

Exam Name - Certified Professional Financial Accountant (CPFA)[™]

Sample Exam

1. What is the primary purpose of financial accounting?

- A. To prepare budgets
- B. To report financial performance to external users
- C. To analyze cost behavior
- D. To design internal controls

Answer **B**

2. Which best describes the accounting cycle?

- A. Recording, classifying, summarizing, and reporting financial transactions
- B. A method for cost allocation
- C. Designing internal controls
- D. Tax planning procedure

Answer **A**

3. What is double-entry bookkeeping?

- A. Recording in one account
- B. Every debit has a corresponding credit
- C. Only for internal management
- D. Preparing tax returns

Answer **B**

4. Under the accrual basis, revenues and expenses are recognized when they are:

- A. Collected and paid
- B. Authorized by management
- C. Earned or incurred, regardless of cash movement
- D. Within the annual budget

Answer **C**

5. The matching principle requires that expenses should be recorded when:

- A. They are authorized
- B. Related revenues are recognized
- C. Cash is paid
- D. The budget is approved

Answer **B**

6. What does the cash flow statement primarily illustrate?

- A. Profitability trends
- B. Revenue sources
- C. Cash inflows and outflows
- D. Asset valuations

Answer **C**