

Association of Chartered Certified Accountants (ACCA) 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

- 1. What does IFAC stand for?**
 - A. International Federation of Accountants**
 - B. International Finance and Accounting Council**
 - C. Internal Federal Audit Commission**
 - D. Independent Federation of Accountants and Auditors**
- 2. What is the primary purpose of IFAC?**
 - A. To regulate the accounting profession**
 - B. To protect public interest through high-quality practices**
 - C. To provide loans to small accountants**
 - D. To set tax rates for accountants**
- 3. How can stakeholders be categorized in a corporate environment?**
 - A. By financial contribution**
 - B. Internal, connected, and external**
 - C. By employee status**
 - D. As primary and secondary stakeholders**
- 4. What term describes the influence gained through personal charisma?**
 - A. Legitimate power**
 - B. Referent power**
 - C. Coercive power**
 - D. Resource power**
- 5. Which of Mintzberg's managerial roles includes figurehead, liaison and leader roles?**
 - A. Informational role**
 - B. Interpersonal role**
 - C. Decisional role**
 - D. Strategic role**

- 6. Which of the following is an example of a direct tax?**
- A. Sales tax**
 - B. Value-added tax**
 - C. Income tax**
 - D. Excise duty**
- 7. Functional departmentation primarily organizes employees based on what criteria?**
- A. Geographic location**
 - B. Business type**
 - C. Tasks performed**
 - D. Product lines**
- 8. How is cross elasticity of demand typically calculated?**
- A. By comparing the change in price of one product to the change in demand of another**
 - B. By calculating the percentage change in quantity demanded of one product divided by the percentage change in the amount of another good**
 - C. By finding the ratio of quantity supplied to quantity demanded**
 - D. By measuring consumer preference changes**
- 9. What does "subordination of individual interest to the organization" mean in management principles?**
- A. Prioritizing personal goals over work goals**
 - B. Aligning employees' interests with organizational goals**
 - C. Encouraging individualism in the workplace**
 - D. Providing autonomy for decision making**
- 10. What defines financial accounting?**
- A. A method of internal budgeting for future growth**
 - B. A way to report results and financial position of a business**
 - C. A process primarily for tax preparation**
 - D. A tool for employee performance reviews**

Answers

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

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Explanations

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1. What does IFAC stand for?

- A. International Federation of Accountants**
- B. International Finance and Accounting Council**
- C. Internal Federal Audit Commission**
- D. Independent Federation of Accountants and Auditors**

IFAC stands for the International Federation of Accountants. This organization serves as a global organization for the accounting profession, dedicated to fostering the adoption and implementation of international standards. It plays a significant role in enhancing the integrity and relevance of the accountancy profession worldwide. IFAC focuses on various key areas such as public interest, development of the profession, and engagement with other relevant stakeholders to ensure high-quality standards of capability and ethical behavior among accountants. Its work is instrumental in promoting best practices and facilitating the convergence of accounting standards globally, which is essential for multinational businesses and investors who rely on consistent and comparable financial information. In contrast, the other options do not accurately reflect the scope or purpose of IFAC, as they describe organizations or concepts that do not exist or are misrepresented in this context. The terminology in the other choices lacks the official recognition and function associated with the International Federation of Accountants, further supporting that the correct choice is indeed A.

2. What is the primary purpose of IFAC?

- A. To regulate the accounting profession**
- B. To protect public interest through high-quality practices**
- C. To provide loans to small accountants**
- D. To set tax rates for accountants**

The primary purpose of the International Federation of Accountants (IFAC) is to protect the public interest through the promotion of high-quality practices in the accounting profession. This involves establishing and maintaining ethical standards and auditing practices that enhance the integrity and trustworthiness of financial reporting. IFAC plays a significant role in ensuring that accountants adhere to these high standards globally, which is essential for building confidence among stakeholders, including investors, governments, and the general public. In contrast, the other options do not accurately reflect IFAC's mission. Regulation of the accounting profession is typically managed by national regulatory bodies rather than an organization like IFAC, which focuses more on global standards. Providing loans to accountants or setting tax rates is outside the scope of IFAC's activities, as its mission does not encompass financial lending or taxation policies. Instead, IFAC's emphasis is on ethical practices and professional development to safeguard public interest and enhance the quality of accountancy worldwide.

