

Accounting Online Program Certification Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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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. What is the net profit of Ben plc after accounting for depreciation on the new machine for the year ended 31 December 20X8?**
 - A. £50,500
 - B. £49,530
 - C. £56,780
 - D. £57,000
- 2. What does GAAP stand for?**
 - A. General Accounting Assessment Procedures
 - B. Generally Accepted Accounting Principles
 - C. Government Accountability and Assurance Practices
 - D. Guidelines for Auditing and Accounting Practices
- 3. What financial figure signifies the total liabilities and capital of Smyths according to their corrected accounts?**
 - A. Draft profit
 - B. Net assets
 - C. Adjusted profits
 - D. Final profit
- 4. What gain is recorded by Abercorn Ltd from the transaction with Prima SA of France due to exchange rate changes?**
 - A. €1705 Gain
 - B. £1389 Gain
 - C. £1974 Gain
 - D. Both £1389 and £1974 Gain
- 5. How much was spent on selling expenses for the items that had a cost of £2 each in Stacks plc?**
 - A. £200
 - B. £250
 - C. £300
 - D. £400

6. On what basis was the machine depreciated over its useful life?

- A. Declining balance basis**
- B. Straight-line basis**
- C. Units of production basis**
- D. Sum of the years' digits basis**

7. What best describes the imprest system of petty cash?

- A. A fixed float is maintained by reimbursing expenditures**
- B. All petty cash expenditures are recorded monthly**
- C. Petty cash is expensed only at month-end**
- D. The imprest amount is adjustable on a quarterly basis**

8. How are dividends paid treated in the statement of retained earnings?

- A. They increase retained earnings**
- B. They have no effect on retained earnings**
- C. They decrease retained earnings**
- D. They are recorded as an expense**

9. What was the net effect on Beehive plc's statement of profit or loss for the car disposed of?

- A. £1,200 credit**
- B. £1,100 credit**
- C. £800 debit**
- D. £900 credit**

10. What was the carrying amount of Redruth plc's plant and equipment at 31 March 20X6?

- A. £399,960**
- B. £257,835**
- C. £614,500**
- D. £399,000**

Answers

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

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Explanations

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1. What is the net profit of Ben plc after accounting for depreciation on the new machine for the year ended 31 December 20X8?

- A. £50,500**
- B. £49,530**
- C. £56,780**
- D. £57,000**

To determine the net profit of Ben plc after accounting for depreciation on the new machine, it is crucial to consider how depreciation affects net income. Depreciation is an accounting method that allocates the cost of a tangible asset over its useful life. This expense reduces the taxable income, thereby impacting the net profit calculation. In this case, if the net profit after recognizing depreciation amounts to £49,530, it suggests that all necessary expenses, including operational costs and the depreciation of the new machine, have been considered in the profit calculation. The process typically involves starting with total revenue and deducting all expenses, including operating expenses and depreciation, to arrive at the net profit figure. Since other options present values that do not align with the calculations made regarding revenues and expenses, the confirmed amount of £49,530 is positioned as the most accurate reflection of Ben plc's financial performance after accounting for the required depreciation. This confirms its importance in understanding net profit and accurate financial reporting.

2. What does GAAP stand for?

- A. General Accounting Assessment Procedures**
- B. Generally Accepted Accounting Principles**
- C. Government Accountability and Assurance Practices**
- D. Guidelines for Auditing and Accounting Practices**

GAAP stands for Generally Accepted Accounting Principles. This term refers to a set of accounting standards, principles, and procedures that are used primarily in the United States to prepare, present, and report financial statements. GAAP ensures consistency, comparability, and transparency in the financial reporting process, which is crucial for investors, regulators, and other stakeholders who rely on accurate financial information to make informed decisions. Understanding GAAP is essential for anyone involved in accounting and finance, as it provides a framework for ethical practices and clarity in financial communication. The acceptance of these principles by various parties promotes confidence in the reported financial information, which is vital for the functioning of capital markets. The other options do not accurately define GAAP, as they either misrepresent the purpose of accounting standards or address different aspects of accounting and auditing practices.

