FBLA ACCOUNTING I PRACTICE TEST (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

Table of Contents

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

1. What does a stop payment order signify in banking terms?

A. The bank will process a check

B. The depositor wants to cancel a specific check

C. The check has been successfully deposited

D. The bank is refusing to honor the check

2. What is the process of ensuring that the amount of cash agrees with the accounting records called?

A. Valuing Cash

B. Reconciliation

C. Proving Cash

D. Cash Check

3. Which ledger includes all accounts necessary to prepare financial statements?

A. General Ledger

B. Special Ledger

C. Accounts Payable Ledger

D. Accounts Receivable Ledger

4. What type of tax is applied to the retail sale of goods and services?

A. Income Tax

B. Sales Tax

C. Capital Gains Tax

D. Property Tax

5. What do we call the difference between total revenue and total expenses when total expenses are greater?

A. Net Expense

B. Net Loss

C. Net Deficit

D. Net Liability

6. When are closing entries typically made in the accounting process?

A. At the beginning of a fiscal period

B. At the end of a fiscal period

C. Quarterly

D. Monthly

7. What do you call the increase in equity resulting when a plant asset is sold for more than its book value?

A. Gain on plant assets

B. Profit from sale

C. Equity increase

D. Asset capital gain

8. A business entity that combines resources from multiple owners is called what?

A. Corporation

B. Sole Proprietorship

C. Franchise

D. Joint Venture

9. What is the term for the number assigned to an account?

A. Account Identifier

B. Account Code

C. Account Number

D. Account Reference

10. What is a typical purpose for writing a check?

A. To withdraw cash only

B. To deposit funds into a savings account

C. To make a payment to a specified party

D. To transfer ownership of assets

Answers

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

Explanations

1. What does a stop payment order signify in banking terms?

A. The bank will process a check

B. The depositor wants to cancel a specific check

C. The check has been successfully deposited

D. The bank is refusing to honor the check

A stop payment order is used by a depositor to instruct their bank to cancel a specific check that has been issued but not yet cashed or processed. This order is put in place for various reasons, such as when a check is lost, a payment dispute arises, or if there is concern that the check could be cashed fraudulently. By issuing a stop payment order, the depositor ensures that the funds associated with that check will not be withdrawn from their account, thus giving them the ability to manage their finances better in situations where a payment issue has occurred. This is why stating that the depositor wants to cancel a specific check accurately reflects the purpose and function of a stop payment order.

2. What is the process of ensuring that the amount of cash agrees with the accounting records called?

A. Valuing Cash

B. Reconciliation

C. Proving Cash

D. Cash Check

The process of ensuring that the amount of cash agrees with the accounting records is known as proving cash, which involves verifying that the cash balance recorded in the financial statements matches the actual cash on hand. This process is crucial for maintaining accurate financial records and ensuring that all cash transactions are properly accounted for. Proving cash typically involves counting the physical cash available and comparing it to the cash balance shown in the accounting system. Any discrepancies must be investigated and resolved to ensure that the financial statements accurately reflect the organization's cash position. While reconciliation also has a similar purpose, as it often refers to the process of matching two sets of records to ensure they are in agreement, the term "proving cash" is specifically focused on the cash balance and its verification against recorded amounts. This distinction underlines why proving cash is the correct term in this context. Valuing cash refers to determining the monetary worth of cash holdings, which does not directly pertain to the verification process. Cash check typically relates to procedures for validating specific cash disbursements or transactions rather than the broader process of cash verification.

3. Which ledger includes all accounts necessary to prepare financial statements?

A. General Ledger

B. Special Ledger

C. Accounts Payable Ledger

D. Accounts Receivable Ledger

The general ledger includes all accounts necessary to prepare financial statements. This is the primary ledger in accounting, where all financial transactions of a business are recorded and summarized. It serves as the foundational document for generating the key financial statements: the balance sheet, income statement, and cash flow statement. Within the general ledger, various accounts are maintained, such as assets, liabilities, equity, revenue, and expenses, which collectively provide a comprehensive overview of the company's financial situation. The other types of ledgers mentioned, such as the special ledger, accounts payable ledger, and accounts receivable ledger, have specific functions. The special ledger may contain detailed information for specific transactions or accounts but does not encompass all the accounts needed for financial statements. The accounts payable and accounts receivable ledgers are subsets of the general ledger focused solely on liabilities and assets related to supplier obligations and customer credits, respectively. While important, they do not capture the complete set of accounts required for a full financial picture.

4. What type of tax is applied to the retail sale of goods and services?

A. Income Tax

B. Sales Tax

C. Capital Gains Tax

D. Property Tax

Sales tax is a type of tax that is specifically applied to the retail sale of goods and services. This tax is usually calculated as a percentage of the sale price and is collected by the seller at the point of sale. The seller is then responsible for remitting the collected sales tax to the appropriate government authority. This tax is significant for states and local governments as it provides a substantial source of revenue. Unlike income tax, which is based on an individual's or entity's earnings, sales tax is incurred only when a purchase is made. It impacts consumers directly, as it is added to the total cost of purchases at the time of sale. Other types of taxes mentioned, such as income tax, capital gains tax, and property tax, are applied in different contexts. Income tax is based on earnings, capital gains tax applies to profits from the sale of assets, and property tax is assessed based on the value of real estate. These taxes do not relate directly to transactions occurring at the point of sale for goods and services, making sales tax the correct answer for this question.

