

YOUSCIENCE ACCOUNTING 1 PRACTICE EXAM (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

**VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE**

<https://youscienceaccounting1.examzify.com>



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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. Which account would typically carry a credit balance?**
 - A. Asset
 - B. Expense
 - C. Revenue
 - D. Prepaid Insurance

- 2. Which statement would properly identify a voided check?**
 - A. A check written to a vendor that is going to be mailed.
 - B. A check that is pending approval by the bank.
 - C. A check that can't be processed because the business has made the check invalid.
 - D. A check that has been lost in the mail.

- 3. The journal entry serves as the source for postings to the:**
 - A. Ledger
 - B. Trial balance
 - C. Bank statement
 - D. Annual report

- 4. How are bank service charges and interest income recorded in the books?**
 - A. Bank service charges: Debit Bank Fees (Expense); Credit Cash. Interest income: Debit Cash; Credit Interest Revenue.
 - B. Bank service charges: Credit Bank Fees; Debit Cash. Interest income: Debit Interest Revenue; Credit Cash.
 - C. Bank service charges: Debit Cash; Credit Bank Fees. Interest income: Debit Interest Revenue; Credit Cash.
 - D. Bank service charges: Debit Bank Fees; Credit Cash. Interest income: Debit Interest Revenue; Credit Cash.

- 5. Which journal entry records accrued interest at period end?**
 - A. Debit Interest Payable; Credit Cash.
 - B. Debit Interest Expense; Credit Interest Payable.
 - C. Debit Cash; Credit Interest Revenue.
 - D. Debit Interest Revenue; Credit Interest Expense.

- 6. To decrease the balance of an expense account, you would?**
- A. Credit the account
 - B. Debit the account
 - C. Increase the account
 - D. Decrease the account
- 7. Gross margin is:**
- A. Gross profit divided by net sales
 - B. Gross profit minus cost of goods sold
 - C. Net income divided by net sales
 - D. Net sales minus operating expenses
- 8. What is the purpose of a post-closing trial balance?**
- A. To list all revenue and expense accounts for the period.
 - B. To verify cash balance at year-end.
 - C. To determine current assets and liabilities only.
 - D. To verify permanent accounts balance after closing entries and ensure the books are ready for the next period.
- 9. Which statement best describes the reason for bank reconciliation against the bank statement?**
- A. To Identify Errors That Can Affect Estimated Tax Payments And Financial Reportings
 - B. To Reduce Bank Fees
 - C. To Set Interest Rates
 - D. To Track Inventory Levels
- 10. Which statement best defines a liability?**
- A. An asset
 - B. An obligation arising from past events; example wages payable or taxes payable.
 - C. A revenue item recognized when earned
 - D. A shareholder's claim on assets after dissolution

Answers

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

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Explanations

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1. Which account would typically carry a credit balance?

- A. Asset
- B. Expense
- C. Revenue**
- D. Prepaid Insurance

Revenue is the account that would typically carry a credit balance. In double-entry accounting, accounts have normal balances based on their type: assets and expenses normally show debit balances, while revenues, liabilities, and equity normally show credit balances. Revenue increases the owners' equity, so it is increased with a credit. For example, when you earn revenue, you credit the revenue account (and debit cash or accounts receivable). Prepaid Insurance and other assets have debit normal balances, and expenses also carry debit balances, so they wouldn't normally have a credit balance.

2. Which statement would properly identify a voided check?

- A. A check written to a vendor that is going to be mailed.
- B. A check that is pending approval by the bank.
- C. A check that can't be processed because the business has made the check invalid.**
- D. A check that has been lost in the mail.

A voided check is a check that has been canceled so it cannot be paid or negotiated. This is usually done by marking the check with VOID (or by recording it in a system as canceled) to prevent any further processing while still allowing someone to use the bank details for setup purposes like direct deposits or ACH payments. Because a voided check is intentionally made invalid, the statement that describes a check that can't be processed because the business has made the check invalid best captures what a voided check is. It's not simply a check mailed to a vendor, not a check awaiting bank approval, and not a check lost in the mail—the common element is deliberate cancellation so the check cannot be used.

3. The journal entry serves as the source for postings to the:

- A. Ledger**
- B. Trial balance
- C. Bank statement
- D. Annual report

In double-entry accounting, transactions are first recorded in the general journal with debits and credits, and those journal entries are then posted to the individual accounts in the general ledger. The ledger compiles all postings by account, giving running balances for each account, so the journal entries provide the source data for those postings. From the ledger, you generate the trial balance and financial statements; bank statements come from external bank records, and the annual report summarizes the financial statements rather than serving as the posting source.

4. How are bank service charges and interest income recorded in the books?

- A. Bank service charges: Debit Bank Fees (Expense); Credit Cash. Interest income: Debit Cash; Credit Interest Revenue.**
- B. Bank service charges: Credit Bank Fees; Debit Cash. Interest income: Debit Interest Revenue; Credit Cash.
- C. Bank service charges: Debit Cash; Credit Bank Fees. Interest income: Debit Interest Revenue; Credit Cash.
- D. Bank service charges: Debit Bank Fees; Credit Cash. Interest income: Debit Interest Revenue; Credit Cash.

