BOMI BUDGETING AND ACCOUNTING 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.

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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!

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Questions

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1. **What does the relationship between rent abatements and base rent generally imply?**
   - A. Rent abatements may apply to base rents and not to other operating expenses such as electricity.
   - B. Rent abatements apply to all costs including utilities
   - C. Taxes and insurance only
   - D. No portion of rent is abated and only free utilities are provided

2. **To estimate utility costs for the upcoming year, which could Phil reasonably use?**
   - A. an almanac
   - B. projected occupancy changes
   - C. assumed utility rates from last year
   - D. verbal agreement on rates with the cleaning/janitorial vendor

3. **What is the meaning of an unqualified audit opinion?**
   - A. It represents a clean opinion
   - B. The auditor has reservations about the financial statements
   - C. It indicates the financial statements are fraudulent
   - D. It is no opinion at all

4. **When developing an RFP, how should requirements be written to ensure useful information from potential vendors?**
   - A. Should be as specific and detailed as possible, with a baseline to enable objective comparison
   - B. Should be broad and open-ended to capture all possibilities
   - C. Should avoid any open-ended questions
   - D. Should prioritize only price information

5. **What must accompany each transfer of cash transactions between the income statement and the balance sheet?**
   - A. Debit and credit entries must accompany transfers
   - B. Only a debit
   - C. Only a credit
   - D. Neither debit nor credit

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6. Define Income Statement.

A. It is a statement prepared on an annual basis reporting net income or net loss from revenues earned and expenses incurred

B. It lists all assets and liabilities at a point in time

C. It shows cash inflows and outflows

D. It reconciles changes in equity

7. What items are typically included in internal reporting for real property operations?

A. Tenant collections, vendor payments, and monthly operating results

B. Tax returns, audit opinions, and depreciation schedules

C. Marketing plans, lease-up rates, and capital budgets

D. Cash on hand, bank reconciliations, and petty cash

8. If a material budget variance is detected, management should:

A. Defer paying bills

B. Review the variance and put alternative strategies in place

C. Sell the property

D. Raise tenant rents

9. All of the following are considered accounts payable except:

A. vendor payments

B. supplier payments

C. service provider payments

D. rent payments from tenants

10. What is the purpose of checks and balances in internal controls?

A. To accelerate payments

B. To ensure different individuals perform different roles to reduce errors and fraud

C. To centralize approvals

D. To eliminate all verification steps

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Answers

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

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Explanations

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1. What does the relationship between rent abatements and base rent generally imply?

A. Rent abatements may apply to base rents and not to other operating expenses such as electricity.

B. Rent abatements apply to all costs including utilities

C. Taxes and insurance only

D. No portion of rent is abated and only free utilities are provided

Rent abatements are concessions that reduce the base rent for a period. In most commercial leases, total rent is made up of base rent plus operating expenses (like taxes, insurance, CAM, and utilities). The abatement typically targets the fixed portion tenants pay for occupying the space—the base rent—while the ongoing charges for operating expenses, including utilities, remain payable. That's why the statement that abatements may apply to base rents and not to other operating expenses such as electricity is the best description. If abatements were applied to all costs, including utilities, or only to taxes and insurance, or if no rent was abated at all and only utilities were free, those scenarios don't match the common structure of how abatements are offered in leases. The usual arrangement keeps the concession focused on base rent.

2. To estimate utility costs for the upcoming year, which could Phil reasonably use?

A. an almanac

B. projected occupancy changes

C. assumed utility rates from last year

D. verbal agreement on rates with the cleaning/janitorial vendor

The key idea is to forecast utility costs by how much you expect the building to be used. Utility consumption tends to rise or fall with occupancy, since more people or more activity means more heating, cooling, lighting, and water use. By using projected occupancy changes, you can translate the expected change in usage into a more realistic estimate of next year's utility costs. For example, if occupancy is expected to be 10% higher, you'd adjust the current utility costs upward to reflect that anticipated increase, while also accounting for any known changes in utility rates or weather. An almanac isn't specific to your building's usage patterns and won't provide the occupancy-driven demand you need for a precise budget. Last year's assumed rates might be a starting point, but they don't capture potential rate changes or how usage could shift with occupancy. A verbal agreement with a vendor isn't a reliable budgeting basis because it isn't verifiable or formal enough to support a future estimate. So the most reasonable approach is to use projected occupancy changes to estimate utility costs, integrating any expected rate changes as well.

