

# TEXES Business and Finance 276 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

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- 1. What is the first step in the accounting cycle?**
  - A. Collection of information**
  - B. Journalize transactions**
  - C. Post to ledgers**
  - D. Prepare financial statements**
  
- 2. Which of the following scenarios is a B2B transaction?**
  - A. A consumer buys components from a manufacturer for personal use.**
  - B. A distributor buys parts from a manufacturer for resale.**
  - C. A student purchases a course online**
  - D. A traveler books a hotel.**
  
- 3. Which action would raise equity capital for a corporation?**
  - A. Take a loan**
  - B. Sell bonds**
  - C. Issue stock**
  - D. Pay dividends**
  
- 4. Under EEOC guidelines, pay differentials between male and female employees are permissible if based on a legitimate factor such as seniority.**
  - A. Gender**
  - B. Seniority**
  - C. Age**
  - D. Race**
  
- 5. An effective employee appraisal process typically includes which element?**
  - A. Objective performance criteria and feedback**
  - B. Qualifying suppliers**
  - C. Product pricing strategy**
  - D. Filing annual tax returns**

- 6. Which of the following is a benefit of information technology in business?**
- A. IT makes it possible for businesses to network all over the world**
  - B. IT guarantees immediate profits**
  - C. IT eliminates all security risks**
  - D. IT reduces the need for management**
- 7. Which of the following topics is typically covered by employment law?**
- A. Tax planning**
  - B. Employment discrimination**
  - C. Corporate governance**
  - D. Intellectual property rights**
- 8. Which statement about the Federal Trade Commission is NOT true?**
- A. The FTC exists to protect consumers from deceptive business practices.**
  - B. The FTC was created through the passage of The Federal Trade Consumer Act of 1918.**
  - C. The FTC is comprised of five commissioners appointed by the president.**
  - D. The FTC exists to protect consumers from unethical business practices.**
- 9. In economics, investment spending is more closely related to which sector's spending?**
- A. It is unrelated to spending.**
  - B. It is more concerned with business spending than consumer spending.**
  - C. It relates only to government spending.**
  - D. It depends on the size of the economy.**

**10. Which statement about cumulative preferred stock is correct?**

- A. They are always non-cumulative**
- B. They require voting rights**
- C. They never accumulate**
- D. Dividend payments accumulate if not paid**

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## **Answers**

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

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## **Explanations**

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## 1. What is the first step in the accounting cycle?

- A. Collection of information**
- B. Journalize transactions**
- C. Post to ledgers**
- D. Prepare financial statements**

Collecting information from source documents and records is the starting point. This step provides all the dates, amounts, parties, and accounts involved, so you know exactly what happened and what needs to be recorded. With this data in hand, you can analyze each item to determine its effect on the accounts and prepare accurate journal entries. Only after gathering and understanding the information can you move on to journalizing, then posting to ledgers, and finally producing financial statements. Without collecting information first, there would be nothing concrete to record or report.

## 2. Which of the following scenarios is a B2B transaction?

- A. A consumer buys components from a manufacturer for personal use.**
- B. A distributor buys parts from a manufacturer for resale.**
- C. A student purchases a course online**
- D. A traveler books a hotel.**

B2B transactions occur when a business buys from another business to use in its operations or to resell. A distributor purchasing parts from a manufacturer to resale is a clear B2B example because both parties are businesses and the end goal is resale to other customers, not personal use. The other situations involve individuals buying for personal use—consumers purchasing components for themselves, a student paying for a course, and a traveler booking a hotel. Those are business-to-consumer transactions, where the buyer is a individual consumer rather than a business.

## 3. Which action would raise equity capital for a corporation?

- A. Take a loan**
- B. Sell bonds**
- C. Issue stock**
- D. Pay dividends**

Raising equity capital means getting funds by selling ownership in the company to investors. When a corporation issues stock, it sells shares to buyers in exchange for cash or other assets. This action directly increases stockholders' equity on the balance sheet (through common stock and additional paid-in capital), providing permanent capital that doesn't have to be repaid like debt. In contrast, taking a loan or selling bonds brings in cash but creates a liability that must be repaid with interest, so they are forms of debt financing that do not raise equity. Paying dividends reduces retained earnings and overall equity because it distributes profits to shareholders rather than adding to the company's capital. Therefore, issuing stock is the action that raises equity capital.

**4. Under EEOC guidelines, pay differentials between male and female employees are permissible if based on a legitimate factor such as seniority.**

**A. Gender**

**B. Seniority**

**C. Age**

**D. Race**

Under EEOC guidelines, pay differences are allowed when they rest on legitimate factors other than sex that relate to the job. Seniority is a classic example because it reflects how long someone has worked for the company and can justify higher pay for more experience or longer service. The important point is that the factor must be legitimate and applied fairly, not used to mask discrimination. Choosing pay based on gender, age, or race would involve protected characteristics and is not permissible; those factors are off-limits for determining wages.

