

Accounting II



FBLA High School Competitive Events Guidelines

2022–2023

Objective Test Events

Overview

These events consist of a 60-minute test administered during the National Leadership Conference (NLC).

ELIGIBILITY

Each state may submit four entries. Competitors must have paid FBLA national and state dues by 11:59 p.m. Eastern Time on March 1 of the current school year. These events are for individual competitors only.

NLC Registration

Participants must be registered for the NLC and pay the national conference registration fee to participate in competitive events.

Accounting I
Accounting II
Advertising
Agribusiness
Business Calculations
Business Communication
Business Law
Computer Problem Solving
Cyber Security
Economics
Health Care Administration
Human Resource Management
Insurance & Risk Management
Introduction to Business Communication
Introduction to Business Concepts
Introduction to Business Procedures
Introduction to FBLA
Introduction to Financial Math
Introduction to Information Technology
Introduction to Marketing Concepts – **NEW**
Introduction to Parliamentary Procedure
Journalism
Networking Infrastructures
Organizational Leadership
Personal Finance
Political Science
Securities & Investments
Supply Chain Management
UX Design

Accounting II

Objective Test Competencies

- Financial statements
- Corporate accounting
- Ratios and analysis
- Accounts receivable and payable
- Budgeting and cash flow
- Cost accounting/manufacturing
- Purchases and sales
- Journalizing
- Income tax
- Payroll
- Inventory
- Plant assets and depreciation
- Departmentalized accounting
- Ethics
- Partnerships

Objective Test Guidelines

- No materials may be brought to the testing site.
- No calculators may be brought into the testing site; calculators will be provided.
- Electronic devices must be turned off and out of sight.
- Bring a writing instrument.

FBLA Accounting II Study Guide

Competency A: Financial Statements	Minimum: 10
Tasks	
1. Describe the different types of financial statements; explain their purpose and compare the difference.	
2. Prepare a trial balance, a worksheet (8 and 10 columns), and an adjusted trial balance.	
3. Prepare and interpret an income statement.	
4. Prepare and interpret a balance sheet that reports the financial condition of the entity.	
5. Prepare a statement of Owner's Equity/Partner's Equity/Retained Earnings.	
6. Explain the purposes of each financial statement and describe the way they articulate with each other.	
7. Analyze the effects of revenue on financial statements.	
8. Use manual and computerized accounting systems for preparing financial statements and evaluating the effect of changes.	
9. Determine acceptable levels of financial performance to be used as a basis for management decisions.	
10. Define terminology and classifications necessary for financial statements.	
Competency B: Corporate Accounting	Minimum: 10
Tasks	
1. Identify the methods for forming a corporation and complete the various steps of the accounting cycle for a corporation or for a not-for-profit business.	
2. Identify and describe the different classes of stock and explain the rights afforded each class of stock.	
3. Journalize transactions: capital stock issuance, organization costs, stock subscriptions, and dividend declaration and payment to stockholders.	
4. Differentiate between stock splits and stock dividends, and explain how each affect equity.	
5. Determine stockholders equity and earnings per share and prepare a statement of stockholders' equity for a corporation.	
6. Perform all of the functions of the closing process, journalize and post the closing entries, prepare the post-closing trial balance, and prepare all of the appropriate financial statements and reports for a corporation.	
7. Apply appropriate accounting techniques for the formation, allocation, and distribution of earnings and dissolution of corporations.	
8. Describe the purposes of the revenue, expense, and drawing accounts and illustrate the effects on capital/owner's or stockholder's equity.	
9. Describe the different levels of liability and taxation for Subchapter S Corporations and Limited Liability Corporations.	
10. Analyze the information derived from the corporate financial statements.	

