

FBLA Accounting Sample Questions

***Disclaimer:** These are sample test questions of what a competitor will find in this competition. To view the official study guide, with the knowledge area and objective list, visit the guidelines on the Competitive Events page of the national website at www.fbla.org.*

1. What is the purpose of journalizing in accounting?
 - A. To calculate tax rates
 - B. To track customer feedback
 - C. To record business transactions in chronological order
 - D. To create advertisements

2. Which of the following is considered an asset?
 - A. Accounts Payable
 - B. Building
 - C. Owner's Equity
 - D. Revenue

3. What does the accounting equation represent?
 - A. Assets = Liabilities - Owner's Equity
 - B. Assets = Liabilities + Owner's Equity
 - C. Liabilities = Assets + Owner's Equity
 - D. Owner's Equity = Revenue - Expenses

4. Which financial statement shows a company's revenues and expenses?
 - A. Balance Sheet
 - B. Statement of Cash Flows
 - C. Income Statement
 - D. Statement of Owner's Equity

5. What is the main purpose of a balance sheet?
 - A. To show cash inflows and outflows
 - B. To report the financial position of a business at a point in time
 - C. To list sales transactions
 - D. To detail payroll deductions

6. Which type of account is 'Accounts Receivable'?
 - A. Liability
 - B. Asset
 - C. Revenue
 - D. Expense

7. In double-entry accounting, every transaction affects how many accounts?
 - A. One
 - B. Two or more
 - C. None
 - D. All accounts

8. Which of the following would be found in the credit column of a trial balance?

- A. Cash
- B. Supplies
- C. Capital
- D. Prepaid Insurance

9. What is the result of posting entries to the ledger?

- A. Initial recording of transactions
- B. Adjusting entries
- C. Summarized account balances
- D. Payroll calculation

10. Which account is increased with a debit?

- A. Revenue
- B. Accounts Payable
- C. Equipment
- D. Capital

11. What is the purpose of a worksheet in accounting?

- A. To create journal entries
- B. To prepare payroll
- C. To organize data for financial statements
- D. To monitor stock prices

12. Which document is used to compare a company's checkbook with its bank statement?

- A. Ledger
- B. Trial Balance
- C. Bank Reconciliation
- D. Invoice

13. What is a payroll register?

- A. A tool for computing loan interest
- B. A record of employee pay details
- C. A list of all assets
- D. A summary of monthly sales

14. What is a sole proprietorship?

- A. A company owned by shareholders
- B. A government agency
- C. A business owned by one person
- D. A nonprofit organization

15. What does depreciation represent in accounting?

- A. An increase in asset value
- B. A reduction in liabilities
- C. The expense of using long-term assets
- D. Money lost to theft

16. Which of these is an intangible asset?

- A. Equipment
- B. Trademark
- C. Inventory
- D. Vehicle

17. How is net income calculated?

- A. Assets + Liabilities
- B. Revenue - Expenses
- C. Revenue + Capital
- D. Assets - Revenue

18. What does the term 'liability' refer to?

- A. A company's investment
- B. Property owned
- C. Amounts owed to others
- D. Revenue from sales

19. What does GAAP stand for?

- A. General Asset Allocation Principles
- B. Government Authorized Accounting Practices
- C. Generally Accepted Accounting Principles
- D. General Accounting Asset Policies

20. Which of these is not a financial statement?

- A. Balance Sheet
- B. Trial Balance
- C. Income Statement
- D. Statement of Owner's Equity

21. What type of account is 'Unearned Revenue'?

- A. Asset
- B. Liability
- C. Expense
- D. Revenue

22. What is the primary purpose of adjusting entries?

- A. To delete old accounts
- B. To fix errors
- C. To update account balances before financial statements
- D. To calculate interest

23. What is a trial balance used for?

- A. To test bank security
- B. To list all journal entries
- C. To ensure debits equal credits
- D. To show net income

24. What does the matching principle in accounting require?

- A. Recording revenue before it's earned
- B. Matching expenses with revenues in the same period
- C. Matching assets with liabilities
- D. Posting entries twice

25. What is the correct order of the accounting cycle?

- A. Posting, Journalizing, Analyzing, Financial Statements
- B. Analyzing, Journalizing, Posting, Trial Balance, Adjusting Entries, Financial Statements
- C. Financial Statements, Posting, Journalizing
- D. Adjusting Entries, Trial Balance, Journalizing

26. What is a petty cash fund used for?

- A. Paying salaries
- B. Large purchases
- C. Small, routine business expenses
- D. Depositing checks

27. How are expenses recorded in the accounting equation?

- A. They increase assets
- B. They decrease liabilities
- C. They decrease owner's equity
- D. They increase revenue