5. What do we call the difference between total revenue and total expenses when total expenses are greater?

A. Net Expense

B. Net Loss

C. Net Deficit

D. Net Liability

When total expenses exceed total revenue, the result is termed a net loss. This situation indicates that the financial performance of an entity over a specific period has resulted in a deficit, meaning it spent more than it earned. In accounting, a net loss is an important measure because it affects the equity of the business and can signal the need for operational adjustments or additional revenue efforts. A net loss can also have implications for taxation, as it may offset taxable income in future years. The other terms do not accurately capture this financial outcome. For instance, net expense isn't a standard accounting term used to describe this situation, while net deficit is more commonly associated with governmental finance and public sector accounting. Net liability pertains to obligations of an entity rather than a financial performance measure.

6. When are closing entries typically made in the accounting process?

A. At the beginning of a fiscal period

B. At the end of a fiscal period

C. Quarterly

D. Monthly

Closing entries are made at the end of a fiscal period as part of the accounting cycle. This process involves transferring the balances in temporary accounts, such as revenue and expense accounts, to a permanent account, typically the retained earnings or capital account. The purpose of closing entries is to reset the temporary accounts to zero in preparation for the next fiscal period. This ensures that revenues and expenses are reported in the correct accounting period, aligning with the matching principle, and provides a clear financial picture for each specific period. Making closing entries at the end of the fiscal period allows businesses to summarize their financial performance effectively and prepare for annual financial statements, which are essential for analysis and reporting to stakeholders.

7. What do you call the increase in equity resulting when a plant asset is sold for more than its book value?

A. Gain on plant assets

B. Profit from sale

C. Equity increase

D. Asset capital gain

When a plant asset is sold for more than its book value, the excess amount realized from the sale represents a gain. This gain specifically refers to the increase in equity that results from the transaction. When the selling price exceeds the book value, it signifies that the asset has appreciated in value or has been sold for more than the recorded carrying amount in the accounting records. This increase in equity due to the sale of the asset is categorized as a gain on plant assets, which is important for evaluating the overall financial performance of the business. Recognizing such gains contributes to the net income reported on the income statement, reflecting effective asset management and potentially providing insights into the company's operational efficiency. The other options do not specifically address this accounting concept as precisely. "Profit from sale" could refer to any sale, not specifically tied to plant assets or their book values. "Equity increase" is a general term and does not capture the specific nature of the transaction. "Asset capital gain" seems to conflate terms that are not typically used in accounting for plant assets. Therefore, the correct terminology in this context is directly tied to the gain associated with the sale of such assets.

8. A business entity that combines resources from multiple owners is called what?

A. Corporation

B. Sole Proprietorship

C. Franchise

D. Joint Venture

A business entity that combines resources from multiple owners is most accurately referred to as a corporation. Corporations are legal entities that are separate from their owners, which means they can own property, enter into contracts, and conduct business in their own name. This structure allows for resources to be pooled from various stakeholders, facilitating larger investments and the ability to raise capital through the issuance of stocks. The owners, or shareholders, have limited liability, meaning they are generally not personally responsible for the debts and liabilities of the corporation beyond their investment. In contrast, a sole proprietorship is owned and run by a single individual, making it unsuitable for the concept of multiple owners. A franchise is a legal and commercial relationship where a franchisor allows a franchisee to operate a business under its brand and business model but does not inherently imply multiple owners combining resources. A joint venture is also a partnership of organizations or individuals that come together for a specific project or business activity but is typically limited in scope and duration compared to a corporation, which generally has a more permanent structure. Therefore, a corporation encompasses the idea of combining resources from multiple owners in a way that is organized and recognized legally.

9. What is the term for the number assigned to an account?

A. Account Identifier

B. Account Code

C. Account Number

D. Account Reference

The term for the number assigned to an account is "Account Number." This designation is essential in accounting as it uniquely identifies each account within a chart of accounts, facilitating the organization and tracking of financial transactions. Account numbers help accountants and financial professionals quickly reference and report on specific accounts, ensuring accuracy and efficiency in financial record-keeping. In the context of accounting practices, the use of an account number can streamline financial reporting and enhance clarity by providing each account with a distinct numerical identifier. This becomes particularly significant when handling numerous accounts, allowing users to categorize, sort, and summarize financial information effectively. Having a structured numerical system for accounts also aids in avoiding confusion and errors, making the financial data more accessible and comprehensible.

10. What is a typical purpose for writing a check?

A. To withdraw cash only

B. To deposit funds into a savings account

C. To make a payment to a specified party

D. To transfer ownership of assets

A typical purpose for writing a check is to make a payment to a specified party. Checks are financial instruments that provide a convenient and secure way to settle debts or pay for goods and services. When someone writes a check, they are instructing their bank to transfer a specific amount of money from their account to another individual's or organization's account. This process helps both the payer and payee document the transaction, as checks serve as a record of the payment made. While withdrawing cash, depositing funds, or transferring ownership of assets can involve financial transactions, these actions are not the primary functions of a check. Writing a check does not directly facilitate cash withdrawal, nor is it typically used for deposits into savings accounts. Additionally, transferring ownership of assets generally requires more formal documentation, such as contracts or titles, rather than a simple check. Therefore, making a payment to a specified party is the most accurate and relevant function of writing a check.

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!