

ACCOUNTING TECHNICIAN II PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE**

<https://accountingtech2.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 function involves assisting in government budget development and monitoring, with accountants tracking expenditures and revenues to ensure fiscal responsibility?**
 - A. Budget Management
 - B. Regulatory Compliance
 - C. Internal Controls and Audit Facilitation
 - D. Fund and Grant Administration

- 2. In accounting, equity represents what?**
 - A. The owner's claim on the assets of the company after liabilities are subtracted
 - B. The total money owed to creditors
 - C. The net cash available for distributions
 - D. The cost of all assets minus liabilities

- 3. Which item is a typical investing activity?**
 - A. Interest received on investments.
 - B. Payment of wages.
 - C. Purchase of equipment.
 - D. Proceeds from issuing shares.

- 4. Which statement best describes capital expenditure?**
 - A. Capital expenditure adds to long-term assets or improves assets
 - B. Revenue expenditure adds to long-term assets
 - C. Capital expenditure is expensed immediately
 - D. Revenue expenditure reduces equity

- 5. What is the primary purpose of the cash flow statement?**
 - A. To show cash inflows and outflows during the period and explain the change in cash
 - B. To show profitability
 - C. To report tax obligations
 - D. To measure asset turnover

- 6. Which entry increases an asset or expense and may be recorded on the left side of a T-account?**
- A. Dividends
 - B. Credit
 - C. Depreciation
 - D. Debit
- 7. How is depreciation calculated using the straight-line method?**
- A. $(\text{Cost} - \text{Salvage value}) \div \text{Useful life}$.
 - B. $\text{Cost} \div \text{Useful life}$.
 - C. $(\text{Cost} + \text{Salvage value}) \div \text{Useful life}$.
 - D. $\text{Salvage value} \div \text{Useful life}$.
- 8. What is the purpose of variance analysis in budgeting?**
- A. To forecast future market trends.
 - B. To compare actual results with budgeted figures, identify deviations, and guide management action.
 - C. To determine year-end tax obligations.
 - D. To set initial budget targets.
- 9. Which donor restriction applies to a donation designated for scholarships at a university?**
- A. A salary expense
 - B. A donation to a university designated for scholarships
 - C. Office supplies
 - D. Travel expenses
- 10. A listing of all the accounts used in the general ledger of business**
- A. Chart of accounts
 - B. Trial balance
 - C. General ledger
 - D. Statement of cash flows

Answers

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

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Explanations

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1. Which function involves assisting in government budget development and monitoring, with accountants tracking expenditures and revenues to ensure fiscal responsibility?

- A. Budget Management**
- B. Regulatory Compliance
- C. Internal Controls and Audit Facilitation
- D. Fund and Grant Administration

Budget management in government is about planning, tracking, and controlling financial resources to meet policy goals. Accountants support this by helping develop budget proposals, monitoring spending and revenues, and analyzing variances to ensure resources are used as planned and fiscal limits are respected. This direct involvement in creating and supervising the budget and keeping finances on track is why it fits best for assisting in government budget development and monitoring with an emphasis on fiscal responsibility. Regulatory compliance focuses on ensuring activities follow laws and rules rather than shaping and overseeing the budget. Internal controls and audit facilitation centers on the processes that safeguard assets and support audits, not the ongoing budget development and monitoring. Fund and grant administration deals with managing specific funds or grants, which can be part of budgeting but does not capture the overarching process of creating the budget and continuously tracking revenues and expenditures for overall fiscal discipline.

2. In accounting, equity represents what?

- A. The owner's claim on the assets of the company after liabilities are subtracted**
- B. The total money owed to creditors
- C. The net cash available for distributions
- D. The cost of all assets minus liabilities

Equity is the owner's claim on the company's assets after all debts to outsiders have been paid. It's what remains for owners if the business settles its liabilities, reflecting the residual interest in the assets. This follows the basic accounting equation: $\text{assets} = \text{liabilities} + \text{equity}$. For example, if assets are 500 and liabilities are 200, equity is 300. This clarifies why the other ideas aren't correct: liabilities are what the company owes to creditors, not what owners own; net cash available for distributions is just a portion of assets and depends on earnings and restrictions; and equity isn't simply the cost of assets minus liabilities, since asset values on the books reflect cost less depreciation and other adjustments, not a straightforward subtraction.

3. Which item is a typical investing activity?

- A. Interest received on investments.
- B. Payment of wages.
- C. Purchase of equipment.**
- D. Proceeds from issuing shares.

Investing activities are cash flows tied to acquiring or disposing of long-term assets, like property, plant, and equipment. Purchasing equipment fits this category because it involves obtaining a non-current asset that will be used in the business for many years. Paying wages is part of the day-to-day operating activities of the business, not investing. Proceeds from issuing shares affect the company's financing and its capital structure, not its asset base. Interest received can be classified differently in some frameworks, but it does not involve acquiring a long-term asset, so it isn't the typical investing activity.

4. Which statement best describes capital expenditure?

- A. Capital expenditure adds to long-term assets or improves assets
- B. Revenue expenditure adds to long-term assets
- C. Capital expenditure is expensed immediately
- D. Revenue expenditure reduces equity

Capital expenditure is spending that creates or enhances a long-term asset. It increases the amount recorded on the balance sheet and is not charged to the income statement in the period of purchase; instead, it is capitalized and depreciated over the asset's useful life. This includes buying new equipment or making improvements to an asset that extend its life or increase its capacity. That's why the statement that capital expenditure adds to long-term assets or improves assets is the best description. It captures the idea of recording the cost as part of the asset's value and then allocating it over time through depreciation. In contrast, revenue expenditure covers ordinary operating costs that keep the business running and are expensed immediately in the period incurred. Saying capital expenditure is expensed immediately would mix it up with revenue expenditure, and saying revenue expenditure reduces equity is misleading for describing the nature of capital spending.

