FAR-AMT PRACTICE TEST (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

1. **Under the cost-to-cost method, revenue for long-term construction contracts is recognized**

    A. Based on costs incurred to date divided by total estimated costs.

    B. Based on total estimated costs minus costs to complete.

    C. Revenue recognized is proportional to costs incurred to date relative to total estimated costs.

    D. Revenue recognized equals cash collected to date.

2. **Under ASC 606, revenue is recognized over time when which condition is satisfied?**

    A. The entity has transferred control of the asset to the customer.

    B. The license is delivered at the beginning of the contract.

    C. The customer simultaneously receives and consumes the benefits as the entity performs.

    D. The customer pays upfront and has no ongoing rights.

3. **How is revenue recognized for long-term construction contracts under the cost-to-cost method?**

    A. Based on actual costs incurred to date

    B. Based on the percentage of work completed according to schedule

    C. Revenue recognized proportional to costs incurred to date relative to total estimated costs

    D. Only when the project is billed

4. **Under ASC 815, which statement about hedges is true?**

    A. All derivatives are recorded in earnings regardless of designation.

    B. Derivatives designated as hedges are always reported in OCI.

    C. If designated as a cash flow hedge, the effective portion is recognized in OCI; ineffective portion in earnings.

    D. Derivatives designated as hedges are recognized in equity with no earnings impact.

5. **Which manual specifies the minimum equipment that must be operating and installed for flight?**

    A. Minimum Equipment List (MEL)

    B. Aircraft Flight Manual (AFM)

    C. Aircraft Maintenance Manual

    D. Structural Repair Manual

6. **How should contributions from not-for-profits be recognized when donor restrictions apply?**

A. Contributions restricted by time or purpose are recorded as permanently restricted net assets and released when restrictions expire or are satisfied.

B. Contributions restricted by time or purpose are recorded as temporarily restricted net assets and released when restrictions expire or are satisfied.

C. Contributions restricted by time or purpose are recorded as unrestricted net assets immediately.

D. Contributions restricted by time or purpose are recorded as a liability until restrictions expire.

7. **When the local currency is different from the functional currency and remeasurement is performed, which approach is used for monetary and non-monetary items, and where are gains or losses recognized?**

A. Remeasure monetary items at the historical rate and non-monetary items at the current rate; gains/losses in equity.

B. Remeasure monetary items at the current rate and non-monetary items at historical rates; gains/losses recognized in earnings.

C. Remeasure all items at the closing rate; gains/losses in OCI.

D. Remeasure all items at the average rate; gains/losses in earnings.

8. **Whose responsibility is it that all ADs on an aircraft are complied with?**

A. The owner-operator of the aircraft

B. The A&P mechanic

C. The pilot in command

D. The manufacturer

9. **How is CECL measured for financial assets?**

A. Recognize a provision equal to the historical loss rate on the asset portfolio.

B. Measure expected credit losses using a fixed percentage of exposure.

C. Estimate expected credit losses over the asset's life and recognize an allowance for credit losses corresponding to the expected losses.

D. Record losses only upon default.

10. Who performed the described repair in the scenario?

A. A&P mechanic

B. Avionics Technician

C. Pilot

D. Inspector

Answers

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

Explanations

1. Under the cost-to-cost method, revenue for long-term construction contracts is recognized

A. Based on costs incurred to date divided by total estimated costs.

B. Based on total estimated costs minus costs to complete.

C. Revenue recognized is proportional to costs incurred to date relative to total estimated costs.

D. Revenue recognized equals cash collected to date.

The key idea is that revenue is earned as the project progresses, measured by how much of the total estimated cost has been incurred. In the cost-to-cost method, you determine the degree of completion by dividing costs incurred to date by total estimated costs. That degree of completion is then applied to the total contract revenue to figure out how much revenue should be recognized so far. So revenue recognized grows in proportion to the costs actually incurred relative to what the project is expected to cost in total. This ties revenue to progress, not to cash received. If estimates change, the recognized revenue would be adjusted to reflect the new expected completion, keeping the percentage of completion aligned with current cost and revenue expectations.

