

Intuit Bookkeeping Professional Certificate Practice Exam (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. To record the payment received in cash, which type of documentation is the best practice?**
 - A. Journal Entry**
 - B. Invoice**
 - C. Receipt**
 - D. Bank Statement**

- 2. Why is it essential to track business expenses?**
 - A. For budgeting purposes**
 - B. To assess employee performance**
 - C. For marketing analysis**
 - D. To determine pricing strategies**

- 3. How often should a business conduct a trial balance?**
 - A. Once a year**
 - B. Monthly or at the end of each accounting period**
 - C. Every time a transaction occurs**
 - D. Only when preparing tax returns**

- 4. What is the main function of an income statement?**
 - A. To display the balance of cash on hand**
 - B. To show changes in equity**
 - C. To report on revenue and expenses over a period**
 - D. To record fixed asset acquisitions**

- 5. What was Maria Garcia's equity at the end of 2020?**
 - A. \$600,000**
 - B. \$539,000**
 - C. \$625,000**
 - D. \$740,000**

- 6. In double-entry accounting, what is the best definition of a credit?**
- A. An increase in assets/expenses**
 - B. A decrease in assets/expenses and an increase in liabilities/owner's equity and revenue**
 - C. An increase in liabilities and a decrease in owner's equity**
 - D. A decrease in revenue only**
- 7. What are the five main account types in accounting?**
- A. Assets, Liabilities, Revenue, Expenses**
 - B. Assets, Liabilities, Equity, Revenue**
 - C. Assets, Liabilities, Equity, Revenue, Expenses**
 - D. Assets, Expenses, Revenue, Cash**
- 8. True or False: The ending cash balance on the Statement of Cash Flow should equal the cash balance reported on the Balance Sheet.**
- A. True**
 - B. False**
 - C. Not Sure**
 - D. Depends on the period**
- 9. An important aspect of an invoice is:**
- A. Its creative design**
 - B. Its inclusion of payment terms**
 - C. Its connection to budgeting**
 - D. Its historical significance**
- 10. What is the primary goal of financial reporting according to accounting principles?**
- A. To enable stockholders to compare investments**
 - B. To provide useful financial information to users**
 - C. To minimize tax liabilities for businesses**
 - D. To comply with internal revenue regulations**

Answers

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

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Explanations

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1. To record the payment received in cash, which type of documentation is the best practice?

A. Journal Entry

B. Invoice

C. Receipt

D. Bank Statement

A receipt is the best practice for documenting cash payments received because it serves as concrete evidence of the transaction for both the payer and the payee. Receipts typically include key details, such as the date of the transaction, the amount paid, a description of the goods or services, and the signatures of the involved parties, providing a clear and legally binding record of the exchange. In contrast, a journal entry is an internal accounting record that reflects the transaction but does not provide verification or acknowledgment from the customer. An invoice is a request for payment issued before the cash is received and does not serve as proof of receipt. A bank statement, while it shows overall cash flows in and out of a bank account, does not contain specific details about individual transactions like a receipt does. Therefore, a receipt offers the precise and official documentation needed to confirm the payment received.

2. Why is it essential to track business expenses?

A. For budgeting purposes

B. To assess employee performance

C. For marketing analysis

D. To determine pricing strategies

Tracking business expenses is essential primarily for budgeting purposes because it allows a business to understand where its money is going and how it can allocate resources more effectively. By keeping a detailed record of expenses, a business can create a realistic budget that reflects its operational realities, enabling it to plan for future needs, control spending, and identify areas where costs can be reduced. This financial oversight helps in making informed decisions about investments, hiring, and other key areas that contribute to the overall growth and sustainability of the business. While assessing employee performance, conducting marketing analysis, and determining pricing strategies are also important aspects of running a business, they do not directly relate to the primary reason for tracking expenses. Budgeting stands out as the foundational practice that supports these other functions by providing the financial clarity and control needed to ensure the business is on a sound fiscal path.

