

FBLA Accounting II 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 is the role of an executive summary in financial reporting?**
 - A. Providing detailed analytics of financial data**
 - B. Offering a concise overview for decision-makers**
 - C. Summarizing quarterly results for shareholders**
 - D. Detailing compliance with accounting standards**

- 2. What is the journal entry to record the receipt of a note from a charge customer in settlement of the account?**
 - A. Debit Accounts Receivable; credit Cash**
 - B. Debit Notes Receivable; credit Cash**
 - C. Debit Notes Receivable; credit Accounts Receivable**
 - D. Debit Accounts Payable; credit Notes Receivable**

- 3. What is the primary difference between simple and compound interest?**
 - A. Simple interest involves taxes; compound interest does not**
 - B. Simple interest is based solely on the principal; compound interest includes accrued interest**
 - C. Simple interest is often used for short-term loans; compound interest is for long-term**
 - D. Simple interest is easier to calculate than compound interest**

- 4. What constitutes a journal entry?**
 - A. The record of a financial transaction in the accounting system**
 - B. A summary of monthly expenses**
 - C. The assessment of a company's assets**
 - D. A report on market gains**

- 5. Define "materiality" in accounting.**
 - A. The relevance of financial transactions**
 - B. The significance of financial information for decision-making**
 - C. The process of auditing financial statements**
 - D. The total cost of production for goods**

- 6. What defines a sole proprietorship?**
- A. A business entity with multiple owners**
 - B. A corporation with shareholders**
 - C. A business owned by one individual**
 - D. A partnership with limited liability**
- 7. What is a ledger in accounting?**
- A. A summary of financial ratios**
 - B. A collection of accounts where transactions are recorded**
 - C. A document that tracks cash flow**
 - D. A list of revenue sources for a business**
- 8. What does the matching principle entail?**
- A. Expenses should be recorded before revenues**
 - B. Expenses should be matched with the revenues they help to generate**
 - C. Revenues should be delayed until cash is received**
 - D. Assets must be recorded at their purchase price**
- 9. What is the primary purpose of accounting?**
- A. A set of concepts and techniques to measure and report financial information**
 - B. A method to calculate expenses only**
 - C. A system used exclusively for auditing**
 - D. A means of evaluating human resource performance**
- 10. How much of this year's total rent expense of \$225,000 will be allocated to Department C, which occupies 30,000 square feet out of a total of 120,000 square feet?**
- A. \$50,000**
 - B. \$45,000**
 - C. \$56,250**
 - D. \$60,000**

Answers

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

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Explanations

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1. What is the role of an executive summary in financial reporting?

- A. Providing detailed analytics of financial data**
- B. Offering a concise overview for decision-makers**
- C. Summarizing quarterly results for shareholders**
- D. Detailing compliance with accounting standards**

An executive summary plays a crucial role in financial reporting by offering a concise overview for decision-makers. It distills complex financial information into a format that is easily digestible and highlights the key points, trends, and insights necessary for making informed decisions. This summary is particularly valuable for executives and stakeholders who may not have the time to delve into detailed reports but need to grasp the essential elements that will guide their strategic planning or investment decisions. This option focuses on the high-level insights that are most relevant to leadership, enabling them to act swiftly and effectively based on the financial health and performance of the organization. While detailed analytics, quarterly results, and compliance factors are important aspects of financial reporting, they typically serve deeper, more specialized purposes that may not directly cater to the immediate informational needs of decision-makers in the same way that an executive summary does.

2. What is the journal entry to record the receipt of a note from a charge customer in settlement of the account?

- A. Debit Accounts Receivable; credit Cash**
- B. Debit Notes Receivable; credit Cash**
- C. Debit Notes Receivable; credit Accounts Receivable**
- D. Debit Accounts Payable; credit Notes Receivable**

The correct entry for recording the receipt of a note from a charge customer in settlement of the account is to debit Notes Receivable and credit Accounts Receivable. This journal entry reflects the fact that the business is now holding a note instead of an open account from the customer. When a customer settles their account by providing a promissory note, the company transforms the receivable into a formal note that can accrue interest. Debiting Notes Receivable increases this asset account, indicating that the business has a legal claim to receive payment from the customer in the future. Conversely, crediting Accounts Receivable decreases this account, reflecting that the customer no longer has an open balance in their account with the business. This journal entry is essential for accurate record-keeping, ensuring that both the company's assets and the customer's obligations are appropriately updated. It illustrates the transfer from an account receivable, which is typically unsecured, to a note receivable, which generally has more formal terms and often includes interest.