2. Under ASC 606, revenue is recognized over time when which condition is satisfied?

A. The entity has transferred control of the asset to the customer.

B. The license is delivered at the beginning of the contract.

C. The customer simultaneously receives and consumes the benefits as the entity performs.

D. The customer pays upfront and has no ongoing rights.

Under ASC 606, revenue is recognized over time when the customer simultaneously receives and consumes the benefits as the entity performs. This means the entity is delivering ongoing work or creating an asset for the customer the moment, and the customer benefits directly from that ongoing performance. Because the beneficiary is obtained in tandem with the entity's execution, revenue can be recognized progressively over the contract term rather than all at once. For example, long term construction or a service that customers use as it's provided fits this pattern. In contrast, revenue would generally be recognized at a point in time when control is transferred, or in cases where a license is delivered upfront or a payment is received with no ongoing rights, which do not meet the over time criterion.

3. How is revenue recognized for long-term construction contracts under the cost-to-cost method?

A. Based on actual costs incurred to date

B. Based on the percentage of work completed according to schedule

C. Revenue recognized proportional to costs incurred to date relative to total estimated costs

D. Only when the project is billed

Revenue is recognized as the project progresses by using the costs incurred to date relative to the total estimated costs. This cost-to-cost measure gives a completion percentage = costs incurred to date ÷ total estimated costs. The revenue recognized to date is that percentage multiplied by the total contract price (or total estimated revenue). In other words, as more costs are incurred, more revenue is recognized to reflect how much of the work has been completed, aligning revenue with progress and the expected profitability of the contract. Billing timing or actual billing alone doesn't drive revenue recognition under this method, and it's not based solely on the schedule of work.

4. Under ASC 815, which statement about hedges is true?

A. All derivatives are recorded in earnings regardless of designation.

B. Derivatives designated as hedges are always reported in OCI.

C. If designated as a cash flow hedge, the effective portion is recognized in OCI; ineffective portion in earnings.

D. Derivatives designated as hedges are recognized in equity with no earnings impact.

Under ASC 815, how a derivative is accounted for depends on how it is designated as a hedge. For a cash flow hedge, the portion of the derivative's change in value that is effective in offsetting the variability of the cash flows of the hedged forecasted transaction is recorded in other comprehensive income (OCI). The ineffective portion, representing the mismatch, is recognized in earnings in the period it occurs. This distinction is what makes the statement true: the hedge designation as a cash flow hedge leads to the effective portion in OCI and the ineffective portion in earnings. In contrast, not all derivatives are recorded in earnings regardless of designation, and hedges do not universally sit in equity with no earnings impact. The accounting depends on the type of hedge; for cash flow hedges it's OCI for the effective portion with reclassification to earnings when the forecasted transaction affects earnings, while the ineffective portion hits earnings immediately.

5. Which manual specifies the minimum equipment that must be operating and installed for flight?

A. Minimum Equipment List (MEL)

B. Aircraft Flight Manual (AFM)

C. Aircraft Maintenance Manual

D. Structural Repair Manual

The minimum equipment that must be operating and installed for flight is defined by the Minimum Equipment List. This FAA-approved document specifies which systems and instruments must be functional for dispatch and also outlines which items may be inoperative under certain conditions and limits. The Aircraft Flight Manual covers normal operating procedures and limits, including what must be installed, but it does not authorize operating with inoperative equipment. Maintenance manuals focus on how to repair or replace components, and the Structural Repair Manual deals with repairing the airframe—neither of these prescribe the minimum equipment required for flight in the same way the MEL does. So, the MEL is the reference that directly governs minimum equipment for flight.

6. How should contributions from not-for-profits be recognized when donor restrictions apply?

A. Contributions restricted by time or purpose are recorded as permanently restricted net assets and released when restrictions expire or are satisfied.

B. Contributions restricted by time or purpose are recorded as temporarily restricted net assets and released when restrictions expire or are satisfied.