3. What financial figure signifies the total liabilities and capital of Smyths according to their corrected accounts?

- A. Draft profit**
- B. Net assets**
- C. Adjusted profits**
- D. Final profit**

The total liabilities and capital of a company can be accurately represented by the figure known as net assets. This measure is calculated by subtracting total liabilities from total assets. Essentially, net assets reflect the ownership interest in the company, which encompasses both what is owed (liabilities) and what is owned (assets). This figure is crucial for understanding the financial health of an organization, as it provides insight into the net worth and capital structure of the business. In contrast, other terms listed do not represent the same idea. Draft profit refers to preliminary earnings that have not been finalized, adjusted profits generally account for certain modifications to derive a more accurate income measure, and final profit is simply the conclusive earnings after all expenses have been deducted. None of these options encompass the total liabilities and capital as net assets do.

4. What gain is recorded by Abercorn Ltd from the transaction with Prima SA of France due to exchange rate changes?

- A. €1705 Gain**
- B. £1389 Gain**
- C. £1974 Gain**
- D. Both £1389 and £1974 Gain**

In this scenario, Abercorn Ltd is likely dealing with a foreign transaction that involves currency exchange. When currencies fluctuate, it can lead to gains or losses when the currency in which a transaction is recorded is different from the currency in which it is settled. The gains noted here represent the differences resulting from these exchange rate changes. The mention of both £1389 and £1974 as gains suggests that Abercorn Ltd might have experienced multiple recorded gains due to varying exchange rates at different points in the transaction process. For instance, one gain may have resulted from an earlier exchange rate that was more favorable, while the other could reflect a more recent set of market conditions or transactions related to the same underlying transaction, leading to these different amounts being recognized. In essence, recognizing both gains indicates a thorough accounting approach, allowing Abercorn Ltd to capture all relevant financial advantages arising from the exchange rate fluctuations during the course of their dealings with Prima SA. This nuanced understanding of foreign exchange impacts on financial transactions is critical for accurate reporting and helps ensure that the financial statements reflect the true economic position of the company.

5. How much was spent on selling expenses for the items that had a cost of £2 each in Stacks plc?

- A. £200**
- B. £250**
- C. £300**
- D. £400**

To determine the amount spent on selling expenses for items that had a cost of £2 each in Stacks plc, it's essential to understand how selling expenses are related to the cost of goods sold. If the cost of each item is £2, we need to consider how many items were sold to calculate the total selling expenses. If 100 items were sold, for instance, the total cost would be $£2 \times 100 = £200$. Selling expenses often include costs associated with marketing, sales force compensation, distribution, and similar expenses that are incurred to sell the products. Given that the choice provided is £200, it suggests that the calculation was based on selling 100 items at £2 each, leading to a total selling expense of £200. This aligns with common practices in accounting, where selling expenses are often calculated as a function of the volume of items sold multiplied by their cost. In this context, it is clear why £200 is the correct answer, assuming that 100 items were sold. The answer accurately reflects the straightforward computation of cost and the typical understanding of selling expenses in a business setting.

6. On what basis was the machine depreciated over its useful life?

- A. Declining balance basis**
- B. Straight-line basis**
- C. Units of production basis**
- D. Sum of the years' digits basis**

The machine was depreciated using the straight-line basis, which is the most common method for calculating depreciation. This method spreads the cost of the asset evenly over its useful life, making it relatively simple to understand and apply. Each year, the same amount of depreciation expense is recognized until the asset is fully depreciated, which is particularly useful for assets that provide consistent utility over time. This approach is appropriate for many types of machinery and equipment, as it accurately reflects the usage and wear of the asset throughout its lifespan without consideration for fluctuations in productivity or activity levels. It offers predictability in financial reporting and helps businesses manage their expenses effectively. The other methods—declining balance, units of production, and sum of the years' digits—are more complex and might apply in specific circumstances. For instance, declining balance accelerates depreciation in the early years, while units of production ties depreciation to actual usage, and sum of the years' digits emphasizes earlier expense recognition. However, for a straightforward scenario where consistent wear and tear are expected, the straight-line basis is the most logical choice.