3. How often should a business conduct a trial balance?

- A. Once a year
- B. Monthly or at the end of each accounting period**
- C. Every time a transaction occurs
- D. Only when preparing tax returns

Conducting a trial balance monthly or at the end of each accounting period is a best practice for businesses because it helps ensure that the general ledger is accurate and that all accounting entries are properly recorded. By regularly checking the trial balance, businesses can identify discrepancies early, which facilitates timely corrections before finalizing their financial statements. This practice is vital for maintaining financial accuracy throughout the year rather than waiting until the end of a fiscal year or tax season. Frequent reviews help to catch errors in data entry, transactions, or posting before they can compound into larger accounting issues. This ongoing monitoring supports better financial decision-making and provides a clearer picture of the company's financial health. Conducting a trial balance only once a year, every time a transaction occurs, or solely for tax preparation does not allow for maintaining the same level of accuracy and oversight throughout the accounting period. Regular assessments promote a proactive approach to financial management.

4. What is the main function of an income statement?

- A. To display the balance of cash on hand
- B. To show changes in equity
- C. To report on revenue and expenses over a period**
- D. To record fixed asset acquisitions

The primary purpose of an income statement is to report on revenue and expenses over a specific period, allowing stakeholders to understand the financial performance of a business during that timeframe. This statement provides a clear view of the company's profitability by detailing how much money was generated through sales (revenue) and the costs incurred to generate that revenue (expenses). By presenting this information, the income statement enables stakeholders to assess the operational efficiency and profitability of the business, which is essential for decision-making regarding investments, managing operations, or considering future financial strategies. The other options focus on different financial aspects unrelated to the core purpose of an income statement. Displaying the balance of cash pertains to the cash flow statement, showing changes in equity relates to the statement of changes in equity, and recording fixed asset acquisitions is typically handled in the balance sheet and not within the income statement framework.

5. What was Maria Garcia's equity at the end of 2020?

- A. \$600,000
- B. \$539,000**
- C. \$625,000
- D. \$740,000

To determine Maria Garcia's equity at the end of 2020, we need to consider the components of equity, which typically include the total assets owned by a person minus the total liabilities owed. Equity reflects the owner's interest in the assets after settling debts. The choice indicating \$539,000 as Maria's equity suggests that this amount accurately accounts for her total assets at the end of 2020, less any liabilities she may have had at that time. This figure may have been derived from various financial records, including balances from the balance sheet, investment growth, and any additional contributions made to her equity during the year. Additionally, the context surrounding this choice involves evaluating the relationship between assets and liabilities to ensure that all calculations align with generally accepted accounting principles. Given Maria's specific financial situation, \$539,000 provides a reasonable representation of her equity after taking into account all necessary financial adjustments for that period. Understanding how equity is calculated and what factors influence it is essential for accurate bookkeeping and financial reporting.

6. In double-entry accounting, what is the best definition of a credit?

- A. An increase in assets/expenses
- B. A decrease in assets/expenses and an increase in liabilities/owner's equity and revenue**
- C. An increase in liabilities and a decrease in owner's equity
- D. A decrease in revenue only

In double-entry accounting, a credit is defined as a transaction that has the effect of decreasing assets or expenses while simultaneously increasing liabilities, owner's equity, or revenue. This understanding aligns with the fundamental principles of double-entry accounting, where every financial transaction impacts at least two accounts in such a way that the accounting equation ($\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$) remains balanced. When a credit is recorded, it reflects that the company has either incurred more obligations (increased liabilities) or gained more wealth (increased owner's equity or revenue). For example, when a business earns revenue, it credits the revenue account, reflecting an increase in financial resources available to the business, while the corresponding decrease in assets could occur if cash is received, leading to a balanced accounting equation. This definition encapsulates the broader implications of credit transactions in the accounting system, making it essential for students and practitioners to grasp this concept for accurate financial reporting and analysis.

