

# Future Business Leaders of America (FBLA) Accounting 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

- 1. Which financial statement is primarily used to assess the liquidity of a business?**
  - A. Income Statement**
  - B. Cash Flow Statement**
  - C. Balance Sheet**
  - D. Trial Balance**
- 2. What financial tool provides a monthly statement of transactions in a business?**
  - A. General Ledger**
  - B. Work Sheet**
  - C. Bank Statement**
  - D. Income Statement**
- 3. What does an accountant do when posting?**
  - A. They record payments from clients**
  - B. They analyze the effect of transactions on account balances**
  - C. They rewrite entries in the journal**
  - D. They transfer data from journals to ledgers**
- 4. What does the process of opening an account involve?**
  - A. Recording the transaction details**
  - B. Assigning an account title and number**
  - C. Updating the general ledger**
  - D. Closing old accounts**
- 5. Which document is used to write a brief message describing a transaction?**
  - A. Memo**
  - B. Statement**
  - C. Journal**
  - D. Check**

- 6. What is recorded on the right side of a T Account?**
- A. Asset**
  - B. Debit**
  - C. Credit**
  - D. Revenue**
- 7. How is owner's equity calculated?**
- A. Assets + Liabilities**
  - B. Assets - Liabilities**
  - C. Liabilities + Equity**
  - D. Assets + Owner's Equity**
- 8. What does wage refer to?**
- A. A bonus based on sales**
  - B. A fixed amount of money paid per year**
  - C. The amount paid to an employee per hour worked**
  - D. A one-time payment for a completed project**
- 9. Which of the following would likely be classified as a personal property?**
- A. A factory building**
  - B. A company vehicle**
  - C. Land owned by a business**
  - D. Office furniture in a corporate office**
- 10. What represents financial rights to the assets of a business?**
- A. Expenses**
  - B. Liabilities**
  - C. Equities**
  - D. Investments**



## **Answers**

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

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## **Explanations**

**1. Which financial statement is primarily used to assess the liquidity of a business?**

- A. Income Statement**
- B. Cash Flow Statement**
- C. Balance Sheet**
- D. Trial Balance**

The Balance Sheet is the primary financial statement utilized to assess the liquidity of a business because it provides a snapshot of a company's assets, liabilities, and equity at a specific point in time. Liquidity refers to the ability of a business to meet its short-term obligations, and the Balance Sheet displays the current assets that are available to cover the current liabilities. Current assets typically include cash, accounts receivable, and inventory, while current liabilities include accounts payable and other short-term debts. By analyzing the relationship between current assets and current liabilities, stakeholders can determine the company's liquidity position and its capacity to handle immediate financial responsibilities. In contrast, the Income Statement primarily reflects the revenues and expenses over a specific period, providing insights into profitability but not directly measuring liquidity. The Cash Flow Statement offers a detailed analysis of cash inflows and outflows over a period, which is important for understanding cash management but focuses on cash rather than overall asset and liability positions. Lastly, the Trial Balance is an internal document used to ensure that total debits equal total credits and does not serve as a formal financial statement or a tool for assessing liquidity.

**2. What financial tool provides a monthly statement of transactions in a business?**

- A. General Ledger**
- B. Work Sheet**
- C. Bank Statement**
- D. Income Statement**

A bank statement is indeed the financial tool that provides a monthly statement of transactions in a business. It details all the transactions that have occurred in a business's bank account over the course of the month, including deposits, withdrawals, fees, and interest earned. This document is critical for businesses to reconcile their financial records with the bank's records, ensuring accuracy in financial reporting. The general ledger, while essential for tracking all transactions systematically in a business's accounting system, does not provide a monthly summary on its own; it includes detailed records of every transaction throughout the accounting period. A work sheet, on the other hand, is used during the accounting process for organizing adjustments and ensuring that data is correctly processed and balanced, but it does not serve as a statement of transaction activities. Lastly, an income statement summarizes revenues and expenses over a period but does not detail individual transactions like a bank statement does.

### 3. What does an accountant do when posting?

- A. They record payments from clients
- B. They analyze the effect of transactions on account balances
- C. They rewrite entries in the journal
- D. They transfer data from journals to ledgers**

When an accountant is posting, they are transferring data from journals to ledgers. This process involves taking the financial transactions recorded in the journals, which serve as the initial record of these transactions, and then updating the appropriate accounts in the ledger. The ledger is the central repository where all account balances are maintained, categorized, and summarized, allowing for a clearer view of a company's financial standing in various aspects. This step is essential in the accounting cycle because it helps in ensuring that every transaction affects the correct account and that the accounts are accurately reflecting the financial data necessary for reporting and analysis. By transferring the data, the accountant ensures that the ledger remains up-to-date, which is crucial for producing accurate financial statements and for effective financial management.

### 4. What does the process of opening an account involve?

- A. Recording the transaction details
- B. Assigning an account title and number**
- C. Updating the general ledger
- D. Closing old accounts

The process of opening an account primarily involves assigning an account title and number. This step is critical because it establishes a unique identifier for the account and provides a name that reflects the account's purpose or the nature of the transactions it will record. By assigning a clear title and a specific number, it helps in organizing and tracking financial information effectively within accounting systems. When a business sets up a new account, this organization facilitates easier access and management of financial data, ensuring that each account is easily identifiable for reporting and analysis. Clear labeling is especially important in larger businesses that may handle numerous accounts across various categories such as assets, liabilities, equity, revenues, and expenses. While recording transaction details and updating the general ledger are important aspects of accounting, they occur after an account has already been opened. Closing old accounts pertains to a different process, typically related to finishing up and finalizing the records of accounts that are no longer active. Therefore, the assignment of an account title and number is the key step in initiating an account within the accounting framework.