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Competency C: Partnerships	Minimum: 3
Tasks	
1. Identify the characteristics of a partnership and the steps for forming a partnership and admitting new partners.	
2. Create financial statements for partnerships including end-of-fiscal-period worksheet, income statement, distribution of net income statement/owner's equity statement, balance sheet, adjusting and closing entries, and post-closing trial balance.	
3. Apply appropriate accounting techniques for the formation, allocation, and distribution of earnings and dissolution of a partnership.	
Competency D: Ratios and Data Analysis	Minimum: 10
Tasks	
1. Compute financial ratios and analyze financial statements using horizontal analysis, vertical analysis, and commonly used financial ratios.	
2. Analyze and describe how a change in an independent variable can produce a change in a dependent variable.	
3. Calculate financial strength analysis by determining current ratio of assets to liabilities, acid-test ratio, debt ratio, working capital, equity ratio, and equity and earnings per share.	
4. Apply differential analysis to make decisions such as buying or making a product; leasing or buying an asset; discontinuing a department, plant, or product; replacing or repairing equipment; or offering discounted prices on special orders.	
Competency E: Accounts Receivable and Payable	Minimum: 10
Tasks	
1. Analyze and journalize transactions of merchandise sold for cash, on account, or by credit card; post to proper ledger accounts; and prove subsidiary ledger by preparing a schedule of accounts receivable.	
2. Analyze and journalize purchases of merchandise on account; demonstrate knowledge of net purchases; post to proper ledger accounts; and prove subsidiary ledger by preparing a schedule of accounts payable.	
3. Record transactions and journalize entries to write off uncollectible accounts using the direct write-off and allowance method.	
4. Prepare adjustments using aging accounts receivable, percentage of sales, and percentage of accounts receivable methods.	
5. Explain the purpose of notes payable and notes receivable and calculate, record transactions, and journalize interest and payment of notes payable and receivable.	
6. Prepare adjusting and reversing entries for prepaid and accrued expenses and unearned and accrued revenue.	

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Competency F: Budgeting and Cash Flow	Minimum: 10
Tasks	
1. Review revenues, expenditures, trends, priorities, and projections in preparation of a budget.	
2. Prepare master and flexible budgets and describe how they are each used.	
3. Compare the projected budgeted amounts with the actual amounts through preparation of a performance report.	
4. Use cost-volume-profit and contribution margin analysis to plan operations.	
5. Prepare budget analysis using spreadsheet software.	
6. Calculate and prepare cash flow statements.	
7. Determine cash flows from operating activities, investing activities, and financing activities.	
Competency G: Cost Accounting/Manufacturing	Minimum: 7
Tasks	
1. Define managerial accounting and understand the terminology and techniques related to cost accounting.	
2. Interpret and explain costs and accounts that are unique to the manufacturing process.	
3. Calculate manufacturing cost of finished goods by determining cost of direct materials, labor, and factory overhead.	
4. Prepare a schedule of cost of goods manufactured and explain its relationship to the income statement.	
5. Journalize entries that summarize cost records at the end of the fiscal year.	
6. Use various allocation methods to allocate overhead and indirect costs.	
7. Explain the difference between variable, mixed, and fixed costs.	
8. Compute break-even and cost-revenue analysis values and understand how to interpret the results.	
9. Prepare a materials ledger and a finished goods ledger for a manufacturing business.	
10. Apply appropriate software to prepare and maintain cost accounting records.	
Competency H: Departmentalized Accounting	Minimum: 5
Tasks	
1. Define terminology related to departmentalized accounting.	
2. Analyze and journalize departmental purchases/cash payments and sales/cash receipts in special journals and posts to ledgers.	
3. Create a departmental statement of gross profit, financial statements, and end-of-period work.	
4. Prepare and maintain payroll records for a departmentalized business.	
5. Journalize and post adjusting and closing entries for a departmentalized business.	
6. Apply appropriate software to maintain departmentalized records.	

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Competency I: Ethics	Minimum: 5
Tasks	
1. Describe the importance of integrity, confidentiality, and high ethical standards in preparation of financial statements, and in interpretation and use of data.	
2. Explain the importance of ethical business decisions.	
3. Adhere to financial laws and regulations and to established company rules, regulations, and policies.	
4. Utilize security measures to minimize loss and to create trust (e.g., maintain data security, develop strategies to protect data).	
Competency J: Income Tax	Minimum: 5
Tasks	
1. Complete various basic business-related tax forms, such as 941, 940, payroll, etc.	
2. Identify differences between pretax financial income and taxable income.	
3. Identify special issues related to deferred income taxes, explain the effect of various tax rates on deferred income taxes, and describe their presentation in financial statements.	
4. Differentiate between taxation at personal and business levels, including tax-planning strategies.	
5. Calculate federal income tax expense, record the adjustment, and complete the corporate worksheet.	
6. Identify the basic differences between Generally Accepted Accounting Principles (GAAP) and tax law.	
7. Distinguish between tax avoidance and tax evasion.	
8. Evaluate accrual methods, inventory methods, and depreciation options to determine tax effects.	
9. Analyze current business decisions to determine the impact on taxes.	
Competency K: Inventory	Minimum: 5
Tasks	
1. Explain the importance of an inventory system and its valuation.	
2. Determine the value of inventory using various costing methods, such as LIFO, FIFO, or Weighted Average method.	
3. Estimate the cost of inventory using the retail and the gross profit methods.	
4. Calculate and analyze merchandise turnover ratio.	
5. Determine costs of obsolete inventory and/or materials.	

