

FBLA ACCOUNTING II PRACTICE TEST (SAMPLE)

STUDY GUIDE



Prepare with structure. Pass with confidence



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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. A proof of the equality of debits and credits in a general ledger is known as a(n):**
 - A. Trial balance
 - B. Income statement
 - C. Balance sheet
 - D. Cash flow statement
- 2. How do budgeted and actual revenues differ?**
 - A. Budgeted revenues are guaranteed amounts, while actual revenues are uncertain
 - B. Budgeted revenues are projected earnings, whereas actual revenues are the money actually earned
 - C. Budgeted revenues account for tax deductions, while actual revenues do not
 - D. Budgeted revenues refer to past estimates, while actual revenues refer to future predictions
- 3. What is the purpose of a trial balance?**
 - A. To ensure that total debits equal total credits in the accounting records
 - B. To prepare for financial statements
 - C. To calculate the company's profits
 - D. To analyze financial ratios
- 4. What does the receivables turnover ratio measure?**
 - A. How well a company retains its customers
 - B. Efficiency in collecting receivables
 - C. The growth rate of company debts
 - D. The overall health of cash reserves
- 5. After liquidating a partnership, what is the total distribution to Cole if their balance sheet included \$10,000 cash, \$106,000 other assets, and \$88,000 liabilities?**
 - A. \$15,100
 - B. \$12,900
 - C. \$21,100
 - D. \$28,300

- 6. In accounting terms, what does "debit" refer to?**
- A. An entry that decreases assets
 - B. An entry that increases assets or decreases liabilities and equity
 - C. An entry that increases liabilities
 - D. An entry that denotes loss
- 7. What is one advantage of equity financing?**
- A. No obligation to repay funds
 - B. Lower risk of financial loss
 - C. Immediate revenue generation
 - D. No need for collateral
- 8. What principle requires accountants to protect the confidentiality of information learned during their work?**
- A. Integrity
 - B. Confidentiality
 - C. Professionalism
 - D. Transparency
- 9. What is the primary purpose of the income statement?**
- A. To detail a company's cash balance
 - B. To show the company's revenues and expenses over a specific period
 - C. To summarize the company's liabilities
 - D. To track the company's stock performance
- 10. What is the purpose of variance analysis?**
- A. To forecast future sales and expenditures
 - B. To investigate the difference between planned financial outcomes and actual results
 - C. To evaluate investments based on market conditions
 - D. To compare financial performance with competitors

Answers

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

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Explanations

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1. A proof of the equality of debits and credits in a general ledger is known as a(n):

- A. Trial balance
- B. Income statement
- C. Balance sheet
- D. Cash flow statement

A trial balance is a report that lists the balances of all general ledger accounts at a specific point in time, ensuring that the total debits equal the total credits. This serves as a key internal control tool in accounting, confirming that all entries made in the ledger are mathematically correct. The trial balance is essential for detecting errors in the recording process since any imbalance between debits and credits indicates that there may be mistakes that need to be addressed before preparing financial statements, such as the income statement or balance sheet. The other options do not serve this specific purpose: an income statement reflects the company's revenues and expenses over a period, a balance sheet shows the company's assets, liabilities, and shareholders' equity at a moment in time, and a cash flow statement focuses on cash inflows and outflows during a period. None of these documents provide a direct proof of the equality of debits and credits in the general ledger.

2. How do budgeted and actual revenues differ?

- A. Budgeted revenues are guaranteed amounts, while actual revenues are uncertain
- B. Budgeted revenues are projected earnings, whereas actual revenues are the money actually earned
- C. Budgeted revenues account for tax deductions, while actual revenues do not
- D. Budgeted revenues refer to past estimates, while actual revenues refer to future predictions

Budgeted revenues represent the expected or projected earnings for a given period, typically determined before the period begins based on forecasts, historical data, and market conditions. These figures serve as a financial goal or benchmark for a business to strive towards. In contrast, actual revenues reflect the real income generated by the business during that same period, based on tangible sales or services provided. The distinction is crucial as budgeted revenues help businesses plan their operations, allocate resources, and set financial targets, while actual revenues provide a measure of performance against those targets. This comparison allows businesses to assess their financial health, make necessary adjustments, and strategize for future periods. Understanding this difference is vital for financial analysis, reporting, and decision-making processes within any organization.