3. How can stakeholders be categorized in a corporate environment?

- A. By financial contribution
- B. Internal, connected, and external**
- C. By employee status
- D. As primary and secondary stakeholders

Stakeholders in a corporate environment can be categorized based on their relationship and involvement with the organization. The classification into internal, connected, and external stakeholders provides a comprehensive framework for understanding the dynamics at play. Internal stakeholders include employees and managers who are directly involved in the operations of the business. They have a vested interest in the success and functioning of the company because their work affects and is affected by the actions and performance of the organization. Connected stakeholders refer to those who have a direct relationship with the business but are not part of its internal structure. This category often includes suppliers, customers, and investors. These stakeholders have a significant influence on the company's decisions and can have their interests impacted by the company's actions. External stakeholders are those who are not directly involved with the company but can affect or be affected by its operations. This includes government agencies, regulatory bodies, and community groups. While they might not have a direct relationship with the organization, their interests and concerns can shape the company's policies and reputation. This categorization allows for a nuanced understanding of stakeholder engagement strategies, responsibilities, and the impact of corporate decisions. Recognizing and properly addressing the varying interests of these stakeholders is key to achieving business objectives and maintaining sustainable operations. Other categorizations, such

4. What term describes the influence gained through personal charisma?

- A. Legitimate power
- B. Referent power**
- C. Coercive power
- D. Resource power

The term that describes the influence gained through personal charisma is referent power. This form of power is derived from the respect and admiration that others have for an individual. When a person possesses referent power, they are often perceived as likable, trustworthy, and admirable, which causes others to want to follow or be influenced by them. Referent power is especially significant in situations where relationships and interpersonal dynamics play a crucial role, such as in team settings or leadership scenarios. People often gravitate towards those who exude charisma, as this type of power fosters a positive connection and loyalty among followers. In contrast, legitimate power arises from one's formal position or role within an organization; coercive power involves the ability to enforce compliance through threats or punishment; and resource power relates to controlling access to valuable resources. These concepts illustrate the various ways individuals can exert influence, but it is referent power that specifically emphasizes the role of personal charm and attraction in leadership and influence.

5. Which of Mintzberg's managerial roles includes figurehead, liaison and leader roles?

- A. Informational role
- B. Interpersonal role**
- C. Decisional role
- D. Strategic role

The interpersonal role described by Mintzberg encompasses the figurehead, liaison, and leader roles, which are essential components of how managers interact with others within and outside the organization. As a figurehead, a manager represents the organization in a ceremonial capacity, engaging in social, legal, and ceremonial activities that establish a presence and signify the authority of the organization. This role emphasizes the symbolic aspect of management, where the manager serves as a face for the organization. The liaison aspect of the interpersonal role involves networking and building relationships. Managers must connect with various stakeholders, establishing and maintaining relationships that facilitate communication and cooperation. This networking is crucial for accessing information and resources that can enhance the effectiveness of the organization. Lastly, as a leader, the manager influences, motivates, and guides employees towards achieving the organization's objectives. This role includes making decisions about how to inspire and support team members, shaping the workplace culture, and fostering an environment conducive to productivity and collaboration. The other options—informational, decisional, and strategic roles—do not exclusively incorporate the aspects of representation, networking, and leadership that are fundamental to interpersonal interactions. These roles focus more on processing information, making decisions, and long-term planning, respectively, rather than the direct interaction and relationship-building

6. Which of the following is an example of a direct tax?

- A. Sales tax
- B. Value-added tax
- C. Income tax**
- D. Excise duty

Income tax is considered a direct tax because it is levied directly on individuals or entities based on their income or profits. This tax represents a direct obligation to the government, as it requires taxpayers to pay a portion of their earnings. The burden of income tax cannot be shifted to another party; instead, the individual or business earning the income is responsible for its payment. The other options represent indirect taxes, which are typically included in the price of goods and services and can be transferred to consumers. Sales tax and value-added tax (VAT) are both added at the point of sale and ultimately borne by the consumer, not the business selling the product. Excise duty, similar to sales tax, is levied on specific goods and may also be passed along to consumers in the form of higher prices. Therefore, these taxes differ fundamentally in their structure and the way they are imposed and collected, reinforcing why income tax is categorized as a direct tax.