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Competency L: Journalizing and Posting	Minimum: 5
Tasks	
1. Analyze and journalize cash receipts and cash payment transactions and post to proper ledger accounts.	
2. Analyze and journalize purchases and sales on account.	
3. Analyze and journalize transactions for the return of merchandise and post to the appropriate ledger accounts.	
4. Journalize and post the adjusting and closing entries for a business.	
5. Record business transactions in the general journal and the special journals using appropriate correction methods.	
6. Post business transactions to the general and subsidiary ledger accounts and prove their accuracy.	
7. Journalize business transactions using multicolumn journals.	
8. Journalize adjustments of prepaid (deferred) expenses as assets or expenses, of prepaid (deferred) revenue as liabilities or income, and of accrued expenses and accrued revenue.	
9. Prove and rule journals.	
10. Prepare a post-closing trial balance.	
11. Journalize entries in a voucher system.	
Competency M: Payroll	Minimum: 5
Tasks	
1. Calculate earnings at an hourly and piece rate; and on a salary, commission, and salary/commission basis.	
2. Calculate and journalize deductions including federal income tax, social security tax, Medicare tax, state income tax, and other deductions to determine net pay.	
3. Calculate and journalize employer's payroll taxes (e.g., social security, Medicare, federal unemployment, state unemployment) and employee benefits paid by the employer.	
4. Prepare payroll checks and vouchers.	
5. Record payroll earnings and deductions in a payroll register.	
6. Maintain employee earnings record.	
7. Complete federal and state employment tax forms such as W-4, W-2, quarterly reports, and unemployment tax forms.	

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Competency N: Plant Assets and Depreciation		Minimum: 5
Tasks		
1.	Explain the need for recording the depreciation of assets.	
2.	Calculate and journalize annual and partial-year depreciation for plant assets using straight line, sum-of-the-year's digits, declining balance, production unit, MACRS, and depletion of natural resources.	
3.	Record disposition of plant assets through buying, selling, or trading.	
4.	Explain, compare, and analyze various depreciation methods and their effect on the value of assets.	
5.	Identify property, plant, and equipment assets; and record their initial costs.	
Competency O: Purchases and Sales		Minimum: 5
Tasks		
1.	Evaluate a business's sales and purchasing activities to minimize expenses.	
2.	Differentiate between cost of sales and general operating expenses.	
3.	Compare and contrast transactions recorded as assets versus expenses, such as supplies inventory/supplies expense.	
4.	Calculate sales dollars and sales units required to earn a set amount of net income.	
5.	Calculate the contribution margin rate, breakeven point, sales dollars, and units required to earn a planned amount of net income.	
6.	Describe the effects of changes in sales volume, unit costs, and unit sales prices on net income.	
7.	Calculate the cost of goods sold for a specified period.	
8.	Calculate amount due with given terms of sales, sales tax, discounts, etc.	
9.	Calculate cash discounts/trade discounts with given terms of sale, shipping, etc.	
10.	Identify the difference between debit and credit memorandums.	

FBLA Accounting II

References:

Accounting Tasks. Decatur, GA: VTECS. (no date given).

Accounting Tasks. Richmond, VA: Virginia Department of Education. (no date given).

Accounting II Competency Profile. 2003. Jefferson City, MO: Career and Technical Education, Missouri Department of Elementary and Secondary Education.

Accounting II Core Standards and Objectives. 2007. Salt Lake City, Utah: Career and Technical Education, Utah Office of Education.

Accounting II Standards. 2008. Career, Technical and Agriculture Education. Georgia Department of Education. Atlanta, GA.

Accounting II Standards. 2005. Career and Technical Education. Tennessee Department of Education. Nashville, TN.

Business Education Standards. Reston, VA: National Business Education Association. (no date given).