3. What is the purpose of a trial balance?

- A. To ensure that total debits equal total credits in the accounting records**
- B. To prepare for financial statements
- C. To calculate the company's profits
- D. To analyze financial ratios

The primary purpose of a trial balance is to ensure that total debits equal total credits in the accounting records. This fundamental step in the accounting cycle helps to verify that the accounting equation is balanced, which means that the bookkeeping is accurate and complete. When all transactions are recorded in double-entry accounting, each transaction should result in equal debits and credits. If the trial balance does not balance, it indicates that there may be errors in the journal entries or ledger postings, such as incorrect amounts being recorded or transactions being omitted. By confirming that total debits and credits match, accountants can identify and correct these mistakes before moving on to the preparation of financial statements. While a trial balance does serve as a useful tool in the preparation of financial statements, its essential function is to confirm the accuracy of the ledgers being reconciled. Profit calculation and financial ratio analysis come later in the accounting process and are dependent on the correctness of the trial balance.

4. What does the receivables turnover ratio measure?

- A. How well a company retains its customers
- B. Efficiency in collecting receivables**
- C. The growth rate of company debts
- D. The overall health of cash reserves

The receivables turnover ratio is a financial metric that evaluates a company's efficiency in managing and collecting its accounts receivable. This ratio measures how many times, on average, a company collects its outstanding credit accounts during a specified period, typically a year. A high receivables turnover ratio indicates that a company is effective in converting its receivables into cash, suggesting strong cash flow management and potentially fewer bad debts. It is an important indicator of the effectiveness of a company's credit policies and its ability to collect cash due from customers promptly. In contrast, the other options provided do not align with the specific measurement focus of the receivables turnover ratio. For instance, retaining customers relates more to customer loyalty and satisfaction rather than the efficiency of collecting payments. The growth rate of company debts concerns liabilities and does not pertain to accounts receivable management. Lastly, the overall health of cash reserves involves a company's cash and liquidity position, separate from how well it collects receivables. Thus, the emphasis on efficiency in collecting receivables clearly defines why this choice is the most precise representation of what the receivables turnover ratio assesses.

5. After liquidating a partnership, what is the total distribution to Cole if their balance sheet included \$10,000 cash, \$106,000 other assets, and \$88,000 liabilities?

- A. \$15,100
- B. \$12,900
- C. \$21,100
- D. \$28,300**

In liquidation, the amount available to distribute to the partners equals the net assets after settling liabilities. Net assets are found by subtracting total liabilities from total assets. Total assets are 10,000 in cash plus 106,000 in other assets, equaling 116,000. Liabilities total 88,000. Subtracting gives 28,000 for distribution among the partners. If Cole is entitled to the entire remaining amount due to the partnership's agreement or his share, he would receive 28,000. The 28,300 figure would require an additional adjustment not shown in the given balance sheet data. Based on the numbers provided, the distribution amount is 28,000.

6. In accounting terms, what does "debit" refer to?

- A. An entry that decreases assets
- B. An entry that increases assets or decreases liabilities and equity**
- C. An entry that increases liabilities
- D. An entry that denotes loss

In accounting, a "debit" refers to an entry that increases assets or decreases liabilities and equity. This concept is fundamental to the double-entry accounting system, where every transaction affects at least two accounts and maintains the accounting equation: $\text{Assets} = \text{Liabilities} + \text{Equity}$. When a debit is made, it generally signifies a positive entry for asset accounts, meaning that more resources have been added to the assets owned by the business. For example, if a company purchases equipment, this results in an increase in the equipment asset account, thus recorded as a debit. Additionally, when liabilities or equity accounts are decreased, they are also recorded as debits. This means that if a company pays off a portion of its loan, it reduces the liability account, and that entry is likewise a debit. This understanding of debits is crucial for accurately recording transactions and maintaining the integrity of financial statements.