**5. Which document is used to write a brief message describing a transaction?**

**A. Memo**

**B. Statement**

**C. Journal**

**D. Check**

The correct choice for describing a transaction in a brief message is a memo. A memo serves as an internal communication tool within a business or organization, allowing individuals to convey important information succinctly and effectively. When documenting transactions, a memo can highlight essential details such as the nature of the transaction, parties involved, and any relevant dates or amounts. In contrast, statements are typically used to summarize a series of transactions over a period, and while they document financial activities, they are not meant for brief messaging about specific transactions. Journals record transactions in chronological order for accounting purposes but are more detailed and formal than a simple message. Checks are financial instruments used to transfer money, not for providing narrative descriptions of transactions. Thus, the memo stands out as the most fitting document for summarizing and communicating transaction details clearly and concisely.

**6. What is recorded on the right side of a T Account?**

**A. Asset**

**B. Debit**

**C. Credit**

**D. Revenue**

In accounting, a T account is a visual representation of individual accounts, which helps in recording and analyzing transactions. The right side of a T account is designated for credits. When a transaction occurs, it can either increase or decrease an account, and the side it is recorded on determines the effect on the account's balance. Credits are used to increase liabilities, equity, and revenue accounts, while they decrease assets and expenses. For instance, if a business receives cash from a loan, the cash account (an asset) is increased with a debit on the left side, while the loan payable account (a liability) is increased with a credit on the right side. This dual entry maintains the accounting equation's balance, ensuring that assets always equal liabilities plus equity. Understanding the function of credits in T accounts is crucial, as they reflect how different types of accounts respond to financial transactions. This knowledge is foundational to double-entry bookkeeping, where every financial transaction impacts at least two accounts and must be recorded accurately to ensure proper financial reporting and analysis.

## 7. How is owner's equity calculated?

- A. Assets + Liabilities
- B. Assets - Liabilities**
- C. Liabilities + Equity
- D. Assets + Owner's Equity

Owner's equity is calculated by subtracting liabilities from assets. This formula reflects the true value of what the owner has in the business after all debts are accounted for. In accounting, the fundamental accounting equation is expressed as: **\*\*Assets = Liabilities + Owner's Equity.\*\*** From this, you can infer that: **\*\*Owner's Equity = Assets - Liabilities.\*\*** This means that if you know the total assets of a business and the total liabilities, you can determine the owner's equity, which represents the net worth of the business from the owner's perspective. It indicates how much of the total assets are financed by the owner's contributions and retained earnings. Understanding this formula is critical, as it helps assess the financial health of a business and the owner's stake in it.

## 8. What does wage refer to?

- A. A bonus based on sales
- B. A fixed amount of money paid per year
- C. The amount paid to an employee per hour worked**
- D. A one-time payment for a completed project

Wage refers to the amount paid to an employee per hour worked. This is a form of compensation where employees receive payment based on the actual time they work, typically calculated hourly. Wages are commonly associated with jobs that pay workers based on the number of hours they put in, and this structure allows for variability in earnings based on hours worked, which can fluctuate due to factors like overtime or part-time employment. Understanding the distinction is important: a bonus based on sales is performance-related and not guaranteed; a fixed salary does not change regardless of hours worked; and a one-time payment for a completed project suggests a contractual payment rather than regular pay for time worked. In contrast, wages provide a straightforward measurement of earnings based on time, making it a fundamental concept in understanding employee compensation.

## 9. Which of the following would likely be classified as a personal property?

- A. A factory building
- B. A company vehicle
- C. Land owned by a business
- D. Office furniture in a corporate office**

The classification of personal property generally refers to movable items that are not permanently affixed to a structure or land. Office furniture in a corporate office fits this definition as it consists of items like desks, chairs, and filing cabinets that can be relocated without altering the building or land. In contrast, a factory building and land owned by a business are classified as real property, as they are permanently attached to the land and are not moveable. A company vehicle is considered personal property in a broader sense but is specifically classified as a form of tangible asset distinct from real property. Office furniture, being movable assets that directly contribute to the operations of a business, is best classified as personal property, making it the correct answer.

**10. What represents financial rights to the assets of a business?**

**A. Expenses**

**B. Liabilities**

**C. Equities**

**D. Investments**

Equities represent the financial rights to the assets of a business. This concept relates to the ownership interest that shareholders or owners have in a company. When individuals or entities invest in a business, they obtain equity in that business, which comprises the residual interest in the assets after deducting liabilities. In accounting, equities are fundamental as they indicate the net worth of a company—essentially what the owners would receive if all the assets were sold and all the debts were paid off. This distinction is crucial for assessing the financial health of a business and understanding the balance sheet, where assets are equal to the sum of liabilities and equities. Understanding equities also helps in analyzing the source of funding for a business—whether it is financed through debt (liabilities) or through ownership (equity).



## 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](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://fbla-accounting.examzify.com>**

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