Business Finance Skill Standards. Decatur, GA: VTECS. (no date given)

Career Cluster Resources for Business, Management and Administration. 2003. Washington, DC: National Association of State Directors of Career Technical Education Consortium.

Career Cluster Resources for Finance. 2003. Washington, DC: National Association of State Directors of Career Technical Education Consortium.

Career Cluster Resources for Marketing, Sales & Service. 2003. Washington, DC: National Association of State Directors of Career Technical Education Consortium.

Kentucky Occupational Skill Standards List. 2007. Frankfort, KY: Career and Technical Education, Kentucky Department of Education.

ACCOUNTING II SAMPLE QUESTIONS

- 1) We have the following accounts: Accounts Receivable \$20,000, Sales Revenue \$40,000, Interest Expense \$500, Depreciation Expense \$5,000, Unearned Revenue \$1,000, Cost of Goods Sold \$10,000, Wages Expense \$2,500. What is the amount of Expenses reported for the period?
 - A) \$12,500
 - B) \$18,000
 - C) \$17,500
 - D) \$5,500

- 2) Those most responsible for the major policy decisions of a corporation are the:
 - A) employees
 - B) management
 - C) board of directors
 - D) stockholders

- 3) Don and Denise are forming a partnership. Don will invest a piece of equipment with a book value of \$7,500 and a fair market value of \$18,000. Denise will invest a building with a book value of \$40,000 and a fair market value of \$44,000. What amount will be recorded to the building account?
 - A) \$50,000
 - B) \$18,000
 - C) \$32,000
 - D) \$44,000

- 4) Horizontal analysis is a technique for evaluating financial statement data:
 - A) on a certain date
 - B) over a period of time
 - C) as it may appear in the future
 - D) for one period of time

- 5) Assuming a 360-day year, when a \$50,000, 90-day, 9% interest-bearing note payable matures, total payment will be:
 - A) \$51,125
 - B) \$4,500
 - C) \$1,125
 - D) \$54,500

- 6) Under GAAP, cash receipts from interest and dividends are classified as:
- A) operating activities
 - B) financing activities
 - C) investing activities
 - D) supplemental activities
- 7) Which of the following is classified as a product cost?
- A) salary of the company receptionist
 - B) advertising for a particular product
 - C) drill bits for a drill press used in the plant assembly area
 - D) salary of a sales manager
- 8) Which method is used to allocate costs of reciprocal support departments?
- A) indirect method
 - B) reciprocal method
 - C) direct method
 - D) step down method
- 9) The American Advertising Federation Code of Ethics does **not** include which of the following?
- A) to not mislead the public
 - B) reveal significant facts
 - C) to tell the truth
 - D) cheating people
- 10) Trade and business expenses should be treated as:
- A) deductible for AGI.
 - B) a deduction from AGI subject to the 2%-of-AGI floor.
 - C) a deduction from AGI not subject to the 2%-of-AGI-of-AGI floor.
 - D) an itemized deduction if not reimbursed.
- 11) The following units of an inventory item were available for sale during the year: Beginning inventory of 10 units at \$55; First purchase of 25 units at \$60; Second purchase of 30 units at \$65; Third purchase of 15 units at \$70. The firm uses the periodic inventory system. During the year, 60 units of the item were sold. The value of ending inventory using weighted average is:
- A) \$1,150
 - B) \$1,263
 - C) \$1,375
 - D) \$1,353

- 12) We borrowed \$15,000,000 loan from the bank on an 8-year loan. What account is credited in this transaction?
- A) Owner's Equity
 - B) Interest Expense
 - C) Notes Payable
 - D) Accounts Payable
- 13) An employee is paid \$20 per hour and works 40 hours and has benefits deductions of \$200 which includes 401k contributions of 5%, what is the amount of their net pay?
- A) \$600
 - B) \$760
 - C) \$560
 - D) \$460
- 14) We have calculated depreciation on the building at \$10,000 for the year. What account is debited to record the depreciation?
- A) Accumulated Depreciation
 - B) Depreciation Expense
 - C) Cash
 - D) Building
- 15) We sold a customer \$100,000 worth of inventory on account with terms 2/10, n/30. What is the amount of the discount if the customer pays within 10 days?
- A) \$2,000
 - B) \$20,000
 - C) \$10,000
 - D) \$0

- 1) B
- 2) C
- 3) D
- 4) B
- 5) A
- 6) A
- 7) C
- 8) C
- 9) D
- 10) A
- 11) B
- 12) C
- 13) A
- 14) B
- 15) A

General Competitive Events Guidelines

The general event guidelines below are applicable to all FBLA High School national competitive events. Please review and follow these guidelines when competing at the national level. When competing at the state level, check the state guidelines since they may differ.

