PRINCIPAL ACCOUNT CLERK CIVIL SERVICE 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. **What indicates that a liability has increased in an accounting context?**

   A. Assets are debited

   B. Liabilities are debited

   C. Liabilities are credited

   D. Expenses are debited

2. **Which account is credited when merchandise is purchased on account?**

   A. Purchases account

   B. Accounts payable

   C. Cash account

   D. Sales account

3. **Which journal is appropriate for recording the sale of $100 worth of hair products on account?**

   A. General

   B. Purchases

   C. Sales

   D. Cash Disbursements

4. **Which accounting principle is followed when recognizing increases in liabilities?**

   A. Accrual basis

   B. Matching principle

   C. Revenue recognition principle

   D. Cost principle

5. **Where should the purchase of $300 worth of styling products on account be recorded?**

   A. Cash Disbursements

   B. Sales

   C. General

   D. Purchases

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6. What does 'capital structure' refer to?

A. The total market value of a company

B. The way a company finances its assets through a combination of debt and equity

C. The amount of cash held by a company

D. The process of investing in various assets

7. When there is a decrease in delivery equipment, how should it be recorded?

A. Debit Assets

B. Credit Assets

C. Debit Expenses

D. Credit Expenses

8. Where would you record a decrease in accounts payable?

A. Credit liabilities

B. Debit liabilities

C. Debit assets

D. Credit assets

9. When sales salaries are unpaid at the close of the fiscal period, which account is affected?

A. Accounts receivable

B. Sales account

C. Salaries payable

D. Cash account

10. Where would you put an increase in salaries payable?

A. Credit assets

B. Debits income

C. Debit liabilities

D. Credit liabilities

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Answers

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

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Explanations

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1. What indicates that a liability has increased in an accounting context?

A. Assets are debited

B. Liabilities are debited

C. Liabilities are credited

D. Expenses are debited

In accounting, an increase in a liability is indicated by crediting the liabilities account. This is rooted in the double-entry accounting system, where every financial transaction affects at least two accounts. In this system, increases in liabilities are recorded on the right side, or credit side, of the ledger. When a liability account is credited, it signifies that the obligation of the entity has grown. For example, if a company borrows money, the liability of that loan increases, and therefore the corresponding liabilities account is credited. This aligns with the fundamental accounting equation: Assets = Liabilities + Equity. As liabilities increase, either assets or equity must also be adjusted accordingly to maintain this balance. In contrast, debiting assets or expenses would indicate changes in those respective accounts, but it would not imply an increase in liabilities. For instance, debiting an asset suggests that you have either acquired new resources or increased the value of existing resources. Debiting liabilities, conversely, would indicate a decrease in those obligations, not an increase. Overall, crediting liabilities is essential for maintaining accurate financial records and understanding the company's financial position.

2. Which account is credited when merchandise is purchased on account?

A. Purchases account

B. Accounts payable

C. Cash account

D. Sales account

When merchandise is purchased on account, the transaction involves an increase in what the business owes to its suppliers, which is documented in the Accounts Payable account. This indicates that the business has received inventory without making an immediate cash payment, thereby creating a liability. In this situation, the Accounts Payable account is credited to reflect the obligation to pay the supplier in the future. This entry accurately records the increase in liabilities resulting from the purchase. The other choices do not appropriately represent the accounting treatment for such transactions. For instance, the Purchases account is typically debited to record the inventory increase, while the Cash account would not be affected as no cash is exchanged at the time of purchase. Also, the Sales account is irrelevant here as it is used when goods are sold rather than purchased. Hence, Accounts Payable is the account that correctly captures the transaction when merchandise is acquired on credit.

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3. Which journal is appropriate for recording the sale of $100 worth of hair products on account?

A. General

B. Purchases

C. Sales

D. Cash Disbursements

The appropriate journal for recording the sale of $100 worth of hair products on account is the Sales journal. This journal is specifically designed for recording all credit sales—the sales made on account where payment is received later rather than at the time of the sale. In this scenario, since the sale is described as "on account," it indicates that the transaction does not involve immediate cash receipt, which aligns perfectly with the primary function of the Sales journal. The Sales journal helps to keep all credit sales organized, allowing for accurate tracking of accounts receivable. This ensures that the business can follow up on payments due from customers who purchased products on account. While other journals serve different purposes—such as the General journal for miscellaneous transactions, the Purchases journal for documenting inventory purchases (usually on credit), and the Cash Disbursements journal for recording cash payments—none of them would be appropriate for capturing credit sales. Thus, the Sales journal is the correct choice for this transaction.

4. Which accounting principle is followed when recognizing increases in liabilities?

A. Accrual basis

B. Matching principle

C. Revenue recognition principle

D. Cost principle

The accrual basis of accounting is the principle that supports recognizing increases in liabilities. Under this principle, revenues and expenses are recorded when they are earned or incurred, regardless of when cash is actually exchanged. This approach ensures that all financial events are reflected in the financial statements in the period they occur, providing a more accurate picture of a company's financial position. In the context of liabilities, this means that if a company incurs an obligation, such as receiving goods or services on credit, the liability is recognized immediately when the obligation is created, not necessarily when the cash payment is made. This principle is fundamental in portraying a complete picture of a company's obligations and resources, aligning with the broader goal of transparency and accurate financial reporting. The other choices relate to different specific accounting principles. The matching principle, for instance, deals with aligning expenses with the revenues they help generate in the same period. The revenue recognition principle is focused on recognizing income when it is earned, while the cost principle pertains to recording assets at their cost rather than their current market value. None of these principles directly address the recognition of increases in liabilities in the same way that the accrual basis does.

