

FUTURE BUSINESS LEADERS OF AMERICA (FBLA) ACCOUNTING 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. What term refers to the principles of right and wrong that guide an individual?**
 - A. Finance
 - B. Ethics
 - C. Compliance
 - D. Accountability
- 2. What is the definition of liability?**
 - A. An amount owed by a business
 - B. The total assets owned by a business
 - C. The revenue generated from sales
 - D. The owner's investment in the business
- 3. Which business type sells directly to the final user?**
 - A. Wholesaler
 - B. Middleman
 - C. Manufacturer
 - D. Retailer
- 4. What does a business's capital represent?**
 - A. Owners' loans to the business
 - B. Assets owned by the business
 - C. Owner's equity in the business
 - D. Owner's liabilities
- 5. What does "assessed value" represent?**
 - A. The value of an asset determined for selling purposes
 - B. The value according to market conditions
 - C. The value determined by tax authorities for tax calculation
 - D. The original cost of the asset upon purchase
- 6. What information is typically included when opening an account?**
 - A. The last transaction date
 - B. The account holder's name
 - C. The balance of the previous account
 - D. The title and number of the account

7. Where is the individual payroll record for each employee documented?

- A. Payroll Register
- B. Employee's Earnings Record
- C. Tax Records
- D. Deduction Sheet

8. What is a payroll register?

- A. A form summarizing employees' earnings for each pay period
- B. A document for tracking tax payments
- C. A report for managing overtime
- D. A calculation of net pay

9. What can affect the amount of wages earned by an employee?

- A. The employee's tenure at the company
- B. The company's profit margins
- C. The hours worked and the rate paid per hour
- D. All of the above

10. What happens to owner's equity when there is an increase in revenue?

- A. It decreases
- B. It remains the same
- C. It increases
- D. It fluctuates

Answers

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

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Explanations

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1. What term refers to the principles of right and wrong that guide an individual?

- A. Finance
- B. Ethics**
- C. Compliance
- D. Accountability

The term that refers to the principles of right and wrong that guide an individual is ethics. Ethics encompasses a set of moral principles that inform an individual's decisions and actions, allowing them to discern what is considered right or wrong in various situations. It plays a crucial role not only in personal conduct but also in professional environments, influencing how individuals interact with others and make choices that impact their careers and communities. In a business context, ethics is essential for establishing trust and integrity. Organizations often develop codes of ethics to guide employees in decision-making, ensuring that their actions align with the company's values and societal expectations. Understanding ethical principles is vital for future business leaders, as it prepares them to navigate complex moral dilemmas they may encounter in the workplace. The other terms, while relevant to business and individual behavior, do not specifically encapsulate the guiding principles of right and wrong in the same way that ethics does. Finance relates to the management of money and investments, compliance involves adhering to laws and regulations, and accountability refers to taking responsibility for one's actions. Each of these plays a significant role in business operations but does not specifically define the moral framework that individuals use to guide their behavior.

2. What is the definition of liability?

- A. An amount owed by a business**
- B. The total assets owned by a business
- C. The revenue generated from sales
- D. The owner's investment in the business

Liability is defined as an amount owed by a business, representing obligations that the business needs to settle in the future. This can include loans, accounts payable, mortgages, and any other debts or financial commitments that the company has incurred during its operations. Liabilities are crucial to understanding a business's financial health, as they directly impact the company's net worth and cash flow. In accounting, liabilities are typically recorded on the balance sheet and can be classified as either current or long-term, depending on when they are due. Current liabilities are those that are expected to be settled within one year, while long-term liabilities are obligations that extend beyond one year. Understanding liabilities helps businesses manage their finances effectively and plan for future expenditures and growth opportunities.

3. Which business type sells directly to the final user?

- A. Wholesaler
- B. Middleman
- C. Manufacturer
- D. Retailer**

The business type that sells directly to the final user is a retailer. Retailers are the entities that purchase goods from manufacturers or wholesalers and sell them directly to consumers. This relationship forms a critical part of the distribution chain, where retailers provide access to products for the end-user. In contrast, wholesalers typically buy in bulk from manufacturers and distribute these goods to retailers or other businesses, rather than selling directly to the final consumer. Middlemen generally act as intermediaries, facilitating transactions between two other parties (such as wholesalers and retailers), but they also do not sell directly to consumers. Manufacturers, on the other hand, produce the goods but do not usually engage directly with the final user unless they have a direct-to-consumer business model in place. In essence, the retailer is the point of sale that connects the product to the consumer, fulfilling the role of selling directly to the final user.

4. What does a business's capital represent?

- A. Owners' loans to the business
- B. Assets owned by the business
- C. Owner's equity in the business**
- D. Owner's liabilities

The capital of a business primarily represents the owner's equity in the business. This includes the funds that the owners invest in the company, as well as any retained earnings that have been reinvested back into the business. Essentially, owner's equity is the portion of the assets that the owners can claim after all liabilities have been settled. Understanding this concept is crucial because it reflects the net worth of the business from the perspective of the owners. When evaluating the overall financial health of a business, capital or owner's equity is a key metric, as it indicates how much the owners truly own and can access after fulfilling all financial obligations. This foundational knowledge in accounting helps in determining profitability, investment decisions, and overall business strategy.