All members and advisers are responsible for reading and following competitive event guidelines.

Eligibility

- **Dues:** Competitors must have paid FBLA national and state dues by 11:59 p.m. Eastern Time on March 1 of the current school year.
- **NLC Registration:** Participants must be registered for the NLC and pay the national conference registration fee in order to participate in competitive events.
- **Deadlines:** The state chair, or designee, must register each state competitor on the official online entry forms by 11:59 p.m. Eastern Time on the second Tuesday in May.
- Each state may submit four entries in all events.
- Each competitor can only compete in one individual/team event and one chapter event.
- Each competitor must compete in all parts of an event for award eligibility.
- A team shall consist of two or three members. The exception is Parliamentary Procedure, which must be a team of four or five members.
- All members of a team must consist of individuals from the same chapter.
- If competitors are late for a competitive event, there are no guarantees they will get to compete. Competitive event schedules cannot be changed. **PLEASE NOTE** that competitive events start in the morning before the opening session of NLC.
- Competitors may be disqualified if they violate competitive event guidelines.
- Picture identification (drivers' license, passport, state-issued identification, or school-issued identification) is required when checking in for competitive events.

General Competitive Events Guidelines

Repeat Competitors

- **Members** may compete in an event at NLC more than once if they have not previously placed in the top ten of that event at NLC. If a member places in the top ten of an event at NLC, they are no longer eligible to compete in that event. This eliminates the exceptions for team events that were previously in place, as this change will now affect all events.
- **Modified Events:** A competitor may compete in the same event when the event is modified, regardless of placement at a National Leadership Conference. Note, if the only modification is a name change, competitors may not compete in the renamed event if they have previously placed in the top ten at the National Leadership Conference.
- **Chapter Events:** Competitors may compete in a chapter event as many times as they wish, regardless of placement at a previous National Leadership Conference (American Enterprise Project, Community Service Project, Local Chapter Annual Business Report, and Partnership with Business Project).
- **Pilot Event:** Competition in a pilot event does not disqualify a competitor from competing in the same event if it becomes an official competitive event. The participant may compete in another event as well as a pilot event.

Breaking Ties

- **Objective Tests:** Ties are broken by comparing the correct number of answers to the last 10 questions on the exam. If a tie remains, the competitor who completed the test in a shorter amount of time will place higher. If this does not break the tie, answers to the last 20 questions will be reviewed to determine the winner.
- **Objective and Production Tests:** The production test scores will be used to break a tie.
- **Objective Tests and Performances:** The objective test score will be used to break a tie based on the tie-breaking criteria of objective tests.
- **Reports/Projects and Performances:** The report/project scores will be used to break a tie.
- **Performances:** Judges must break ties and all judges' decisions are final.

General Competitive Events Guidelines

National Deadlines

- State chair/adviser must register all competitors for NLC competitive events online by 11:59 p.m. Eastern Time on the second Tuesday in May.
- All prejudged components (reports and projects) must be submitted by 11:59 p.m. Eastern Time on the second Tuesday in May.
- All prejudged projects and reports must be submitted electronically.
- All production tests must be submitted by 11:59 p.m. Eastern Time on the third Tuesday in May.
- All production tests must be uploaded online on the required platform.
- State chair/adviser may make name changes only (no additional entries) by 11:59 p.m. Eastern Time on the first Tuesday in June. Competitor drops are the only changes allowed after this date and onsite.

National Awards

- The number of competitors will determine the number of winners. The maximum number of winners for each competitive event is 10.

Americans With Disabilities Act (ADA)

- FBLA-PBL meets the criteria specified in the Americans with Disabilities Act for all participants who [submit an accommodation form](#).
- The form must be submitted by 11:59 p.m. Eastern Time on the second Tuesday in May.

Recording of Presentations

- No unauthorized audio or video recording devices will be allowed in any competitive event. Participants in the performance events should be aware the national association reserves the right to record any performance for use in study or training materials.