3. What is the primary difference between simple and compound interest?

- A. Simple interest involves taxes; compound interest does not
- B. Simple interest is based solely on the principal; compound interest includes accrued interest**
- C. Simple interest is often used for short-term loans; compound interest is for long-term
- D. Simple interest is easier to calculate than compound interest

The primary difference between simple and compound interest lies in how each type calculates interest over time. Simple interest is calculated only on the principal amount, which means it is a fixed percentage applied to the original sum of money throughout the duration of the loan or investment. This method results in the same interest earned or paid each period, making it straightforward to compute. In contrast, compound interest takes into account not only the principal but also the interest that has already been added to it. Each period, interest is calculated on the new total amount (the principal plus any interest that has accrued), which can lead to interest being accumulated on previously earned interest. This compounding effect can significantly increase the total amount of interest earned or paid over time compared to simple interest, especially over longer periods. This understanding illustrates why the other options do not accurately capture the core distinction between simple and compound interest. The focus on principal alone in simple interest versus the inclusion of accrued interest in compound interest is what fundamentally sets them apart.

4. What constitutes a journal entry?

- A. The record of a financial transaction in the accounting system**
- B. A summary of monthly expenses
- C. The assessment of a company's assets
- D. A report on market gains

A journal entry is fundamentally defined as the record of a financial transaction in the accounting system. It captures all the necessary details of a transaction, including the date, the accounts involved, the amounts, and a brief description. This process is crucial for keeping track of the company's financial activities accurately and allows for the proper organization and tracking of transactions over time. In accounting, journal entries serve as the first step in the accounting cycle, and they provide the basis for later stages, such as posting to ledger accounts and preparing financial statements. Each journal entry must maintain the accounting equation ($\text{Assets} = \text{Liabilities} + \text{Equity}$), ensuring that the financial records remain balanced. In contrast, a summary of monthly expenses more so reflects a compilation or overview rather than the specifics of individual transactions necessary for journal entries. Similarly, assessing a company's assets focuses on evaluating and measuring the value of what a company owns, which is a different process entirely. A report on market gains pertains to investment performance rather than the structured recording of transactions, which is the primary function of a journal entry.

5. Define "materiality" in accounting.

- A. The relevance of financial transactions
- B. The significance of financial information for decision-making**
- C. The process of auditing financial statements
- D. The total cost of production for goods

Materiality in accounting refers to the significance of financial information for decision-making purposes. It focuses on determining whether information can influence the economic decisions made by users of financial statements, such as investors, creditors, and management. If information is considered material, it is essential for it to be disclosed in financial reports because its omission or misstatement could affect the judgment of those relying on the reports. Understanding materiality is crucial, as it helps accountants and auditors establish the boundaries for what needs to be reported and what can be left out. The concept does not merely hinge on numerical thresholds but also encompasses qualitative factors that may impact a user's decisions. For example, a small dollar amount might not seem materially significant by itself, yet, if it relates to a critical compliance issue, it could become crucial information. The other options, while related to aspects of accounting, do not capture the essence of materiality. The relevance of financial transactions is important, but it is broader than materiality. The process of auditing financial statements involves reviewing and verifying the accuracy of information but does not directly define materiality. The total cost of production for goods relates to cost accounting and does not encompass the decision-making relevance that defines materiality.

6. What defines a sole proprietorship?

- A. A business entity with multiple owners
- B. A corporation with shareholders
- C. A business owned by one individual**
- D. A partnership with limited liability

A sole proprietorship is defined as a business owned by one individual. This structure is the simplest form of business organization, where the owner has complete control over all aspects of the business and is personally responsible for its debts and obligations. The owner retains all profits and has the freedom to make decisions without needing to consult partners or shareholders. This structure is favored by many small business owners due to its ease of formation and minimal regulatory requirements. Unlike corporations or partnerships, a sole proprietorship does not require formal agreements or registrations beyond local business licenses. The individual owner is personally liable for all business activities, meaning that their personal assets could be at risk if the business encounters financial trouble. This is a crucial aspect of its definition, setting it apart from other business types that offer limited liability protections.