28. What is the purpose of closing entries?

- A. To prepare permanent accounts for the next period
- B. To correct errors
- C. To adjust asset accounts
- D. To calculate payroll

29. What does 'accrued expense' mean?

- A. An expense paid in advance
- B. A recorded liability that has not been paid yet
- C. A prepaid asset
- D. Revenue earned but not collected

30. Which of the following is considered an operating activity in the statement of cash flows?

- A. Buying equipment
- B. Borrowing money
- C. Selling products
- D. Paying dividends

31. Which of the following best describes internal controls in accounting?

- A. Methods to increase revenue
- B. Procedures to ensure accuracy and prevent fraud
- C. Techniques for tax evasion
- D. Strategies for investment

32. What is a contra asset account?

- A. An account that increases liabilities
- B. An account that offsets an asset account
- C. An account that tracks equity
- D. An account that doubles income

33. What does the term 'fiscal year' refer to?

- A. A calendar year
- B. The period from January to December
- C. A 12-month period used for financial reporting
- D. A tax refund schedule

34. What type of account is 'Sales Returns and Allowances'?

- A. Revenue
- B. Contra revenue
- C. Expense
- D. Asset

35. How are prepaid expenses recorded on the balance sheet?

- A. As liabilities
- B. As owner's equity
- C. As assets
- D. As expenses

36. What is a common depreciation method used in accounting?

- A. Amortization
- B. Sum-of-the-hours method
- C. Straight-line method
- D. Asset expansion

37. What is the primary purpose of a post-closing trial balance?

- A. To verify the general ledger
- B. To check balances after closing entries are made
- C. To record new transactions
- D. To report income

38. Which of the following is a temporary account?

- A. Accounts Payable
- B. Owner's Capital
- C. Rent Expense
- D. Equipment

39. What is the effect of an adjusting entry for accrued revenue?

- A. Decrease an asset and increase a liability
- B. Increase a liability and revenue
- C. Increase an asset and increase revenue
- D. Decrease revenue and increase equity

40. Which document provides a record of all business transactions in chronological order?

- A. Ledger
- B. Journal
- C. Invoice
- D. Income Statement

41. What is the purpose of the income summary account?

- A. To summarize changes in cash
- B. To transfer net income or loss to capital
- C. To list all owner withdrawals
- D. To compute gross profit

42. When preparing a bank reconciliation, which item would be subtracted from the book balance?

- A. Deposits in transit
- B. Outstanding checks
- C. Bank service charges
- D. Cash on hand

43. Which financial statement includes the heading 'For the Year Ended'?

- A. Balance Sheet
- B. Ledger
- C. Income Statement
- D. Trial Balance

44. Which principle requires businesses to record expenses in the same period as the revenues they help to generate?

- A. Cost principle
- B. Revenue recognition principle
- C. Matching principle
- D. Consistency principle

45. What is the result of underestimating depreciation expense?

- A. Overstated expenses and understated net income
- B. Understated expenses and overstated net income
- C. Overstated liabilities
- D. Understated cash flow

46. In accounting, what does the term 'posting' refer to?

- A. Creating a financial statement
- B. Recording transactions in the journal
- C. Transferring data from the journal to the ledger
- D. Emailing reports

47. What is the accounting treatment of owner withdrawals?

- A. Credit to capital
- B. Debit to revenue
- C. Debit to drawing
- D. Credit to cash

48. Which of the following would not appear on an income statement?

- A. Service Revenue
- B. Rent Expense
- C. Accounts Receivable
- D. Salaries Expense

49. What is the effect of a credit to an expense account?

- A. It increases the expense
- B. It decreases the expense
- C. It increases liabilities
- D. It increases revenue

50. Which financial statement shows a company's financial position at a specific point in time?

- A. Income Statement
- B. Statement of Cash Flows
- C. Balance Sheet
- D. Statement of Owner's Equity



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Answer Key

- 1. C
- 2. B
- 3. B
- 4. C
- 5. B
- 6. B
- 7. B
- 8. C
- 9. C
- 10. C
- 11. C
- 12. C
- 13. B
- 14. C
- 15. C
- 16. B
- 17. B
- 18. C
- 19. C
- 20. B
- 21. B
- 22. C
- 23. C
- 24. B
- 25. B
- 26. C
- 27. C
- 28. A
- 29. B
- 30. C
- 31. B
- 32. B
- 33. C
- 34. B
- 35. C
- 36. C
- 37. B
- 38. C
- 39. C
- 40. B
- 41. B
- 42. C
- 43. C
- 44. C
- 45. B
- 46. C
- 47. C
- 48. C
- 49. B



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50. C



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