7. Functional departmentation primarily organizes employees based on what criteria?

- A. Geographic location**
- B. Business type**
- C. Tasks performed**
- D. Product lines**

Functional departmentation organizes employees based on the specific tasks they perform within the organization. This approach enables a company to group individuals who have similar skills and responsibilities, such as marketing, finance, human resources, and production. By structuring the organization in this way, it promotes operational efficiency and specialization, allowing employees to develop expertise in their respective areas, enhancing both productivity and the quality of work. Grouping employees according to tasks allows for streamlined processes and better communication within those functions, fostering collaboration and more effective problem-solving. Functional departmentation supports clear accountability and performance measurement, as each department's goals and outputs can be monitored and managed effectively. In contrast, organizing by geographic location may lead to duplication of functions in different regions, which can dilute focus on the specific tasks. Organizing by business type or product lines might overlook the efficiency gains that come from concentrating expertise within functional areas.

8. How is cross elasticity of demand typically calculated?

- A. By comparing the change in price of one product to the change in demand of another**
- B. By calculating the percentage change in quantity demanded of one product divided by the percentage change in the amount of another good**
- C. By finding the ratio of quantity supplied to quantity demanded**
- D. By measuring consumer preference changes**

Cross elasticity of demand is calculated by determining how the quantity demanded of one good responds to a change in the price of another good. Specifically, it involves taking the percentage change in the quantity demanded of the first good and dividing it by the percentage change in the price of the second good. This method allows economists and analysts to understand the relationship between two products—whether they are substitutes or complements. For instance, if the price of product A rises and leads to an increase in the quantity demanded of product B, then product B is considered a substitute for product A. Conversely, if the price of product A rises and the quantity demanded of product B decreases, then the two products are complements. The resulting cross elasticity coefficient helps indicate the strength and nature of the relationship between the two goods. Other approaches mentioned, such as comparing price changes to changes in demand or measuring consumer preference changes, do not accurately capture the specific relationship that cross elasticity is intended to measure. Calculating the ratio of quantity supplied to quantity demanded instead pertains to concepts of market equilibrium and supply and demand analysis, which is not relevant to cross elasticity of demand. Thus, the focus on percentage changes in quantity demanded and price is key to correctly calculating and interpreting cross elasticity.

9. What does "subordination of individual interest to the organization" mean in management principles?

- A. Prioritizing personal goals over work goals**
- B. Aligning employees' interests with organizational goals**
- C. Encouraging individualism in the workplace**
- D. Providing autonomy for decision making**

The phrase "subordination of individual interest to the organization" refers to the concept of aligning employees' personal goals and interests with the broader goals of the organization. This principle emphasizes that for an organization to function effectively and achieve its objectives, individuals need to prioritize the success of the organization over their own personal ambitions. When employees understand how their contributions fit into the larger picture, they are more likely to work cooperatively, share resources, and support team goals, ultimately enhancing overall organizational performance. This alignment fosters a unified direction and helps ensure that everyone is working towards common objectives, rather than each person pursuing their individual agendas. In contrast, the other options mentioned do not align with this principle. Prioritizing personal goals over work goals would create a conflict between individual and organization interests, encouraging individualism would also detract from a team's collective focus, and providing autonomy for decision-making without alignment could lead to actions that do not contribute to organizational goals. Thus, the notion that individual interests should be subordinated to the organization is crucial for achieving efficiency and unity within a management context.

10. What defines financial accounting?

- A. A method of internal budgeting for future growth**
- B. A way to report results and financial position of a business**
- C. A process primarily for tax preparation**
- D. A tool for employee performance reviews**

Financial accounting is defined as a way to report results and financial position of a business. This discipline focuses on the preparation of financial statements, such as the income statement, balance sheet, and cash flow statement, which provide a structured overview of a company's financial performance and position to external stakeholders. The primary aim of financial accounting is to present an accurate and fair view of the financial status of an organization over a specific reporting period. It facilitates informed decision-making by external parties such as investors, creditors, and regulatory authorities, who rely on these financial reports to assess the company's profitability, liquidity, and overall financial health. This reporting follows defined standards, such as Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS), to ensure consistency and comparability across different organizations. In contrast, the other options depict roles that are more aligned with internal management and specific functions that do not encompass the broader purpose of financial accounting. For example, internal budgeting for future growth focuses on management planning rather than external reporting, tax preparation deals specifically with compliance obligations rather than general financial reporting, and employee performance reviews are concerned with individual assessments rather than the organization's financial state.

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://acca.examzify.com>

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