**5. An effective employee appraisal process typically includes which element?**

**A. Objective performance criteria and feedback**

**B. Qualifying suppliers**

**C. Product pricing strategy**

**D. Filing annual tax returns**

An effective employee appraisal centers on using objective, job-related criteria plus clear, actionable feedback. Objective performance criteria are measurable standards tied directly to the duties of the role—things like output quality, accuracy, adherence to deadlines, sales or production targets, customer satisfaction scores, or attendance. When evaluations are based on these observable metrics, the appraisal is fairer and more reliable, because it reduces personal bias and makes expectations transparent. Coupled with this, feedback explains how the employee performed relative to those criteria, points out strengths, identifies development areas, and sets specific goals and actions for improvement. This combination turns an appraisal into a meaningful development conversation, guiding training, growth plans, and decisions about rewards or progression. The other activities—qualifying suppliers, setting product pricing strategies, and filing annual tax returns—are important in their own fields (procurement, marketing/finance strategy, and tax compliance), but they don't constitute the process of evaluating and developing an individual employee's performance.

**6. Which of the following is a benefit of information technology in business?**

- A. IT makes it possible for businesses to network all over the world**
- B. IT guarantees immediate profits**
- C. IT eliminates all security risks**
- D. IT reduces the need for management**

Information technology enables businesses to network globally, connecting people, data, and systems across borders. This global connectivity brings faster communication, easier collaboration, and access to suppliers and customers worldwide, which is a tangible advantage in a connected economy. For example, online collaboration tools, cloud platforms, and international communications networks allow a company to source materials globally and serve customers anywhere with greater speed and efficiency. While IT can help improve performance, it doesn't guarantee profits, it doesn't eliminate security risks, and it doesn't remove the need for management—it changes how management and governance are applied to technology and operations.

**7. Which of the following topics is typically covered by employment law?**

- A. Tax planning**
- B. Employment discrimination**
- C. Corporate governance**
- D. Intellectual property rights**

Employment law governs the employer-employee relationship and what employers can and cannot do in hiring, treating, and compensating workers. A core area within this field is employment discrimination, which bars unfair treatment based on protected characteristics such as race, sex, age, religion, disability, or national origin. This topic is central to employment law because it ensures equal opportunity and fair treatment in the workplace, with enforcement mechanisms and remedies when violations occur. The other topics listed belong to different areas of law. Tax planning falls under tax law and deals with strategies to minimize tax liability. Corporate governance concerns how a company is run and controlled, including duties of officers and the board. Intellectual property rights cover ownership and use of creations and inventions. Employers must navigate these areas in business, but they are not the primary focus of employment law.

**8. Which statement about the Federal Trade Commission is NOT true?**

- A. The FTC exists to protect consumers from deceptive business practices.**
- B. The FTC was created through the passage of The Federal Trade Consumer Act of 1918.**
- C. The FTC is comprised of five commissioners appointed by the president.**
- D. The FTC exists to protect consumers from unethical business practices.**

The statement that isn't true centers on when the FTC was created. The Federal Trade Commission was established by the Federal Trade Commission Act in 1914, not in 1918. That wrong year makes this option inaccurate. The FTC's real mission is to protect consumers from deceptive acts or practices and unfair methods of competition, which aligns with statements about protecting consumers from deceptive practices. The FTC is indeed a five-member commission appointed by the president (with Senate confirmation) and operates with a structure designed to maintain balance. While the term "unethical" is informal, the idea of guarding against unfair or deceptive practices matches the agency's legal mandate.

**9. In economics, investment spending is more closely related to which sector's spending?**

- A. It is unrelated to spending.**
- B. It is more concerned with business spending than consumer spending.**
- C. It relates only to government spending.**
- D. It depends on the size of the economy.**

Investment spending is the amount firms spend on capital goods—things like equipment, factories, and inventory—to raise future production. Because it involves the private sector's purchases of long-term assets, it is most closely tied to business spending rather than consumer purchases or government purchases. Consumers spend for current needs and wants, while government spending covers public sector outlays; investment specifically reflects the business sector's plans to expand capacity. The size of the economy affects how large the spending is, not which sector drives it. So, investment spending aligns most with business spending.

**10. Which statement about cumulative preferred stock is correct?**

- A. They are always non-cumulative**
- B. They require voting rights**
- C. They never accumulate**
- D. Dividend payments accumulate if not paid**

Cumulative dividends are a feature where any unpaid dividend is carried forward and owed to shareholders, to be paid later before any dividends can go to common stockholders. This makes the statement about dividend payments accumulating if not paid correct, because the whole point of cumulative preferred stock is that missed payments don't disappear—they accumulate as arrears until they're paid. Context helps: not all preferred stock is cumulative—there are non-cumulative types where missed dividends aren't owed later—but when a stock is cumulative, the company must clear those past-due dividends before paying dividends to others, such as common shareholders. It's also not typical for preferred stock to come with voting rights, which is why claiming they require voting rights isn't accurate in general. And saying they never accumulate is the opposite of what cumulative means. So, the correct idea is that dividend payments accumulate if not paid.

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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](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://texasbusinessfinance276.examzify.com>**

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

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