5. What does "assessed value" represent?

- A. The value of an asset determined for selling purposes
- B. The value according to market conditions
- C. The value determined by tax authorities for tax calculation**
- D. The original cost of the asset upon purchase

"Assessed value" refers to the value determined by tax authorities for the purpose of calculating property taxes. This value is not necessarily the same as the market value or selling price of an asset; rather, it is a valuation based on criteria set by the local government or taxation authority. This assessment takes into account factors such as property characteristics, location, and current market trends, but it is specifically designed to provide a basis for taxation. This process ensures that taxes are levied fairly and systematically across property owners, allowing governments to generate revenue needed for public services while providing a transparent method for determining how much each property owner should contribute. By using the assessed value rather than other estimates or the purchase price of the asset, tax assessments can be more aligned with local economic conditions and community needs.

6. What information is typically included when opening an account?

- A. The last transaction date
- B. The account holder's name
- C. The balance of the previous account
- D. The title and number of the account**

When opening an account, an essential part of the information that must be included is the title and number of the account. The title typically describes the nature or type of account, such as "Savings Account," "Checking Account," or "Investment Account," helping both the bank and the account holder clearly identify the purpose of the account. The account number is a unique identifier assigned to the account, which facilitates tracking and manages financial transactions associated with that particular account. This information is fundamental because it forms the basis of the account's structure within the financial institution and ensures that all transactions are recorded accurately and can be referenced easily. Having this clarity helps prevent errors and ensures smooth operations for both the financial institution and the account holder.

7. Where is the individual payroll record for each employee documented?

- A. Payroll Register
- B. Employee's Earnings Record**
- C. Tax Records
- D. Deduction Sheet

The individual payroll record for each employee is documented in the Employee's Earnings Record. This record provides detailed information about an employee's salary or wages, hours worked, deductions, and any additional earnings during a specific pay period. It serves as a comprehensive reference that tracks the earnings and deductions for each employee over time, allowing for accurate payroll processing and ensuring compliance with tax obligations and reporting. The Employee's Earnings Record is crucial in maintaining organized payroll data, as it eliminates confusion that could arise from using broader documents. It ensures that each employee's records are well-maintained and accessible for auditing, verification, and reporting purposes. This level of detail is essential for both the employer and the employee to understand their financial responsibilities and entitlements related to their employment.

8. What is a payroll register?

- A. A form summarizing employees' earnings for each pay period**
- B. A document for tracking tax payments
- C. A report for managing overtime
- D. A calculation of net pay

A payroll register is a comprehensive record that summarizes all employees' earnings for each pay period, detailing key information such as gross wages, deductions, and net pay. It serves as a crucial tool for employers to process payroll accurately by ensuring that all employees are compensated for their work while maintaining compliance with taxation and labor regulations. The importance of the payroll register lies in its ability to provide a clear overview of payroll expenditures and assist in financial reporting. Each entry typically reflects the total earnings, withholding taxes, and other deductions for each employee, allowing organizations to track their payroll expenses effectively. This summary can also help identify patterns in earnings and ensure that all employees are paid correctly according to their hours worked, pay rates, and any applicable overtime. Understanding the structure and purpose of a payroll register is essential for anyone involved in accounting or finance within a business, as it lays the foundation for accurate payroll management and financial planning.

9. What can affect the amount of wages earned by an employee?

- A. The employee's tenure at the company
- B. The company's profit margins
- C. The hours worked and the rate paid per hour**
- D. All of the above

The amount of wages earned by an employee is primarily influenced by the hours worked and the rate paid per hour. This relationship is fundamental in determining an individual's pay. For example, in hourly wage positions, the total wage is calculated as the product of the number of hours worked and the hourly rate. If an employee works more hours or if their hourly rate increases, their total wages will also increase accordingly. In many employment structures, this is the most direct and tangible way that wages fluctuate. Other factors, like tenure or company profit margins, might indirectly affect wage rates over time, but they do not result in immediate changes to individual wages at the given moment of calculation. Thus, while tenure and company performance might play roles in negotiations or future raises, the immediate impact on wages is most directly related to the combination of hours worked and the rate paid per hour.

10. What happens to owner's equity when there is an increase in revenue?

- A. It decreases
- B. It remains the same
- C. It increases**
- D. It fluctuates

An increase in revenue contributes directly to the overall profitability of a business. When a company generates more revenue, it typically leads to higher net income, assuming that expenses do not increase at a rate that outpaces the revenue. In accounting, net income is a key component of owner's equity, which reflects the residual interest in the assets of the business after deducting liabilities. As net income increases due to higher revenue, owner's equity also rises because net income is added to retained earnings, a component of owner's equity. This relationship underscores the fundamental accounting equation: $\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$. When assets grow (through increased revenue), and assuming liabilities remain constant, owner's equity must increase as a result. In summary, an increase in revenue leads to a corresponding increase in net income, which ultimately boosts owner's equity. This illustrates how successful revenue generation affects the financial health of a business, enhancing the stake that owners have in the company.

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://fbia-accounting.examzify.com>

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

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