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3. What is the meaning of an unqualified audit opinion?

A. It represents a clean opinion

B. The auditor has reservations about the financial statements

C. It indicates the financial statements are fraudulent

D. It is no opinion at all

A clean opinion means the auditor believes the financial statements are presented fairly, in all material respects, in accordance with the applicable financial reporting framework. This is the best description because it signals there are no material misstatements and no significant scope limitations that would cause concern about the reliability of the statements. It's not a guarantee of perfection or absence of fraud, just that, based on the evidence obtained, the statements fairly reflect the company's financial position and performance. If there were reservations about the statements or limitations on the scope of the audit, the auditor would issue a qualified opinion. If misstatements were pervasive or indicate fraud that could mislead users, the opinion could be adverse. A disclaimer would be given if the auditor cannot obtain enough evidence to form any opinion.

4. When developing an RFP, how should requirements be written to ensure useful information from potential vendors?

A. Should be as specific and detailed as possible, with a baseline to enable objective comparison

B. Should be broad and open-ended to capture all possibilities

C. Should avoid any open-ended questions

D. Should prioritize only price information

Specific, detailed requirements with a baseline provide a clear, objective target for vendors and a reliable basis for comparing proposals. When requirements are precise and include measurable criteria, vendors understand exactly what is expected and can tailor solutions that meet those needs without guessing. A baseline sets the minimum capabilities or standards that any proposal must meet, making evaluation consistent and fair across all bids. It also helps in contract formation by defining acceptance criteria, performance levels, and deliverables, so both sides know how success will be judged. Include testable performance metrics, security and compliance standards, data formats, delivery timelines, and implementation constraints to ensure the information gathered is actionable and comparable. Broad, open-ended requirements tend to yield proposals that vary in scope and interpretation, making apples-to-apples comparisons unreliable. Without a baseline, vendors may assume different minimums or optimistically overpromise. Focusing only on price ignores whether the solution actually meets functional and quality requirements, which can lead to selecting a bid that costs less but falls short on performance or support.

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5. What must accompany each transfer of cash transactions between the income statement and the balance sheet?

A. Debit and credit entries must accompany transfers

B. Only a debit

C. Only a credit

D. Neither debit nor credit

This is about double-entry accounting. Every time cash moves between the balance sheet and an income statement item (or another balance sheet account), you must record both sides of the transaction. That means a debit and a credit of equal amounts. For example, receiving cash from a sale: you debit Cash (an asset on the balance sheet) and credit Revenue (an income statement item). Paying cash for an expense: debit the expense account and credit Cash. If you reduce a liability with cash, you debit the liability and credit Cash. In all cases, the entry has both a debit and a credit to keep the books balanced. Options that have only a debit, only a credit, or neither would violate this fundamental rule.

6. Define Income Statement.

A. It is a statement prepared on an annual basis reporting net income or net loss from revenues earned and expenses incurred

B. It lists all assets and liabilities at a point in time

C. It shows cash inflows and outflows

D. It reconciles changes in equity

An income statement shows how profitable a business is over a period by summarizing revenues earned and expenses incurred, producing net income or net loss. It is typically prepared for a defined span, often a year, but can be monthly or quarterly, and it uses accrual accounting so revenues are recognized when earned and expenses when incurred. This focus on performance over a period distinguishes it from the balance sheet (assets and liabilities at a point in time), the cash flow statement (cash inflows and outflows), and the statement of changes in equity (changes in ownership). The description in the option matches this purpose: reporting net income or net loss from revenues earned and expenses incurred over the period.