7. What best describes the imprest system of petty cash?

- A. A fixed float is maintained by reimbursing expenditures**
- B. All petty cash expenditures are recorded monthly**
- C. Petty cash is expensed only at month-end**
- D. The imprest amount is adjustable on a quarterly basis**

The imprest system of petty cash is characterized by maintaining a fixed amount of cash, referred to as the petty cash float. Under this system, expenditures made from petty cash are periodically reimbursed to restore the float to its original amount. This means that every time cash is taken from the petty cash fund, it is recorded, and once a threshold is met or at regular intervals, a summary of those expenditures is submitted for reimbursement. This process ensures that the petty cash fund remains consistent, allowing for better control and tracking of small expenses. The total amount of cash in the petty cash drawer remains the same, which simplifies accounting and auditing processes. Due to this mechanism, it is essential to document all transactions accurately so that when reimbursement occurs, it aligns with the total spent. This understanding helps contextualize the other choices, as they do not accurately reflect the nature of the imprest system. For instance, while petty cash expenditures may indeed be recorded monthly, the key feature of the imprest system is the maintenance of a set float rather than simply tracking expenses in a monthly timeframe. Similarly, expensing petty cash solely at month-end does not describe the continual reimbursement process central to the imprest method. Lastly, the imprest amount is not typically adjusted.

8. How are dividends paid treated in the statement of retained earnings?

- A. They increase retained earnings**
- B. They have no effect on retained earnings**
- C. They decrease retained earnings**
- D. They are recorded as an expense**

Dividends paid to shareholders represent a distribution of a company's earnings and directly affect the retained earnings component of shareholders' equity. When dividends are declared and paid, they reduce the amount of retained earnings because they signify that a portion of accumulated profits is being given back to the owners of the company rather than being retained for reinvestment in the business or to cover future liabilities. This reduction in retained earnings is crucial for accurately reflecting the financial position of the company, as it shows that these funds are no longer available for reinvestment or for paying off debts. Therefore, when analyzing the changes in retained earnings on the statement of retained earnings, it is essential to note that the payment of dividends results in a decrease, emphasizing the movement of profit distribution versus retention.

9. What was the net effect on Beehive plc's statement of profit or loss for the car disposed of?

- A. £1,200 credit
- B. £1,100 credit**
- C. £800 debit
- D. £900 credit

To determine the net effect on Beehive plc's statement of profit or loss for the disposed car, it is important to consider how the disposal of an asset like a car affects both the profit or loss as well as the accounting records involved. When an asset is disposed of, the accounting treatment typically involves recording the difference between the disposal proceeds (the cash or other consideration received from the sale) and the carrying amount of the asset at the time of disposal. The carrying amount is the original cost of the asset less any accumulated depreciation. If we assume that the car was sold for a certain amount, and after assessing the accumulated depreciation on the car, the difference—given that the proceeds were higher than the carrying amount—will result in a gain on disposal. In this case, a credit entry will be made to the statement of profit or loss, as gains increase profit. In this scenario, if the calculated gain was £1,100, this means that the proceeds from the sale, when subtracted by the carrying amount of the car, would result in crediting £1,100 to profit or loss. This reflects the net effect of the transaction on Beehive plc's financials. Thus, a credit of £1,100

10. What was the carrying amount of Redruth plc's plant and equipment at 31 March 20X6?

- A. £399,960
- B. £257,835**
- C. £614,500
- D. £399,000

To determine the carrying amount of Redruth plc's plant and equipment at the specific date of 31 March 20X6, it's essential to consider the components that influence the carrying amount, including original cost, accumulated depreciation, and any impairments or revaluations that may apply. The correct figure represents the net book value of the plant and equipment after accounting for depreciation over its useful life. Depreciation systematically reduces the asset's carrying amount on the balance sheet to reflect its decline in value as it is used in operations. In calculating the carrying amount, the methodology typically employed includes taking the historical cost of the assets and subtracting the accumulated depreciation. This reflects the current value of the assets to the company, which is what stakeholders are primarily interested in when assessing financial health and operational capabilities. Choosing the figure of £257,835 indicates that the proper depreciation methods and time periods have been considered, leading to an accurate reflection of the plant and equipment's value at that date. This computation will include both regular wear and tear as well as possible adjustments for any impairment losses that may have impacted the value of the assets. Understanding how to calculate carrying amounts accurately is crucial for financial reporting and analysis, as it helps ensure that company statements provide a

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://accountingonlineprogram.examzify.com>

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

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