

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (AICPA) PRACTICE EXAM (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

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- 1. What constitutes the basic accounting equation?**
 - A. $\text{Assets} = \text{Liabilities} + \text{Revenue}$
 - B. $\text{Assets} = \text{Liabilities} + \text{Equity}$
 - C. $\text{Assets} + \text{Equity} = \text{Liabilities}$
 - D. $\text{Equity} = \text{Liabilities} - \text{Assets}$
- 2. Under the Due Care Principle, members should observe what type of standards?**
 - A. Technical and ethical standards
 - B. Personal and subjective standards
 - C. Standards established by clients
 - D. General business standards
- 3. Which of the following best describes professional services?**
 - A. Only auditing services
 - B. All services performed by a member in private practice
 - C. Only consulting services
 - D. Tax-related services exclusively
- 4. How should an auditor regard management's representations during an audit?**
 - A. As the sole basis for conclusions
 - B. With skepticism and as part of a broader assessment
 - C. As completely trustworthy
 - D. Ignoring them during the assessment
- 5. How is "depreciation" defined in accounting?**
 - A. The increase in value of a tangible asset
 - B. The allocation of the cost of a tangible asset over its useful life
 - C. The immediate write-off of an asset's cost
 - D. The estimation of future asset sales

- 6. What effect does being offered employment by the attest client have on an employee of the audit firm?**
- A. It enhances their independence
 - B. It has no effect on independence
 - C. It impairs independence
 - D. It protects their independence
- 7. What obligation should AICPA members prioritize according to the principles outlined?**
- A. Personal gains over professional duties
 - B. Observation of technical and ethical standards
 - C. Forgoing continuous improvement
 - D. Minimizing client interaction
- 8. According to the AICPA Code of Conduct, which professional services require compliance with SEC standards?**
- A. Only audit and tax services.
 - B. Auditing, review, compilation, management consulting, tax, and other services.
 - C. All services offered by the member.
 - D. Management consulting services only.
- 9. Does having a financial interest in an employee benefit plan impair an auditor's independence?**
- A. Yes, it always does
 - B. No, it does not impair independence
 - C. Only if the plan is large
 - D. Only if the financial interest is substantial
- 10. What characterizes a firm's "value-added" service?**
- A. Basic compliance services only
 - B. Services that provide additional insights and benefits to clients
 - C. Lower-cost solutions for clients
 - D. Minimal interaction with clients

Answers

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

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Explanations

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1. What constitutes the basic accounting equation?

- A. Assets = Liabilities + Revenue
- B. Assets = Liabilities + Equity**
- C. Assets + Equity = Liabilities
- D. Equity = Liabilities - Assets

The fundamental accounting equation is defined as $\text{Assets} = \text{Liabilities} + \text{Equity}$. This equation serves as the foundation for double-entry bookkeeping and reflects the relationship between a company's resources (assets) and the claims against those resources (liabilities and equity). In this equation, assets are what the company owns, including cash, inventory, property, and equipment. Liabilities represent what the company owes to external parties, such as loans and accounts payable. Equity, often referred to as owners' equity or shareholders' equity, represents the residual interest in the assets of the company after deducting liabilities. It accounts for the owners' claims on the business funds, including initial capital contributions and retained earnings. The integrity of the accounting system relies on this equation always being in balance, ensuring that the company's financial statements accurately reflect its financial position. If assets increase, this must be matched by an equal increase in either liabilities or equity, thereby maintaining balance. The other choices do not accurately represent the basic accounting equation or misinterpret the relationships between assets, liabilities, and equity.

2. Under the Due Care Principle, members should observe what type of standards?

- A. Technical and ethical standards**
- B. Personal and subjective standards
- C. Standards established by clients
- D. General business standards

The Due Care Principle emphasizes the importance of practitioners performing their professional responsibilities with competence and diligence. Under this principle, members are expected to adhere to technical and ethical standards that govern their profession. These standards ensure that practitioners maintain a high level of quality and integrity in their work, providing reliable services to clients and the public. Technical standards involve the knowledge and skills necessary to perform tasks effectively, which includes understanding and applying accounting principles, auditing standards, and other relevant regulations. Ethical standards encompass the professional conduct expected from members, ensuring that they act with honesty, integrity, and objectivity in all professional dealings. Choosing technical and ethical standards reflects the commitment to uphold the profession's reputation and maintain public trust. It acknowledges that members have a responsibility not only to their clients but also to the public, requiring them to act in a manner that reflects positively on the profession as a whole.