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5. Where should the purchase of $300 worth of styling products on account be recorded?

A. Cash Disbursements

B. Sales

C. General

D. Purchases

The purchase of $300 worth of styling products on account should be recorded in the Purchases account because this transaction specifically involves acquiring inventory or goods intended for resale in a business. The Purchases account is typically used to track all purchases made by a business for the purpose of inventory, which is essential in managing the costs associated with goods sold. Recording this amount in the Purchases account accurately reflects the increase in inventory, while simultaneously recognizing the obligation to pay for the products later. This aligns with the double-entry accounting system, where an increase in assets (inventory) is balanced by an increase in liabilities (accounts payable). Other options are less suitable for this type of transaction. Cash Disbursements would pertain to actual cash transactions made, which does not apply here since the purchase was made on account. Sales refer to revenue generated from selling goods or services, and it does not involve recording purchases. The General account usually serves a broader purpose for miscellaneous entries not categorized elsewhere, making it less specific to this particular purchase transaction.

6. What does 'capital structure' refer to?

A. The total market value of a company

B. The way a company finances its assets through a combination of debt and equity

C. The amount of cash held by a company

D. The process of investing in various assets

Capital structure refers to the way a company finances its assets, specifically through a combination of debt and equity. This concept is essential in understanding how a company structures its financial resources to support its operations and growth. A well-defined capital structure enables a company to balance risk and potential returns. Debt represents borrowed funds that the company must repay, usually with interest, while equity represents ownership in the company, including shares held by shareholders. The proportion of debt to equity in a company's capital structure affects its overall risk profile and cost of capital, impacting decision-making regarding investments and growth strategies. Understanding capital structure allows stakeholders to assess a company's financial health, its ability to leverage debt for expansion, and its overall strategy in managing financial risks. This is crucial for investors, creditors, and management as they evaluate the company's financial strategies and performance.

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7. When there is a decrease in delivery equipment, how should it be recorded?

A. Debit Assets

B. Credit Assets

C. Debit Expenses

D. Credit Expenses

When delivery equipment decreases, it is appropriate to record a credit to assets. This is because assets represent resources owned by a business, and a decrease in delivery equipment indicates that the value of those resources has diminished. In accounting, a credit entry is used to decrease asset accounts. This could occur through the sale of the equipment, disposal, or depreciation, reflecting a reduction in the overall asset base of the company. When the delivery equipment is no longer a part of the assets, the accounting records must accurately reflect this change. By crediting the assets, you are effectively showing that the asset's value in the accounting records is being reduced, which is essential for maintaining an accurate financial position of the business.

8. Where would you record a decrease in accounts payable?

A. Credit liabilities

B. Debit liabilities

C. Debit assets

D. Credit assets

To record a decrease in accounts payable, you would debit liabilities. In accounting, accounts payable is classified as a liability because it represents money that a company owes to its creditors. When you make a payment to settle a portion or all of this liability, you are effectively reducing the amount owed. Debiting accounts payable reduces the liability on the balance sheet since debits decrease liability accounts. This reflects the company's improved financial position, as it now owes less money. The corresponding credit typically would be made to cash or another asset account, indicating that cash has been used to settle this liability. Thus, recording the decrease by debiting liabilities correctly aligns with the fundamental principles of double-entry bookkeeping. Other options relate to the treatment of assets or incorrectly increasing liabilities, which would not reflect the action of reducing accounts payable. Understanding the correct treatment of liabilities is crucial for maintaining accurate financial records and ensuring clarity in the financial statements.

9. When sales salaries are unpaid at the close of the fiscal period, which account is affected?

A. Accounts receivable

B. Sales account

C. Salaries payable

D. Cash account

When sales salaries are unpaid at the close of the fiscal period, the Salaries Payable account is affected because this account specifically tracks amounts owed to employees for work performed but not yet paid. Unpaid salaries represent a liability for the company; thus, it is recorded as an increase in the Salaries Payable account. The impact on this account indicates that the company has an obligation to pay its employees, reflecting a commitment that exists despite the cash not being disbursed at that time. This is in line with the accrual basis of accounting, which recognizes expenses when they are incurred, not necessarily when cash changes hands. The other accounts mentioned do not directly reflect the obligation incurred by unpaid salaries. Accounts receivable pertains to amounts owed to the company from customers, the Sales account reflects revenues earned from sales, and the Cash account is concerned with cash transactions rather than liabilities. Therefore, the proper identification and impact of the Salaries Payable account highlight the financial responsibilities the company has towards its employees at the end of the fiscal period.

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10. Where would you put an increase in salaries payable?

A. Credit assets

B. Debits income

C. Debit liabilities

D. Credit liabilities

When there is an increase in salaries payable, it represents a liability that the organization owes to its employees for work performed but not yet paid for. In accounting terms, liabilities are increased by credits. Thus, to properly reflect this increase in the financial statements, you would credit the salaries payable account, which is classified as a liability. This action acknowledges that the organization now has a higher obligation to pay its employees in the future. The other options do not correctly reflect the accounting principles associated with liabilities. For instance, crediting assets would inaccurately suggest a reduction in the company's resources, and debiting income does not relate to how liabilities are recorded or recognized. Additionally, debiting liabilities would indicate a reduction in obligations, which is not applicable in this scenario of an increase.

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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:

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

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