C. Contributions restricted by time or purpose are recorded as unrestricted net assets immediately.

D. Contributions restricted by time or purpose are recorded as a liability until restrictions expire.

When a not-for-profit receives a contribution that has donor-imposed restrictions related to time or purpose, it creates a temporary restriction on the net assets. These gifts are recorded as temporarily restricted net assets because the organization must hold or use the funds in accordance with the donor's terms until those terms are met. Once the restriction expires or the purpose has been fulfilled, the amount is released from temporarily restricted net assets to unrestricted net assets. This reflects that the funds are now available for general use or for the intended program without further donor-imposed constraints. In contrast, permanently restricted net assets represent donor constraints that never expire (such as endowments where the principal must be preserved), and they remain permanently restricted. A liability treatment would not apply here, since the obligation is a conditional release of net assets rather than an outstanding obligation.

7. When the local currency is different from the functional currency and remeasurement is performed, which approach is used for monetary and non-monetary items, and where are gains or losses recognized?

A. Remeasure monetary items at the historical rate and non-monetary items at the current rate; gains/losses in equity.

B. Remeasure monetary items at the current rate and non-monetary items at historical rates; gains/losses recognized in earnings.

C. Remeasure all items at the closing rate; gains/losses in OCI.

D. Remeasure all items at the average rate; gains/losses in earnings.

When the local currency differs from the functional currency and you remeasure, you apply the remeasurement method rather than translation. Monetary items (such as cash, receivables, and payables) are remeasured at the current (closing) rate to reflect their present value in the functional currency. Non-monetary items (like inventory, fixed assets, and intangible assets) are remeasured at historical rates (the rate when the asset or liability was acquired or the item originated). The resulting gains or losses from this remeasurement are recognized in earnings (the income statement), not in equity. This aligns with the idea that monetary amounts fluctuate with current rates, while non-monetary historical costs are tied to past rates, and the effects of remeasurement flow through net income.

8. Whose responsibility is it that all ADs on an aircraft are complied with?

A. The owner-operator of the aircraft

B. The A&P mechanic

C. The pilot in command

D. The manufacturer

Airworthiness Directives are mandatory FAA actions to correct unsafe conditions, and the responsibility to ensure they're complied with rests with the owner or operator of the aircraft. The owner-operator must arrange the required inspections or modifications and verify in the maintenance records that the AD has been satisfied. The actual work may be performed by an A&P mechanic or another qualified technician, but accountability stays with the owner or operator who controls and maintains the aircraft. The pilot in command must ensure the aircraft is airworthy for a given flight, including that ADs relevant to that flight have been addressed, but the overall duty to ensure AD compliance lies with the owner or operator. The manufacturer's responsibility ends once the aircraft is sold and in service.

9. How is CECL measured for financial assets?

A. Recognize a provision equal to the historical loss rate on the asset portfolio.

B. Measure expected credit losses using a fixed percentage of exposure.

C. Estimate expected credit losses over the asset's life and recognize an allowance for credit losses corresponding to the expected losses.

D. Record losses only upon default.

CECL requires estimating the expected credit losses over the life of a financial asset and recognizing an allowance for those losses. This forward-looking approach means you project the total losses you expect to incur over the asset's remaining life, using reasonable forecasts and current conditions, and set aside an allowance that covers those expected losses. It's not about waiting for a default or using a fixed historical rate or a fixed percentage of exposure. Instead, you proactively recognize the anticipated credit shortfalls across the asset's lifetime.

10. Who performed the described repair in the scenario?

A. A&P mechanic

B. Avionics Technician

C. Pilot

D. Inspector

The main idea is who is authorized to perform maintenance and fixes on an aircraft and then certify it back to service. An A&P mechanic has the certificated authority to perform maintenance, repairs, and alterations on an aircraft's airframe and powerplant, and to sign the aircraft back to service after the work is done. If the described repair involves components or systems that fall under airframe or powerplant work, this is exactly the job an A&P mechanic is trained and certified to do. Avionics technicians handle electronic systems, and a pilot is generally limited to preventive maintenance and cannot certify airworthiness after a substantial repair. An inspector doesn't perform repairs; they inspect and certify conformity after the work is completed. So, for a repair that requires proper procedure, calibration, and a signed release, the A&P mechanic is the appropriate person to perform it.

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!