7. What is a ledger in accounting?

- A. A summary of financial ratios
- B. A collection of accounts where transactions are recorded**
- C. A document that tracks cash flow
- D. A list of revenue sources for a business

A ledger in accounting serves as a comprehensive collection of accounts where all financial transactions are systematically recorded. It represents the central component of the double-entry accounting system, where each transaction is entered in at least two accounts: one account is debited, and another is credited, ensuring balance in the accounting equation. The ledger provides detailed information for each account, making it easier for accountants to track the financial position of a company over time. By organizing account balances and transaction histories, the ledger simplifies the process of preparing financial statements, as it consolidates data required to assess the company's performance. In contrast to the other options, which pertain to specific aspects of financial reporting or analysis, the ledger encompasses a broader scope that directly documents the company's financial movements through various accounts. Thus, understanding the structure and purpose of a ledger is essential for anyone involved in accounting and financial management.

8. What does the matching principle entail?

- A. Expenses should be recorded before revenues
- B. Expenses should be matched with the revenues they help to generate**
- C. Revenues should be delayed until cash is received
- D. Assets must be recorded at their purchase price

The matching principle is a fundamental accounting concept that dictates that expenses must be recorded in the same accounting period as the revenues they are associated with. This means that when a company earns revenue from a product or service, it should also recognize the expenses that were incurred to generate that revenue in the same period. This approach ensures that financial statements present an accurate portrayal of a company's profitability during that period. By matching expenses to the revenues they help to generate, the principle aims to align the income and expenses, providing a clearer picture of financial performance. This method helps stakeholders understand how effectively a company is using its resources to generate income, ultimately facilitating better decision-making based on accurate financial data. Other options do not accurately reflect the essence of the matching principle. Recording expenses before revenues or stating that revenues should only be recognized once cash is received would disrupt this alignment, leading to misleading financial statements. Similarly, recording assets solely at their purchase price does not relate to the revenue and expense matching that the principle emphasizes.

9. What is the primary purpose of accounting?

- A. A set of concepts and techniques to measure and report financial information**
- B. A method to calculate expenses only**
- C. A system used exclusively for auditing**
- D. A means of evaluating human resource performance**

The primary purpose of accounting is to measure and report financial information in a structured manner. This involves recording, classifying, and summarizing financial transactions to provide stakeholders with a clear understanding of an organization's financial status. By utilizing a set of concepts and techniques, accounting ensures that financial data is presented in a way that is useful for decision-making, whether for internal management, investors, creditors, or regulatory agencies. Effective financial reporting allows businesses to analyze performance, plan for the future, and ensure compliance with various regulations. In contrast, the other options do not encompass the broader scope of accounting. Focusing solely on expenses, using accounting for auditing purposes, or evaluating human resource performance does not capture the holistic role that accounting plays in financial management and reporting.

10. How much of this year's total rent expense of \$225,000 will be allocated to Department C, which occupies 30,000 square feet out of a total of 120,000 square feet?

- A. \$50,000**
- B. \$45,000**
- C. \$56,250**
- D. \$60,000**

To determine how much of the total rent expense should be allocated to Department C, it is essential to calculate the proportion of the total space that Department C occupies. The rent expense is typically allocated based on the square footage occupied by each department in relation to the total square footage available. Department C occupies 30,000 square feet and the total square footage is 120,000 square feet. The first step is to find the proportion of space that Department C occupies: $\text{Proportion of Department C} = \frac{\text{Square footage of Department C}}{\text{Total Square footage}} = \frac{30,000}{120,000} = \frac{1}{4}$ or 0.25. Next, we multiply this proportion by the total rent expense to find the amount allocated specifically to Department C: $\text{Rent expense allocated to Department C} = \text{Total Rent Expense} \times \text{Proportion of Department C}$. Now plugging in the values: $\text{Rent expense allocated to Department C} = 225,000 \times 0.25 = 56,250$. Thus, the amount

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://fblaaccounting2.examzify.com>

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

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