

FBLA Accounting I Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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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.

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!

Questions

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- 1. What type of journal entries are made to update the general ledger accounts at the end of a fiscal period?**
 - A. Adjusting Entries**
 - B. Closing Entries**
 - C. Correcting Entries**
 - D. Reversing Entries**

- 2. Which of the following best describes 'deduction'?**
 - A. The total earnings before any taxes**
 - B. The amount subtracted from gross earnings**
 - C. The total amount received in paychecks**
 - D. The remaining balance after taxes are taken**

- 3. What is the function of temporary accounts in accounting?**
 - A. To carry over balances indefinitely**
 - B. To accumulate information until it's transferred to the owner's capital**
 - C. To record fixed asset transactions**
 - D. To manage long-term liabilities**

- 4. What is meant by external controls in a business?**
 - A. Controls provided within the business**
 - B. Controls imposed by the government**
 - C. Controls that verify the accuracy of external transactions**
 - D. Controls provided outside the business**

- 5. Which term refers to the planning, recording, analyzing, and interpreting of financial information?**
 - A. Auditing**
 - B. Accounting**
 - C. Bookkeeping**
 - D. Budgeting**

- 6. What term refers to the principles of right and wrong that guide decision making?**
- A. Integrity**
 - B. Ethics**
 - C. Standards**
 - D. Morality**
- 7. What results from selling a plant asset at a price lower than its book value?**
- A. Net gain**
 - B. Asset impairment**
 - C. Loss on plant assets**
 - D. Liquidation value**
- 8. Which financial document would typically show a business's revenues and expenses over a specific period?**
- A. Income Statement**
 - B. Balance Sheet**
 - C. Statement of Retained Earnings**
 - D. Cash Flow Statement**
- 9. Which of the following is NOT typically a part of accounting?**
- A. Recording financial transactions**
 - B. Inventing new business strategies**
 - C. Analyzing financial data**
 - D. Interpreting financial statements**
- 10. What term refers to a collection of accounts?**
- A. Financial Statement**
 - B. Account Register**
 - C. Ledger**
 - D. Chart of Accounts**

Answers

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

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Explanations

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1. What type of journal entries are made to update the general ledger accounts at the end of a fiscal period?

A. Adjusting Entries

B. Closing Entries

C. Correcting Entries

D. Reversing Entries

Adjusting entries are made to update the general ledger accounts at the end of a fiscal period to ensure that financial statements reflect the accurate financial position and performance of a business. These entries are necessary to account for accrued revenues and expenses, deferred revenues and expenses, and any other necessary adjustments that have occurred during the period but have not yet been recorded in the accounts. The purpose of adjusting entries is to adhere to the accrual basis of accounting, where revenues are recognized when earned, and expenses are recognized when incurred, regardless of when cash is exchanged. This ensures that the financial statements accurately represent the company's financial activity for the period. While closing entries are used to close temporary accounts at the end of the accounting period, correcting entries are made to fix mistakes in the financial records, and reversing entries are adjustments made at the beginning of a new accounting period to reverse certain adjusting entries from the previous period. None of these address the need to update accounts specifically for accurate reporting at the end of a fiscal period like adjusting entries do.

2. Which of the following best describes 'deduction'?

A. The total earnings before any taxes

B. The amount subtracted from gross earnings

C. The total amount received in paychecks

D. The remaining balance after taxes are taken

The concept of 'deduction' refers specifically to the amount that is subtracted from gross earnings, which is the total earnings before any deductions like taxes or other withholdings. In a payroll context, deductions typically include federal and state taxes, Social Security, health insurance premiums, retirement contributions, and other withholdings that reduce an employee's gross pay to arrive at their net pay, or take-home pay. Choosing the correct option highlights the critical nature of deductions in calculating an employee's net earnings, establishing a clear understanding of how various withholdings affect overall compensation. Understanding this helps in budgeting and financial planning as it provides insight into what portion of earnings is actually disposable income after mandatory and voluntary deductions. This foundational knowledge is essential in accounting and personal finance.

