

ACCOUNTING INFORMATION SYSTEMS (QNO1 / PQNO) PRACTICE EXAM (SAMPLE) STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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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

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- 1. Data coding involves creating simple numeric or alphabetic codes to represent complex economic phenomena that facilitate efficient data processing. Which problem does data coding solve?**
 - A. Items sold can be properly identified and entered onto source documents.
 - B. An entry takes a great deal of recording space, is time-consuming to record, and is prone to many types of errors.
 - C. Postings to ledger accounts require minimal searching through the subsidiary files using small descriptions as the key.
 - D. Locating and picking goods for shipment is efficient, and shipping errors are unlikely.
- 2. Which item is not typically required to calculate payroll?**
 - A. Hours worked
 - B. Pay rate
 - C. Vendor invoice
 - D. Withholding information
- 3. In the revenue cycle, which items are typical source documents and what control objective do they support?**
 - A. Data backup and disaster recovery
 - B. Completeness, accuracy, and revenue realization
 - C. Access control enforcement
 - D. System development lifecycle management
- 4. Which component is used to record daily transactions in an information system?**
 - A. Transaction processing system (TPS)
 - B. Financial reporting system (FRS)
 - C. Management reporting system (MRS)
 - D. General ledger system (GLS)
- 5. What is the purpose of a trial balance in AIS?**
 - A. To verify that total debits equal total credits.
 - B. To calculate tax obligations.
 - C. To adjust inventory levels.
 - D. To forecast future expenditures.

- 6. Which feature characterizes a detailed and rich audit trail for a general ledger?**
- A. Providing the ability to refer inquiries
 - B. Providing a means for detecting errors
 - C. Providing a way to completely destroy files
 - D. Providing data to the public
- 7. In the PDC model, which type of control is considered the most efficient?**
- A. Detective
 - B. Preventive
 - C. Corrective
 - D. Monitoring
- 8. Which processing approach is typically used for periodic payroll processing?**
- A. Online real-time.
 - B. Manual entry.
 - C. Batch processing.
 - D. Real-time streaming.
- 9. What is the primary purpose of internal controls within an organization?**
- A. They compromise the integrity of an organization.
 - B. They conclude that employees that steal from a job can go undetected.
 - C. They are designed for accounting departments only.
 - D. They protect an organization from risk, and therefore, physical controls and IT controls are used.
- 10. Explain the difference between batch and real-time reporting in AIS.**
- A. Batch reporting aggregates data over a period.
 - B. Real-time reporting updates continuously as transactions occur.
 - C. Batch reporting aggregates data over a period; real-time reporting updates continuously as transactions occur.
 - D. Real-time reporting updates exactly when a transaction occurs.

Answers

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

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Explanations

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1. Data coding involves creating simple numeric or alphabetic codes to represent complex economic phenomena that facilitate efficient data processing. Which problem does data coding solve?

- A. Items sold can be properly identified and entered onto source documents.
- B. An entry takes a great deal of recording space, is time-consuming to record, and is prone to many types of errors.**
- C. Postings to ledger accounts require minimal searching through the subsidiary files using small descriptions as the key.
- D. Locating and picking goods for shipment is efficient, and shipping errors are unlikely.

Data coding speeds data processing by turning lengthy, descriptive information into compact, standardized codes. When you record transactions with long product names or other verbose details, the entries take more space on source documents and in files, and there's a higher chance of mistakes during data entry. Using codes reduces the amount of data that must be written and stored, makes entry faster, and lowers the likelihood of errors because the codes are consistent and easier for the system to validate and match. This directly addresses the described problem: recording can be space-consuming, time-intensive, and prone to errors without codes. Other options describe outcomes or processes that aren't the primary issue data coding fixes in this context.

2. Which item is not typically required to calculate payroll?

- A. Hours worked
- B. Pay rate
- C. Vendor invoice**
- D. Withholding information

Payroll calculation relies on employee-specific data that determines compensation for a pay period. You use hours worked and the pay rate to establish gross pay, including any overtime rules if applicable. Withholding information—tax rates, retirement contributions, benefits—then adjusts that gross amount to produce net pay. A vendor invoice, in contrast, records a purchase from an external supplier and feeds into accounts payable; it doesn't affect how much an employee is owed for payroll. It's about paying vendors, not employees, so it isn't typically required to calculate payroll.

3. In the revenue cycle, which items are typical source documents and what control objective do they support?

- A. Data backup and disaster recovery
- B. Completeness, accuracy, and revenue realization**
- C. Access control enforcement
- D. System development lifecycle management

Source documents in the revenue cycle are the original records that capture and authorize revenue transactions, such as sales orders, packing/shipping notices, customer invoices, remittance advices, and deposit slips. They provide the evidence and trigger for recording revenue, helping ensure that amounts, customers, and terms are captured correctly and that what is billed aligns with what was shipped and paid. Because these documents link the business event to the accounting entries, they support the control objectives of completeness, accuracy, and revenue realization—making sure every sale is recorded, the data are correct, and revenue is recognized in the proper period. The other options refer to IT governance or security areas (data backup/disaster recovery, access control, and system development lifecycle management) rather than the purpose of source documents in capturing revenue.

4. Which component is used to record daily transactions in an information system?

- A. Transaction processing system (TPS)**
- B. Financial reporting system (FRS)
- C. Management reporting system (MRS)
- D. General ledger system (GLS)

Recording daily business activity as it happens is the role of a transaction processing system. It is built to capture, validate, and process the detailed data from everyday transactions—like sales, purchases, cash receipts, and payroll—in a timely and accurate way. This system keeps an audit trail and updates operational records (such as inventory or accounts receivable) so that the information is ready to feed into other parts of the data system, including the general ledger and various reports. Financial reporting systems, by contrast, are used to produce structured statements and reports from data already captured, while management reporting systems provide internal analyses for decision-making. A general ledger system stores summarized, posting-level data used to prepare financial statements, but it doesn't capture daily transactions at the source—the job of the transaction processing system.

