ACCOUNTING TECHNICIAN II 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.

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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!

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Questions

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1. Present value is a measure of the current value of a sum of money to be received in the future, using a specified rate.

A. Future value

B. Present value

C. Discount factor

D. Nominal value

2. A contribution to your university is typically what type of donation?

A. Unrestricted donation

B. Restricted donation

C. In-kind contribution

D. Loan

3. Which describes the purpose of reconciliations in internal controls?

A. To verify that ledgers balance with external records and detect discrepancies.

B. To ensure all employees are paid on time.

C. To record every transaction twice.

D. To eliminate all risk of misstatement.

4. Which area involves managing and reconciling government funds and overseeing grant-related financial operations including reporting requirements?

A. Government Funding

B. Internal Controls and Audit Facilitation

C. Not-for-Profit Organizations Funding

D. Fund and Grant Administration

5. Which term refers to the amount of money a company receives from selling goods or providing services?

A. Profit

B. Costs

C. Expenses

D. Revenue

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6. In a for-profit business, who are the primary decision-makers?

A. Customers

B. Owners, shareholders, or executive management

C. Government agencies

D. External auditors

7. 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

8. Which funding source involves sales of goods and services, investments, loans, and issuing stocks or bonds?

A. Government Funding

B. Businesses Funding

C. Not-for-Profit Funding

D. Fund and Grant Administration

9. In CVP analysis, which item is not a standard component?

A. Fixed costs

B. Variable costs

C. Selling price

D. Tax accounting methods

10. Which sector is described as addressing social, environmental, or cultural issues and providing services to underserved populations?

A. Government

B. Not-for-Profit

C. Business

D. Government Funding

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Answers

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

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Explanations

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1. Present value is a measure of the current value of a sum of money to be received in the future, using a specified rate.

A. Future value

B. Present value

C. Discount factor

D. Nominal value

The point here is the time value of money: money today is worth more than the same amount in the future, so future sums must be discounted to reflect that value. Present value is found by bringing a future amount back to the present using a discount rate. For a single future cash flow, PV = FV / (1 + i)^t, where FV is the amount to be received in t years and i is the annual discount rate. If there are multiple future receipts, you sum their discounted values. This contrasts with future value, which asks what a present amount would be worth in the future (FV = PV × (1 + i)^t). The discount factor, 1/(1 + i)^t, is the multiplier used to convert each future cash flow to present value. Nominal value is simply the face value with no adjustment for time value or inflation, so it isn't the measure described. For example, if you're due 100 in 3 years at 5%, the present value is about 86.38.

2. A contribution to your university is typically what type of donation?

A. Unrestricted donation

B. Restricted donation

C. In-kind contribution

D. Loan

The key idea is how donor gifts are categorized in nonprofit accounting. When a donor imposes a specific use on a gift—such as funds for scholarships, a building project, or a particular program—the gift is recorded as restricted. That means the university must use the money only for the designated purpose, and the asset sits in temporarily restricted or permanently restricted net assets until the restriction is met or, in the case of endowments, the principal remains restricted while earnings may be used according to policy. This is why a donation to a university is typically considered restricted: donors often want control over how their money is used, ensuring it supports a specific area or project rather than general operating needs. It wouldn't be a loan, since a loan must be repaid; and while in-kind contributions (noncash assets) can occur, cash gifts designated for a specific purpose are the common form of restricted donations. Unrestricted gifts exist too, but the typical charitable gift to fund a defined university need tends to be restricted.

3. Which describes the purpose of reconciliations in internal controls?

A. To verify that ledgers balance with external records and detect discrepancies.

B. To ensure all employees are paid on time.

C. To record every transaction twice.

D. To eliminate all risk of misstatement.

Reconciliations in internal controls focus on comparing what the company records with independent external records to catch differences and ensure accuracy. By regularly matching internal ledgers to external documents—like bank statements, supplier statements, or customer confirmations—any timing differences, posting errors, or missing transactions are revealed. This helps correct mistakes promptly and provides evidence that the financial data are reliable for reporting purposes. For example, a bank reconciliation checks the cash balance in the books against the bank statement, identifying outstanding checks or deposits in transit that explain differences. This practice is central to detecting errors or potential fraud and to maintaining trust in financial statements. The other choices don't fit this purpose: paying employees on time is payroll processing; recording every transaction twice describes double-entry bookkeeping, not the act of reconciling; and eliminating all risk of misstatement is not realistic—reconciliations reduce risk but cannot guarantee zero misstatements.