3. What is the function of temporary accounts in accounting?

- A. To carry over balances indefinitely
- B. To accumulate information until it's transferred to the owner's capital**
- C. To record fixed asset transactions
- D. To manage long-term liabilities

Temporary accounts serve the specific purpose of accumulating financial information for a limited period, typically within one accounting period, and then transferring that information to permanent accounts. These accounts include revenues, expenses, gains, and losses, and they are closed at the end of each period, resulting in a zero balance to begin the next accounting cycle. This process allows businesses to track their performance over specific time frames, such as a fiscal year or quarter, before incorporating the results into the owner's equity through the owner's capital account. By accumulating information, temporary accounts simplify the accounting process by providing a clear snapshot of a company's operational performance over a set period. Once the period ends, the net income or loss is transferred to the owner's capital, effectively updating the owner's equity to reflect the accumulated results. In contrast, the other options do not accurately reflect the role of temporary accounts. They either pertain to different aspects of accounting such as long-term financial management or do not fit the specific function of these accounts.

4. What is meant by external controls in a business?

- A. Controls provided within the business
- B. Controls imposed by the government
- C. Controls that verify the accuracy of external transactions
- D. Controls provided outside the business**

External controls in a business refer to mechanisms and regulations that come from outside the organization to ensure compliance, reliability, and integrity in operations. These controls are typically designed to provide oversight and assurance that the company's activities adhere to external standards, regulations, or legal requirements. Such controls may include audits performed by third-party firms, regulatory compliance standards dictated by governmental bodies, and financial reporting standards enforced by external organizations. The main purpose of external controls is to protect the interests of stakeholders, including investors, customers, and the general public, by enhancing transparency and accountability. This understanding differentiates external controls from internal controls, which are processes and policies established within the organization to manage risks and improve operations. The role of external controls is pivotal in maintaining trust between the business and its external environment, ensuring that the business operates in accordance with established laws and ethical standards.

5. Which term refers to the planning, recording, analyzing, and interpreting of financial information?

- A. Auditing**
- B. Accounting**
- C. Bookkeeping**
- D. Budgeting**

The term that refers to the planning, recording, analyzing, and interpreting of financial information is accounting. Accounting encompasses a wide range of activities, including the systematic recording of financial transactions (which is often associated with bookkeeping), as well as summarizing and analyzing this data to provide insights into the financial health of an organization. It also involves the preparation of financial statements and reports that help stakeholders make informed decisions. Overall, accounting serves as the backbone of financial reporting and decision-making in businesses and organizations, ensuring that all financial activities are accurately documented and understood in context. This is distinct from other terms; for example, while auditing involves the evaluation of financial records for accuracy, it does not encompass the full spectrum of financial information management that accounting does. Similarly, bookkeeping refers primarily to the recording aspect, and budgeting focuses on planning future finances rather than the comprehensive analysis and interpretation that accounting provides.

6. What term refers to the principles of right and wrong that guide decision making?

- A. Integrity**
- B. Ethics**
- C. Standards**
- D. Morality**

The term that refers to the principles of right and wrong that guide decision making is "ethics." Ethics encompasses the set of moral principles that influence an individual or group's behavior and decisions. It provides a framework for evaluating actions based on concepts of rightness and wrongness, enabling individuals to make choices that align with their values and societal expectations. In various professional fields, such as accounting, adhering to ethical standards is crucial because it ensures transparency, fairness, and accountability in practices. This is especially important in maintaining public trust and confidence in financial reporting and auditing processes. While terms like integrity, standards, and morality relate to similar concepts, they do not encapsulate the broader definition of ethics as effectively. Integrity refers more to the quality of being honest and having strong moral principles, while standards often denote established benchmarks or guidelines. Morality, on the other hand, refers to personal convictions about what is right or wrong, which can differ widely among individuals or cultures. Ethics, therefore, serves as a more comprehensive guide to decision making in professional and personal contexts.

