

Certified Accounting Paraprofessional Practice Test Questions and Answers

1. What is the fundamental accounting equation?

- A) Revenue - Expenses = Net Income
- B) Assets = Liabilities + Owner's Equity
- C) Debits = Credits
- D) Cash In - Cash Out = Cash Flow

2. Which financial statement shows a company's financial position at a specific point in time?

- A) Income Statement
- B) Cash Flow Statement
- C) Balance Sheet
- D) Statement of Retained Earnings

3. When recording a transaction using double-entry bookkeeping, what must be true?

- A) Total debits must equal total credits
- B) Assets must increase
- C) Revenue must be recorded first
- D) Only one account can be affected

4. Which account type normally has a credit balance?

- A) Assets
- B) Expenses
- C) Liabilities
- D) Dividends

Answers: 1-B 2-C 3-A 4-C

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