3. Which of the following best describes professional services?

- A. Only auditing services
- B. All services performed by a member in private practice**
- C. Only consulting services
- D. Tax-related services exclusively

The best description of professional services is encompassed by the broad scope of activities performed by a member in private practice. Professional services in the context of accounting and finance include a variety of tasks such as auditing, consulting, tax preparation, and advisory services. This comprehensive definition reflects the diverse roles that certified public accountants (CPAs) play in supporting individuals and businesses. Focusing solely on auditing services, consulting services, or tax-related services would narrow the understanding of professional services and exclude significant areas of practice that CPAs are qualified to provide. Therefore, the inclusion of all services allows for a more complete representation of what constitutes professional services within the accounting profession. By acknowledging this broad range of activities, the answer recognizes the multifaceted nature of the work CPAs conduct in serving their clients.

4. How should an auditor regard management's representations during an audit?

- A. As the sole basis for conclusions
- B. With skepticism and as part of a broader assessment**
- C. As completely trustworthy
- D. Ignoring them during the assessment

An auditor should regard management's representations with skepticism and as part of a broader assessment. This means that while management's statements and representations are important and can provide valuable insights, they should not be taken at face value. The auditor must critically evaluate these representations, considering the overall context of the audit and corroborating evidence obtained from other sources. Skepticism fosters a thorough examination of the audit evidence and encourages auditors to seek independent verification. It ensures that the auditor maintains a questioning mindset, which is essential for identifying potential misstatements, biases, or misrepresentations. This approach aligns with the auditing standards, which emphasize the need to gather sufficient appropriate audit evidence to form a reasonable conclusion about the financial statements. Management's representations should be viewed in conjunction with other audit evidence, including internal controls, financial documents, and external confirmations. This holistic view helps the auditor arrive at a well-supported conclusion about the financial statements' reliability and integrity.

5. How is "depreciation" defined in accounting?

- A. The increase in value of a tangible asset
- B. The allocation of the cost of a tangible asset over its useful life**
- C. The immediate write-off of an asset's cost
- D. The estimation of future asset sales

Depreciation in accounting is defined as the allocation of the cost of a tangible asset over its useful life. This process allows businesses to match the cost of an asset with the revenue it generates over time, adhering to the matching principle of accounting. By systematically reducing the asset's book value, depreciation reflects the wear and tear or obsolescence of the asset, which provides a more accurate financial picture of the company's financial position and performance. The concept of allocating the cost ensures that in financial statements, the expense related to using the asset is recorded during the periods in which the asset contributes to generating revenue. This method supports better financial analysis and decision-making. In contrast, an increase in the value of a tangible asset, the immediate write-off of an asset's cost, and estimating future asset sales do not accurately capture the essence of depreciation or its purpose within an accounting framework. These concepts refer to different aspects of asset management and valuation rather than the systematic cost allocation defined as depreciation.

6. What effect does being offered employment by the attest client have on an employee of the audit firm?

- A. It enhances their independence
- B. It has no effect on independence
- C. It impairs independence**
- D. It protects their independence

When an employee of an audit firm is offered employment by an attest client, it creates a significant concern regarding the independence of the audit firm. Independence is crucial in the auditing profession as it ensures that auditors can carry out their duties without any bias or conflict of interest. When an auditor or an employee at the audit firm is actively seeking or has been offered a job by the client they are auditing, there may be an implicit pressure to produce favorable audit outcomes or reports, which can compromise their objectivity. The potential for a future employment relationship can lead to ethical dilemmas where the auditor might unconsciously favor the client's interests in their work. This situation is considered an impairment of independence because it undermines the public's trust in the integrity of the audit. Auditors must maintain an independent mindset and a professional skepticism throughout the audit process. Therefore, being offered a position by the attest client presents a serious risk to the independence and objectivity required in carrying out audit functions, leading to the determination that such an offer impairs independence.