7. What results from selling a plant asset at a price lower than its book value?

- A. Net gain**
- B. Asset impairment**
- C. Loss on plant assets**
- D. Liquidation value**

Selling a plant asset at a price lower than its book value results in a loss on plant assets. The book value of an asset is its original cost minus accumulated depreciation. When the sale price falls below this value, the loss reflects the decrease in the asset's value. This situation is an important concept in accounting, as it impacts the financial statements of the company by recognizing a loss that can affect net income. In financial reporting, the loss is recorded on the income statement, showing a reduction in the company's earnings for that period, which provides a clearer picture of the company's financial health. Understanding this concept helps businesses recognize the importance of asset management and valuation in their financial planning and reporting. Other options relate to different scenarios; for instance, a net gain would occur only if the asset is sold for more than its book value, while asset impairment refers to a permanent reduction in the value of an asset that has not yet been sold. Liquidation value is the estimated amount that an asset would fetch if sold in its current condition, often considered when looking at a company's ability to settle debts, not directly tied to the immediate consequences of selling at a loss.

8. Which financial document would typically show a business's revenues and expenses over a specific period?

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

The Income Statement is the financial document that presents a business's revenues and expenses over a specific period, ultimately showing the net income or loss for that time frame. This financial statement allows stakeholders to understand how much money the company earned (revenues) and how much it spent (expenses), indicating the company's profitability during that period. In contrast, the Balance Sheet provides a snapshot of a company's financial position at a specific point in time, detailing assets, liabilities, and equity but not the flow of income and expenses over a period. The Statement of Retained Earnings focuses on changes in retained earnings over a specific period, detailing how much of the net income is retained in the business rather than distributed as dividends. The Cash Flow Statement outlines the cash inflows and outflows over a period, emphasizing liquidity rather than profitability. Therefore, among these options, the Income Statement is clearly suited for presenting revenue and expense information over a defined duration.

9. Which of the following is NOT typically a part of accounting?

- A. Recording financial transactions**
- B. Inventing new business strategies**
- C. Analyzing financial data**
- D. Interpreting financial statements**

The option referring to inventing new business strategies is not typically considered a part of accounting. Accounting primarily focuses on the systematic recording, analyzing, and reporting of financial transactions and data. Recording financial transactions is foundational to accounting, as it involves documenting all monetary exchanges in a consistent manner. This ensures that financial records are accurate and complete. Analyzing financial data is also a key component of accounting, as it enables accountants to identify trends, assess performance, and provide insights based on financial information. Interpreting financial statements is crucial too, as it involves making sense of the data presented in financial reports, allowing stakeholders to understand the company's financial health and make informed decisions. While developing new business strategies is important in a business context, it is not a core function of accounting, which is more focused on the measurement and reporting of financial performance rather than strategic planning.

10. What term refers to a collection of accounts?

- A. Financial Statement**
- B. Account Register**
- C. Ledger**
- D. Chart of Accounts**

The term that refers to a collection of accounts is the ledger. A ledger is a comprehensive book or digital record that aggregates all financial transactions for various accounts. It organizes these accounts into categories, such as assets, liabilities, equity, revenue, and expenses, which assists in tracking a company's financial status over time. Each account within the ledger contains transactions related to that specific account, allowing for effective monitoring of financial activities and generating reports that are essential for financial analysis and decision-making. In contrast, a financial statement provides an overview of the financial health of a business at a certain point in time but does not detail the individual accounts themselves. An account register typically refers to a record used for monitoring transactions within a single account, rather than a collection of various accounts. The chart of accounts lists all the accounts used by a business but is not the same as the ledger, where the actual transactions are recorded. Hence, the ledger is accurately identified as the correct answer for the collection of accounts.

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://fblaaccounting1.examzify.com>

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

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