7. What are the five main account types in accounting?

- A. Assets, Liabilities, Revenue, Expenses
- B. Assets, Liabilities, Equity, Revenue
- C. Assets, Liabilities, Equity, Revenue, Expenses**
- D. Assets, Expenses, Revenue, Cash

The five main account types in accounting are essential for understanding the structure of financial statements and the flow of transactions. These types comprise Assets, Liabilities, Equity, Revenue, and Expenses. Assets represent everything that a business owns which has economic value (like cash, inventory, and property). Liabilities are obligations that the business owes to outside parties, such as loans and accounts payable. Equity reflects the residual interest in the assets of the entity after deducting liabilities, essentially representing the owners' stake in the business. Revenue accounts for the income generated from normal business operations, while Expenses capture all costs incurred in the process of earning that revenue. Each of these account types plays a crucial role in the accounting equation ($\text{Assets} = \text{Liabilities} + \text{Equity}$) and the preparation of financial statements such as the balance sheet and income statement. Including all five account types provides a comprehensive view of a company's financial health, making option C the correct selection.

8. True or False: The ending cash balance on the Statement of Cash Flow should equal the cash balance reported on the Balance Sheet.

- A. True**
- B. False
- C. Not Sure
- D. Depends on the period

The statement is true because the ending cash balance reported in the Statement of Cash Flows should reconcile with the cash balance on the Balance Sheet. The Statement of Cash Flows is designed to provide a comprehensive overview of the cash inflows and outflows during a specific period, ultimately leading to an ending cash balance. This balance reflects all sources and uses of cash, including operating, investing, and financing activities. When prepared correctly, the cash balance at the end of the Statement of Cash Flows will match the cash reported on the Balance Sheet for the same reporting period. This alignment is essential for ensuring the accuracy and integrity of financial statements, as both documents are interconnected. Any discrepancies between the two would indicate an error in the accounting records or in the preparation of the financial statements. The other options revolve around uncertainty about the relationship between the two statements or specific conditions that would allow for a mismatch, but in standard accounting practice, the ending cash balance should always match, reinforcing the consistency and reliability of financial reporting.

9. An important aspect of an invoice is:

- A. Its creative design**
- B. Its inclusion of payment terms**
- C. Its connection to budgeting**
- D. Its historical significance**

An important aspect of an invoice is its inclusion of payment terms. Payment terms clearly define when and how a payment is expected. These terms can specify a due date, outline any penalties for late payments, and provide information regarding acceptable payment methods. This clarity helps to ensure that both the seller and the buyer understand their obligations, thus preventing misunderstandings and ensuring timely transactions. In contrast, while creative design may enhance the visual appeal of an invoice, it does not affect its functionality or ability to communicate essential terms. Similarly, while an invoice can be relevant to budgeting, its primary purpose is to request payment. Historical significance generally does not play a role in the operational use of invoices in a business context. Therefore, the emphasis on including payment terms is crucial for maintaining professional relationships and ensuring smooth financial operations.

10. What is the primary goal of financial reporting according to accounting principles?

- A. To enable stockholders to compare investments**
- B. To provide useful financial information to users**
- C. To minimize tax liabilities for businesses**
- D. To comply with internal revenue regulations**

The primary goal of financial reporting according to accounting principles is to provide useful financial information to users. This encompasses delivering relevant and reliable data that assists various stakeholders—such as investors, creditors, management, and regulators—in making informed economic decisions. Financial reporting is designed to portray the financial performance and position of an entity clearly and transparently. It allows users to evaluate past performance, understand the current financial health, and predict future outcomes. By presenting consistent and comparable information over time, financial reports enhance the decision-making process and foster accountability and trust in reported financial results. Other choices represent important aspects of financial information, such as serving the needs of stockholders or ensuring compliance with regulations. However, these objectives are subordinate to the overarching goal of providing useful information that benefits a broad range of users in their decision-making processes.

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://intuitbookkeepingpro.examzify.com>

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

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