

Exam Name - Classified Public Accountant (CPA)[™]

Sample Exam

1. Under US GAAP, when should revenue be recognized?

- A. When cash is received
- B. Upon delivery—or when control is transferred to the customer
- C. At the time of billing
- D. When the contract is signed

Answer **B**

2. Which assertion is an auditor primarily testing when observing inventory count?

- A. Existence
- B. Valuation
- C. Rights and Obligations
- D. Completion

Answer **A**

3. Which tax concept allows deferring income to reduce current-year tax liability?

- A. Straight-line depreciation
- B. Accelerated depreciation
- C. Cash method of accounting
- D. Deferral

Answer **C**

4. When are contingent liabilities disclosed in financial statements?

- A. Always, regardless of nature
- B. Only if possible
- C. If reasonably possible and estimable
- D. If probable and can be reasonably estimated

Answer **D**

5. Which method best reflects economic substance over legal form?

- A. Push-down accounting
- B. GAAP's consolidation guidance
- C. IFRS' substance-over-form principle
- D. Historical cost

Answer **C**

6. Which engagement is an auditor most likely to issue a qualified opinion?

- A. Clean financial audit
- B. Audit with pervasive disagreement
- C. Audit with material but not pervasive departure from GAAP
- D. Review engagement

Answer **C**