5. What is the primary purpose of the cash flow statement?

- A. To show cash inflows and outflows during the period and explain the change in cash
- B. To show profitability
- C. To report tax obligations
- D. To measure asset turnover

Focusing on cash movements, the cash flow statement shows the cash inflows and outflows that occurred during the period and explains the net change in cash. It tracks cash receipts and payments across operating, investing, and financing activities, so you can see where cash came from and how it was used. This helps assess liquidity and the ability to meet obligations, independent of reported profits on the income statement. While taxes, profitability, and asset turnover relate to other metrics, the cash flow statement specifically highlights actual cash movements and how they alter the cash balance.

6. Which entry increases an asset or expense and may be recorded on the left side of a T-account?

- A. Dividends
- B. Credit
- C. Depreciation
- D. Debit

In double-entry accounting, increases to assets and expenses are recorded with debits on the left side of a T-account. So the entry that increases an asset or an expense and can appear on the left side is a debit. For example, when you buy equipment (an asset), you debit the Equipment account; when you recognize depreciation (an expense), you debit the Depreciation Expense account (and credit Accumulated Depreciation). Credits, in contrast, increase liabilities, equity, or revenue and would not be used to increase assets or expenses. Dividends relate to distributions to owners and affect equity, not an asset or expense.

7. How is depreciation calculated using the straight-line method?

- A. $(\text{Cost} - \text{Salvage value}) \div \text{Useful life}$.
- B. $\text{Cost} \div \text{Useful life}$.
- C. $(\text{Cost} + \text{Salvage value}) \div \text{Useful life}$.
- D. $\text{Salvage value} \div \text{Useful life}$.

Depreciation under the straight-line method spreads the asset's cost evenly over its useful life after accounting for the amount it is expected to be worth at the end (salvage value). The annual depreciation is calculated as $(\text{Cost} - \text{Salvage value}) \div \text{Useful life}$. The salvage value is the estimated residual value at the end of the asset's life, so you subtract it from the initial cost to find the amount that's being allocated over each year. For example, if an asset costs 120,000 and is expected to have a salvage value of 12,000 after 6 years, the yearly depreciation would be $(120,000 - 12,000) \div 6 = 18,000$ per year. Using only cost ignores the salvage value and would overstate. Using $(\text{Cost} \div \text{Useful life})$ omits salvage value entirely, which misstates the annual expense. Using $(\text{Cost} + \text{Salvage value}) \div \text{Useful life}$ would assign too large a depreciation base, overstating the expense. Using $\text{Salvage value} \div \text{Useful life}$ would understate depreciation, treating only the end value as a yearly charge.

8. What is the purpose of variance analysis in budgeting?

- A. To forecast future market trends.
- B. To compare actual results with budgeted figures, identify deviations, and guide management action.
- C. To determine year-end tax obligations.
- D. To set initial budget targets.

Variance analysis in budgeting focuses on comparing actual results with what was budgeted, highlighting where performance diverged from the plan and guiding managerial action. When actual revenue, costs, or quantities differ from the budget, variances surface and can be investigated to determine why. This helps management decide whether to tighten controls, adjust operations, reallocate resources, or revise forecasts to align outcomes with strategic goals. Understanding variances also supports accountability by showing which departments or activities are driving differences. Variance analysis usually breaks variances into categories such as price/cost variances and efficiency or volume variances, so you can pinpoint whether overruns are due to paying more per unit, using more resources than expected, or selling less than planned. It's not used to forecast market trends, nor to determine year-end tax obligations, nor to set initial budget targets—those are separate steps in planning and compliance; variance analysis comes after budgets are set and comparisons are made to monitor performance and inform action.

9. Which donor restriction applies to a donation designated for scholarships at a university?

- A. A salary expense
- B. A donation to a university designated for scholarships
- C. Office supplies
- D. Travel expenses

In not-for-profit accounting, donor restrictions specify exactly how contributed resources must be used. When a gift is designated for a specific program, like scholarships, that creates a purpose restriction. The donation designated for scholarships must be used only to fund scholarships, not for salaries, office supplies, or travel. Because of this purpose restriction, the gift is recorded as temporarily restricted net assets until the scholarships are awarded, at which time the restriction is satisfied and the funds are released.

10. A listing of all the accounts used in the general ledger of business

A. Chart of accounts

B. Trial balance

C. General ledger

D. Statement of cash flows

A listing of all accounts used in the general ledger is called the chart of accounts. It's the organized index of every account title and its assigned number that a business uses to classify and post transactions. The chart of accounts acts as the blueprint for the accounting system, ensuring consistency in how transactions are recorded and reported. The general ledger itself is the actual set of accounts holding each account's balances and detailed postings. The trial balance is a report that lists each account with its debit or credit balance to verify that total debits equal credits. The statement of cash flows is a financial statement showing how cash moved over a period. So, for listing all accounts, the chart of accounts is the correct term.

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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://accountingtech2.examzify.com>

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

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