Bank service charges are seen as expenses, so you record them with a debit to the expense account (Bank Fees) and a credit to Cash since cash leaves the company. Interest income comes from the business earning money on its deposits, which increases cash and increases revenue, so you debit Cash and credit Interest Revenue. This aligns with the basic rule: expenses and assets are affected by debits and credits in ways that increase or decrease them appropriately, while revenues are increased with credits. The described entries match these rules, making the option the best choice.

5. Which journal entry records accrued interest at period end?

- A. Debit Interest Payable; Credit Cash.
- B. Debit Interest Expense; Credit Interest Payable.**
- C. Debit Cash; Credit Interest Revenue.
- D. Debit Interest Revenue; Credit Interest Expense.

Accrued interest at period end is recognized as an expense with a corresponding liability. When interest has accrued but hasn't been paid yet, you record it by debiting Interest Expense to reflect the cost for the period and crediting Interest Payable to show the amount owed. This matches the accrual basis of accounting, which records expenses when incurred rather than when cash is paid. So, the correct entry is Debit Interest Expense; Credit Interest Payable. If you later pay the cash, you would then reduce the payable by Debiting Interest Payable and Credit Cash. The other options mix up the timing or the accounts: paying cash immediately would involve Cash and reducing a payable, not recognizing the accrual; using Revenue would be inappropriate since this is an expense, not revenue; and reversing the accounts would misstate the nature of the transaction.

6. To decrease the balance of an expense account, you would?

- A. Credit the account**
- B. Debit the account
- C. Increase the account
- D. Decrease the account

Expense accounts normally have a debit balance. In double-entry accounting, debits increase an expense, while credits decrease it. So when you want to lower the balance of an expense account, you would record a credit to that account. Debiting would do the opposite by increasing the expense, and the other options would either raise the balance or don't specify the entry method.

7. Gross margin is:

- A. Gross profit divided by net sales
- B. Gross profit minus cost of goods sold
- C. Net income divided by net sales
- D. Net sales minus operating expenses

Gross margin describes how much of each sales dollar remains after paying for goods sold. The best answer expresses this as a ratio: gross profit divided by net sales. Here's why: gross profit is net sales minus cost of goods sold, so dividing that by net sales shows the portion of sales left after covering the direct production costs, i.e., the margin on sales. For example, if net sales are \$100 and cost of goods sold is \$60, gross profit is \$40 and the gross margin ratio is $40/100 = 0.40$ or 40%. The other options reflect different measures: gross profit minus cost of goods sold isn't a standard metric, net income over net sales is the net profit margin (all expenses considered), and net sales minus operating expenses is operating income, not gross margin.

8. What is the purpose of a post-closing trial balance?

- A. To list all revenue and expense accounts for the period.
- B. To verify cash balance at year-end.
- C. To determine current assets and liabilities only.
- D. To verify permanent accounts balance after closing entries and ensure the books are ready for the next period.

After closing entries are posted, the post-closing trial balance serves to confirm that only permanent accounts have balances and that the temporary, like revenue and expense accounts (and any dividends), have been closed to zero. It lists the ending balances of assets, liabilities, and equity, ensuring the accounting equation still balances. This check also proves debits equal credits and shows the books are clean and ready for the next period's transactions.

9. Which statement best describes the reason for bank reconciliation against the bank statement?

- A. To Identify Errors That Can Affect Estimated Tax Payments And Financial Reportings
- B. To Reduce Bank Fees
- C. To Set Interest Rates
- D. To Track Inventory Levels

Verifying cash balances by comparing the company's cash records with the bank statement is the key idea. Bank reconciliation helps uncover discrepancies such as deposits in transit, outstanding checks, bank fees, or errors by either party. By identifying and correcting these differences, the company's recorded cash balance aligns with the bank's records, which is essential for accurate financial reporting and for ensuring estimated tax payments are based on correct cash figures. This process supports internal controls and helps prevent misstatements in the financial statements and tax-related calculations. The other options don't fit the primary purpose. It isn't about reducing bank fees, setting interest rates, or tracking inventory.

10. Which statement best defines a liability?

- A. An asset
- B. An obligation arising from past events; example wages payable or taxes payable.**
- C. A revenue item recognized when earned
- D. A shareholder's claim on assets after dissolution

A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow of resources. This definition fits why wages payable or taxes payable are liabilities: they are obligations that arose from past activities and will require payment in the future. An asset, on the other hand, is something the entity controls that will bring future economic benefits. Revenue is income earned from operations, not an obligation. An equity claim is a shareholder's residual interest in assets after liabilities are settled, not a liability.

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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:

<https://youscienceaccounting1.examzify.com>

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

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