7. What is one advantage of equity financing?

- A. No obligation to repay funds**
- B. Lower risk of financial loss
- C. Immediate revenue generation
- D. No need for collateral

Equity financing presents the significant advantage of not requiring the company to repay the funds received in exchange for ownership stakes. When a business raises capital through equity financing, it sells shares of ownership to investors, who then become partial owners of the company. This capital can be utilized for various purposes, such as expansion, research and development, or operational expenses. Unlike debt financing, which necessitates regular repayment of principal and interest regardless of the company's financial situation, equity financing allows the business to retain cash flow for operations and growth without the pressure of scheduled repayments. Consequently, if the company faces financial difficulties, it is not obligated to provide returns to equity investors in the same manner it would be with lenders, highlighting this flexibility as a key advantage. Other options, while they may have elements of truth, do not succinctly capture a primary benefit of equity financing. For instance, lower risk of financial loss is more subjective and may not hold true for all shareholders, as their investment's risk level can fluctuate based on the company's performance. Immediate revenue generation typically aligns more with operations and direct sales rather than the financing method itself, which centers around capital needs. Lastly, while it's true equity financing generally doesn't require collateral, this aspect doesn't highlight the core financial flexibility and

8. What principle requires accountants to protect the confidentiality of information learned during their work?

- A. Integrity
- B. Confidentiality**
- C. Professionalism
- D. Transparency

The principle that requires accountants to protect the confidentiality of information learned during their work is confidentiality. This principle emphasizes the importance of maintaining the privacy of sensitive client information and ensuring that such data is not disclosed to unauthorized parties. Accountants often have access to personal and financial details that require discretion and security. Upholding the confidentiality principle is essential for building trust with clients and adhering to ethical standards in the accounting profession. While integrity, professionalism, and transparency are also important principles, they do not specifically address the need to safeguard information confidentiality. Integrity focuses on the ethical obligation to act honestly and avoid conflicts of interest. Professionalism pertains to maintaining a high standard of conduct in one's work, which includes accounting practices. Transparency involves openness and clarity in reporting and communication but does not encompass the confidentiality requirements of client information.

9. What is the primary purpose of the income statement?

- A. To detail a company's cash balance
- B. To show the company's revenues and expenses over a specific period**
- C. To summarize the company's liabilities
- D. To track the company's stock performance

The primary purpose of the income statement is to show the company's revenues and expenses over a specific period, ultimately leading to the calculation of net income or loss. This financial statement provides stakeholders with essential insights into the company's operational performance, indicating how well it generates profit from its activities and how effectively it controls costs. By analyzing the income statement, users can assess trends in revenue growth, evaluate operational efficiency, and make informed decisions regarding investments, financing, and overall business strategies. The other options, while significant to financial management, serve different functions. Detailing a company's cash balance pertains to the cash flow statement, summarizing liabilities falls under the balance sheet, and stock performance tracking is associated with stock market analysis rather than a specific financial statement. Each of these other aspects provides valuable information, but they do not fulfill the primary role of the income statement, which is focused on capturing the flow of revenues and expenses.

10. What is the purpose of variance analysis?

- A. To forecast future sales and expenditures
- B. To investigate the difference between planned financial outcomes and actual results**
- C. To evaluate investments based on market conditions
- D. To compare financial performance with competitors

Variance analysis serves the important purpose of investigating the differences between planned financial outcomes and actual results. This analysis is a crucial aspect of financial management and budgeting because it allows organizations to identify areas where performance deviates from expectations. By analyzing variances, management can understand why certain discrepancies occurred—whether results were better or worse than anticipated—and make informed decisions to improve future performance. This process enables businesses to adjust their budgets, refine forecasting techniques, and implement corrective actions to enhance operational efficiency. It also aids in performance evaluation by providing insights into specific areas where managers may need to focus their efforts or resources. The other options, while related to financial management, do not encompass the primary purpose of variance analysis. Forecasting future sales and expenditures, evaluating investments based on market conditions, and comparing financial performance with competitors each serve distinct functions without specifically addressing the analysis of disparities between planned and actual performance.

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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