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7. What items are typically included in internal reporting for real property operations?

A. Tenant collections, vendor payments, and monthly operating results

B. Tax returns, audit opinions, and depreciation schedules

C. Marketing plans, lease-up rates, and capital budgets

D. Cash on hand, bank reconciliations, and petty cash

Internal reporting for real property operations focuses on how the property performs on a day-to-day basis and its cash flow. The most useful items to include are tenant collections, vendor payments, and the monthly operating results. Tenant collections show how much rent and related charges are actually received, revealing cash flow strength and any delinquencies. Vendor payments track operating expenses and timing of disbursements, helping control costs and identify cash needs. The monthly operating results pull these elements together into a concise view of performance for the month, often highlighting net operating income and variance from plan so managers can act promptly. The other groups serve different functions. Tax returns, audit opinions, and depreciation schedules relate to external reporting and compliance, not routine operational monitoring. Marketing plans, lease-up rates, and capital budgets are planning and forecasting tools rather than the ongoing operations report. Cash on hand, bank reconciliations, and petty cash are cash management and internal-control activities, not the standard operations-focused report. So, the items that typically belong in internal reporting for real property operations are those that reflect current operating performance and cash flow: tenant collections, vendor payments, and monthly operating results.

8. If a material budget variance is detected, management should:

A. Defer paying bills

B. Review the variance and put alternative strategies in place

C. Sell the property

D. Raise tenant rents

When a material budget variance is detected, the immediate task is to analyze what caused the deviation and then implement corrective actions to bring costs back toward the plan. Management should review the variance to identify whether it's driven by higher material prices, greater usage or waste, or changes in supplier terms, and then put in place alternative strategies. These strategies might include renegotiating supplier contracts, seeking cheaper or substitute materials, adjusting ordering quantities or timing to reduce costs, tightening inventory controls to cut waste, or revising forecasts and the budget assumptions if the variance indicates a lasting shift. The aim is to control costs and keep the financial plan on track. Deferring paying bills, selling property, or raising tenant rents are not the appropriate immediate responses to a material budget variance. Deferring payments can damage supplier relationships and violate terms, selling assets is an extreme move that doesn't directly address the variance, and raising rents affects revenue and may not be feasible or appropriate to solve the cost issue.

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9. All of the following are considered accounts payable except:

A. vendor payments

B. supplier payments

C. service provider payments

D. rent payments from tenants

Accounts payable are obligations to pay for goods or services that your entity has already received but hasn't paid for yet. That's why payments to vendors, suppliers, and service providers are classic accounts payable—they're amounts you owe for things you've obtained on credit. Rent payments from tenants don't fit that category. For the owner, rent collected from tenants is revenue (or, if not yet received, a receivable), not a liability you owe to someone else. In other words, rent is income, not an obligation to pay, so it isn't accounts payable.

10. What is the purpose of checks and balances in internal controls?

A. To accelerate payments

B. To ensure different individuals perform different roles to reduce errors and fraud

C. To centralize approvals

D. To eliminate all verification steps

Separating duties and having different people handle different steps in a process is the core idea behind checks and balances in internal controls. When one person authorizes a transaction, another records it, and a third handles custody or reconciliation, opportunities for errors go down and the chance for misappropriation goes up only if the roles align in a single person. By distributing these responsibilities, each step acts as a review of the others, and independent verification—like bank reconciliations done by someone not involved in daily cash handling—helps catch mistakes and detect irregularities early. This layered structure creates accountability and makes it harder for fraud to go undetected. Accelerating payments, centralizing approvals, or eliminating verification steps each undermine the protective effect of this system. Speeding up payments can bypass necessary checks; concentrating approval authority can remove independent oversight; and removing verification steps removes essential safeguards that confirm accuracy and legitimacy.

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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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