5. What is the purpose of a trial balance in AIS?

- A. To verify that total debits equal total credits.**
- B. To calculate tax obligations.
- C. To adjust inventory levels.
- D. To forecast future expenditures.

In essence, the trial balance checks that the accounting system's double-entry records balance: the total of all debit balances equals the total of all credit balances for all general ledger accounts at a given point in time. This helps catch arithmetic and posting mistakes, such as added incorrectly, skipped postings, or misposted entries, because the double-entry system requires every transaction to affect at least one debit and one credit equally. It isn't used to calculate taxes, adjust inventory levels, or forecast future expenditures; those tasks come after you've confirmed the balances and then apply the necessary adjustments. The trial balance also serves as a starting point for preparing financial statements and for recording adjusting entries, but remember that a balanced trial balance doesn't guarantee there are no other kinds of errors—omissions or misclassifications can still exist and require further investigation.

6. Which feature characterizes a detailed and rich audit trail for a general ledger?

- A. Providing the ability to refer inquiries
- B. Providing a means for detecting errors**
- C. Providing a way to completely destroy files
- D. Providing data to the public

A rich audit trail in the general ledger is all about traceability—recording who did what, when, and how a transaction changed the data. With detailed timestamps, user IDs, before-and-after values, and the sequence of steps, you can follow an entry from source document through posting and adjustments, making it possible to spot where an error or discrepancy occurred. This capability directly supports detecting errors, which is why it's the best choice. The other options aren't about identifying issues in the ledger. Referring inquiries can help users investigate, but it doesn't define how the trail itself supports accuracy. Destroying files would eliminate the very records needed to examine activity, and making data public isn't related to the audit trail's purpose and raises confidentiality concerns.

7. In the PDC model, which type of control is considered the most efficient?

- A. Detective
- B. Preventive**
- C. Corrective
- D. Monitoring

Preventive controls are the most efficient approach because they stop errors or fraud before they can occur. By putting in place constraints, approvals, validations, and proper separation of duties, you reduce the probability of problems happening in the first place. This means you avoid both the loss from the error and the costs associated with detecting and correcting it later. Detective controls catch issues after they've happened, leading to remediation efforts and potential loss, while corrective controls focus on fixing problems after detection and getting systems back to normal. Monitoring helps ensure controls stay effective, but it doesn't prevent the issue by itself. So, preventing the issue upfront minimizes risk at a lower overall cost, making preventive controls the most efficient choice.

8. Which processing approach is typically used for periodic payroll processing?

- A. Online real-time.
- B. Manual entry.
- C. Batch processing.**
- D. Real-time streaming.

The main idea is that periodic payroll is most efficiently handled by gathering all time data, deductions, and benefits for the pay period and processing them in one run. This is batch processing. By collecting all payroll-related transactions over a defined period and then processing them together, you can apply pay rules consistently, calculate taxes and withholdings, update employee records, generate pay slips, and produce the necessary postings to the general ledger in a single, controlled cycle. Batch processing also reduces system load and simplifies validation and reconciliation, which is ideal for a routine, scheduled activity like biweekly or monthly payroll. Online real-time processing would try to compute payroll as each piece of data arrives, which adds complexity and isn't needed for a periodic, scheduled run. Manual entry is impractical for large numbers of employees due to speed and error risks. Real-time streaming focuses on continuous data flows for ongoing analytics, not the traditional periodic payroll cycle.

9. What is the primary purpose of internal controls within an organization?

- A. They compromise the integrity of an organization.
- B. They conclude that employees that steal from a job can go undetected.
- C. They are designed for accounting departments only.
- D. They protect an organization from risk, and therefore, physical controls and IT controls are used.**

Internal controls are put in place to reduce risk across the organization by safeguarding assets, ensuring reliable financial information, and promoting compliance with laws and policies. The primary purpose is to protect the organization from risk through a mix of physical controls (such as securing access to cash, inventory, and facilities) and IT controls (like user authentication, appropriate access rights, audit logs, data backups, and change management). These controls help prevent errors and fraud, detect problems when they occur, and provide a mechanism to correct them, not just within the accounting function but across operations. Separation of duties and defined approvals further limit opportunities for misuse and improve information accuracy. In short, internal controls are about protecting the organization and its information systems from risk, rather than enabling theft, being limited to accounting, or existing only for the accounting department.

10. Explain the difference between batch and real-time reporting in AIS.

- A. Batch reporting aggregates data over a period.
- B. Real-time reporting updates continuously as transactions occur.
- C. Batch reporting aggregates data over a period; real-time reporting updates continuously as transactions occur.
- D. Real-time reporting updates exactly when a transaction occurs.

The main idea being tested is how reporting timing differs between batch and real-time processing in an AIS. Batch reporting collects transactions over a period and processes them together, so the resulting reports reflect data after that batch is processed, not instantaneously. This approach is efficient for handling large volumes and reduces ongoing system load, but it introduces a delay between when transactions occur and when they appear in reports. Real-time reporting, in contrast, processes transactions as they happen (or with very small delays), updating ledgers and dashboards continuously so reports show the current state. This supports timely decision-making but requires more continuous processing and resources to maintain up-to-date data and ensure consistency. The best description combines both elements: data are aggregated over a period in batch form, while real-time reporting updates continuously as transactions occur. Saying updates happen exactly when a transaction occurs can be overly strict, since real-time systems may still experience minor latency due to processing or transmission.

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:

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

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