7. What obligation should AICPA members prioritize according to the principles outlined?

- A. Personal gains over professional duties
- B. Observation of technical and ethical standards**
- C. Forgoing continuous improvement
- D. Minimizing client interaction

AICPA members are guided by a strong commitment to uphold technical and ethical standards in their professional conduct. This prioritization reflects the core principles of the AICPA Code of Professional Conduct, which emphasizes integrity, objectivity, and professional behavior. Adhering to these standards ensures that members provide high-quality services and maintain the public's trust in the accounting profession. The principle that underscores the importance of observing technical and ethical standards is foundational for fostering professionalism and accountability. It not only helps maintain consistent quality in financial reporting and auditing but also protects the interests of clients and the broader public by ensuring compliance with regulatory requirements. This adherence helps prevent unethical practices that can compromise the reputation of the profession. In contrast, focusing on personal gains, neglecting continuous improvement, or minimizing client interaction does not align with the core values and obligations expected of AICPA members. These options would lead to a deterioration of professional standards and could harm both the client relationship and the overall integrity of the accounting profession.

8. According to the AICPA Code of Conduct, which professional services require compliance with SEC standards?

- A. Only audit and tax services.
- B. Auditing, review, compilation, management consulting, tax, and other services.**
- C. All services offered by the member.
- D. Management consulting services only.

The correct choice identifies which professional services necessitate compliance with Securities and Exchange Commission (SEC) standards under the AICPA Code of Conduct. Auditing, review, compilation, management consulting, tax, and other services provided by CPAs that involve financial reporting are subject to these standards. This adherence is crucial because firms that provide services to publicly traded companies must align with SEC regulations to ensure transparency, reliability, and integrity in financial statements. The necessity for various services to comply with SEC standards reflects the importance of maintaining a high level of accountability and ethical behavior. Auditing services are particularly governed by strict regulations due to their role in offering assurance to investors and the public regarding the accuracy of financial information. Similarly, reviews and compilations also operate under these standards as they contribute to financial reporting frameworks. While management consulting and tax services can vary in their need for compliance based on the specific circumstances and the nature of the report, any service that interfaces directly with financial reporting for entities subject to SEC oversight must uphold these standards to be in concert with public interest and legal requirements. This comprehensive requirement ensures that all relevant services are delivered with the same level of rigor appropriate for financial professionals serving publicly mandated organizations.

9. Does having a financial interest in an employee benefit plan impair an auditor's independence?

- A. Yes, it always does
- B. No, it does not impair independence**
- C. Only if the plan is large
- D. Only if the financial interest is substantial

When evaluating the impact of having a financial interest in an employee benefit plan on an auditor's independence, the key consideration is the nature of that interest. Generally, a financial interest in an employee benefit plan does not automatically impair an auditor's independence. This is because the independence rules established by the AICPA are designed to account for the type of relationships and interests that may affect an auditor's objectivity and professional skepticism. Having an interest in a typical employee benefit plan—such as a retirement plan or health insurance plan—does not compromise independence as long as the interest is considered to be in the normal course of employment and is not significant enough to influence the auditor's judgment regarding the financial statements of the audited entity. Furthermore, the independence rules allow for certain financial interests if they are not material or do not result in the auditor being in a position to influence the outcomes of audits for their clients adversely. Therefore, the scenario presented in the question supports the view that possessing an ordinary financial interest in an employee benefit plan is generally not perceived as compromising to an auditor's independence. This reflects a nuanced understanding of independence that focuses on the materiality and potential conflicts of interest inherent in the specific financial relationships involved.

10. What characterizes a firm's "value-added" service?

- A. Basic compliance services only
- B. Services that provide additional insights and benefits to clients**
- C. Lower-cost solutions for clients
- D. Minimal interaction with clients

A firm's "value-added" service is characterized by the provision of additional insights and benefits to clients. This means that beyond simply fulfilling basic compliance requirements, such as preparing tax returns or financial statements, these services enhance the client relationship by offering strategic advice, improved processes, and tailored solutions that help clients achieve their business goals. Value-added services could include detailed financial analysis, forecasting, or consulting that helps clients make informed decisions. They are intended to not only address immediate needs but also to anticipate future requirements and provide ongoing support to ensure clients are maximizing their potential. This approach fosters deeper relationships, enhances customer satisfaction, and ultimately positions the firm as a trusted advisor rather than just a service provider.

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://aicpa.examzify.com>

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

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