the total, then you bring the float back up to the original imprest amount by debiting petty cash and crediting bank for that same total. This keeps the petty cash fund constant and ensures every small cost is properly accounted for.

4. What is the normal balance for the Sales (Sales Revenue) account?

A. Credit.

B. Debit.

C. Zero.

D. Debit or Credit depending on period.

Sales Revenue is a revenue account. Revenue increases the owners' equity of the business, and in double-entry bookkeeping, increases to revenue are recorded on the credit side. That means the normal balance of the Sales Revenue account is a credit. When a sale occurs, you typically credit Sales Revenue (for example, crediting Sales Revenue when you record cash or accounts receivable). The account balance sits on the credit side because that's how revenue grows the equity in the business. At period end, revenue is closed to the profit and loss (or to retained earnings in some systems), but during the period its normal balance remains credit.

5. If the credit amount is higher, what would be brought down at the start of a new accounting period?

A. The Credit amount would be brought down at the start of a new accounting period

B. The Debit amount would be brought down at the start of the new period

C. The Balance would be zero

D. The Difference would be carried forward

At the start of a new period, you carry forward the actual balance from the previous period. If the credit side is higher, the account has a credit balance, so the opening balance you bring down for the new period is on the credit side. In other words, you would bring down the credit amount as the opening balance. This makes sense because the balance shows that credits exceeded debits, so the outstanding amount remains a credit in the new period. If the debit side had been higher, you would bring down a debit opening balance instead. If both sides were equal, the balance would be zero, and there wouldn't be a balance to bring down. The idea of carrying forward "the difference" separately isn't how opening balances are shown—the balance itself is carried forward.

6. Where is the total value of trade payables recorded in the general ledger?

A. Payables ledger control account

B. Subsidiary payables ledger

C. Cash book

D. Purchases ledger

In a double-entry system, the total value of trade payables is shown in the general ledger as the Payables Ledger Control Account. The subsidiary payables ledger holds the individual supplier balances; the combined total of those balances is posted to this control account in the general ledger. This arrangement allows the business to see both the overall amount owed (in the control account) and the detailed supplier balances (in the subsidiary ledger), and to reconcile that the control account equals the sum of the individual supplier balances. The cash book records cash transactions, not payables, and the purchases ledger is simply another term for the supplier subsidiary ledger, not where the overall total is kept in the general ledger.

7. Which entries correctly record a purchase of inventory on credit including VAT of 20%?

A. Debits Purchases; Credits VAT Input and Trade Creditors.

B. Debits Purchases and VAT Input; Credits Trade Creditors.

C. Debits VAT Input; Credits Purchases and Trade Creditors.

D. Debits Purchases; Credits Trade Creditors.

When inventory is bought on credit and VAT is charged, you record the net cost of the stock in the Purchases account (a debit), the VAT amount in the VAT Input account (a debit), and the total amount owed to the supplier in Trade Creditors (a credit). This mirrors the happening that you've acquired stock (recorded as Purchases), you've paid VAT that you can reclaim (recorded as VAT Input), and you now owe the supplier the gross amount (net plus VAT). Since the VAT rate is 20%, the VAT Input will be 20% of the net purchases, and the Trade Creditors total will be the net cost plus that VAT. This is the best fit because it correctly separates the purchase cost from the recoverable VAT and shows the liability to the supplier. If you omitted the VAT Input, you'd fail to record reclaimable VAT; if you omitted the Purchases, you wouldn't reflect the stock cost; if you didn't credit the Trade Creditors, you wouldn't show the liability to pay the supplier.

8. Which item is a fixed asset?

A. Delivery van

B. Stock

C. Cash at bank

D. Accounts receivable

Fixed assets are long-term tangible resources a business uses in its operations and expects to keep for more than one year. They're not bought to be sold in the ordinary course and are typically depreciated over their useful life. The delivery van fits this idea: it's a vehicle used to move goods or provide services, intended to be used for several years, so it's classified as a fixed asset and recorded at cost minus depreciation. The other items are current assets: stock is inventory held for sale, cash at bank is cash available now, and accounts receivable are amounts due from customers; these are expected to be converted to cash or used up within a short period and are not fixed assets.

9. What should a business ensure and check for when a payment is being made by cheque?

A. That the cheque is signed

B. That the payee name on the cheque is correct

C. That the amount in words is the same as the amount in figures

D. That the cheque is still in date

When paying by cheque, the most important requirement is authorisation by the drawer through a signature. The cheque is essentially an instruction to the bank to transfer funds, and the signature is what shows the account holder has approved that instruction. Without a signature, there's no valid authorization, so the bank will not pay the cheque. Other checks—such as making sure the payee name is correct, that the amount written in words matches the figures, and that the cheque is within its valid date—are all good practices to prevent errors and fraud. But none of these can authorize payment if the cheque isn't signed in the first place.

10. How would you record a cash sale with no VAT?

A. Dr Sales; Cr Cash/Bank.

B. Dr VAT; Cr Revenue.

C. Dr Cash/Bank; Cr Sales.

D. Dr Inventory; Cr Cash/Bank.

In a cash sale, you receive money and earn revenue at the same time. Since there's no VAT to account for, you don't touch any VAT accounts. The money coming in should be recorded as a debit to Cash/Bank, and the income from the sale should be recorded as a credit to Sales. This reflects the increase in assets (cash) and the increase in income (sales). If the sale had VAT, you would also record VAT Output and adjust the revenue accordingly, and you might later record a separate entry for the cost of goods sold. The other options would either debit revenue (which would reduce income), involve VAT unnecessarily, or relate to inventory/purchases rather than the sale itself.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

https://aatlvl2introtobookkeeping.examzify.com

We wish you the very best on your exam journey. You've got this!