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4. Which area involves managing and reconciling government funds and overseeing grant-related financial operations including reporting requirements?

A. Government Funding

B. Internal Controls and Audit Facilitation

C. Not-for-Profit Organizations Funding

D. Fund and Grant Administration

Managing and reconciling government funds, along with overseeing grant-related financial operations and reporting requirements, is all about fund and grant administration. This area addresses how funds are tracked, reconciled with statements and ledgers, spent according to grant terms, and reported to funders and auditors. It brings together the continuous tasks of financial stewardship for government resources and the specific oversight needed for grant compliance, drawdowns, progress reporting, and final reporting. That's why the option describing Fund and Grant Administration is the best fit. It explicitly covers both the ongoing management of government funds and the special requirements that come with administering grants. Other options don't fully address this combination: one focuses on merely obtaining or allocating government funds without the grant-management and reporting scope, another centers on controls and audits rather than grant-specific operations, and another speaks to funding for not-for-profit organizations rather than the administration of government funds and their grants.

5. Which term refers to the amount of money a company receives from selling goods or providing services?

A. Profit

B. Costs

C. Expenses

D. Revenue

Revenue is the inflow of money a business earns from its ordinary operations, specifically from selling goods or providing services. It represents the total amount earned from customers before subtracting any costs or expenses. This is why it's often referred to as the top line. For example, when a store sells a product for $30, that $30 is revenue. The costs to obtain or produce the product and other expenses are subtracted later to determine profit.

6. In a for-profit business, who are the primary decision-makers?

A. Customers

B. Owners, shareholders, or executive management

C. Government agencies

D. External auditors

In a for-profit business, the people who own or control the company—and the leaders they appoint to run it—make the big decisions. Ownership and control sit with the owners or shareholders, and, in practice, with the executive management they hire to run day-to-day operations. These are the individuals who set strategy, approve budgets, allocate resources, and determine growth and profit plans. In a corporation, shareholders elect a board that oversees management; in a sole proprietorship or partnership, the owners themselves make the major calls. Customers influence revenue and success, but they don't set the company's direction. Government agencies regulate rules and compliance, and external auditors review financial statements, but neither makes the strategic decisions.

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7. 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: assets = liabilities + 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.

8. Which funding source involves sales of goods and services, investments, loans, and issuing stocks or bonds?

A. Government Funding

B. Businesses Funding

C. Not-for-Profit Funding

D. Fund and Grant Administration

This question is about where a business gets its money to operate and grow. A business funds itself through a mix of its own activities and external financing: selling goods and services generates cash from operations, investments can provide cash flows or returns, loans supply debt financing, and issuing stocks or bonds provides equity and long-term funding. Together, these are exactly the funding sources a business uses to finance its activities, making this option the best fit. Government funding comes from public money like taxes and subsidies, not from the business's own sales or financial instruments. Not-for-profit funding relies on donations and grants rather than the company's own commercial activities. Fund and Grant Administration is about managing funds, not describing where a business sources its capital.

9. In CVP analysis, which item is not a standard component?

A. Fixed costs

B. Variable costs

C. Selling price

D. Tax accounting methods

CVP analysis centers on how revenue and costs behave as volume changes, using selling price, variable costs per unit, and fixed costs as the standard inputs. Revenue comes from price times units sold, while variable costs change with volume and determine the contribution margin that first covers fixed costs and then generates profit. The model typically analyzes pre-tax operating income, so taxes or tax accounting methods aren't part of the standard framework. Taxes depend on tax rules and strategies and would complicate the simple volume-profit relationship, so they're not included in the core CVP components.

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10. Which sector is described as addressing social, environmental, or cultural issues and providing services to underserved populations?

A. Government

B. Not-for-Profit

C. Business

D. Government Funding

Not-for-profit organizations are driven by a mission to address social, environmental, or cultural issues and to provide services to groups that are underserved. They reinvest any surplus back into their programs rather than distributing profits to owners or shareholders, and they typically rely on donations, grants, and fundraising for funding. This combination—mission-focused service to underserved populations and reliance on non-profit funding—sets them apart from for-profit businesses and from government entities, which primarily fund and deliver public services through taxation. The emphasis on serving underserved communities through charitable, educational, or cultural activities is what defines the not-for-profit sector in this context.

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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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