

2023-24 Competitive Events Guidelines

Accounting II



Accounting II provides members with the opportunity to gain knowledge around more advanced competencies in accounting. This competitive event consists of an objective test. This event aims to inspire members to learn about accounting.

Event Overview

Division: High School

Event Type: Individual

Event Category: Objective Test, 100-multiple choice questions (breakdown of question by competencies below)

Objective Test Time: 50 minutes

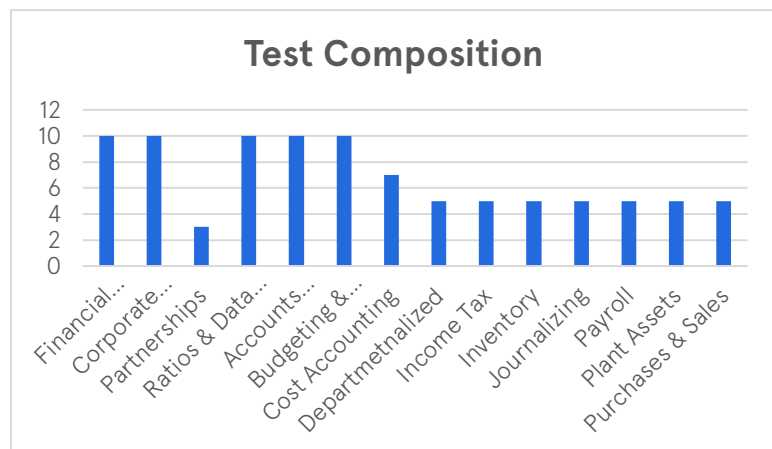
NACE Connections: Career & Self-Development

Equipment Competitor Must Provide: Pencil

Equipment FBLA Provides: One piece of scratch paper per competitor

Objective Test Competencies

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



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California FBLA Guidelines (State)

- No reference or study materials may be brought to the testing site.
- No calculators may be brought into the testing site; online calculators will be provided through the testing software.
- All electronic devices such as cell phones and smart watches must be turned off before competition begins.
- Bring a pencil to the testing site.

State

- Each local chapter may have three (3) competitors in this event.
- In addition, each member who does not advance to the final round in a prejudged state events listed below
 - American Enterprise Project, Business Plan, Coding & Programming, Community Service Project, Computer Game & Simulation Programming, Data Analysis, Digital Animation, Digital Video Production, Electronic Career Portfolio, Financial Statement Analysis, Future Business Educator, Graphic Design, Introduction to Business Presentation, Introduction to Social Media Strategy, Local Chapter Annual Business Report, Mobile Application Development, Partnership with Business Project, Public Service Announcement, Social Media Strategies, Visual Design, Website Coding & Development and Website Design
- can switch to one objective test only event listed below.
 - Accounting II
 - Cyber Security
 - Introduction to Marketing Concepts
 - Introduction to Parliamentary Procedure
 - Journalism
 - Networking Infrastructures
 - Organizational Leadership
 - Public Policy & Advocacy
 - UX Design
 - Any of the 12 middle school objective test only events
- The top four (4) places in state competition in this event will represent California at the National Leadership Conference.
- Middle school members who place in the top four **cannot** compete at the National Leadership Conference, per national guidelines.

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National

Policy and Procedures Manual

- Competitors should be familiar with the Competitive Events Policy & Procedures Manual, found on the Competitive Events page on www.fbla.org.

Eligibility

- FBLA membership dues are paid by 11:59 pm Eastern Time on March 1 of the current program year.
- Members may compete in an event at the National Leadership Conference (NLC) more than once if they have not previously placed in the top 10 of that event at the NLC. If a member places in the top 10 of an event at the NLC, they are no longer eligible to compete in that event.
- Members must be registered for the NLC and pay the national conference registration fee in order to participate in competitive events.
- Members must stay in an official FBLA hotel to be eligible to compete.
- Each state may submit four entries per event.
- Each member can only compete in one individual/team event and one chapter event (American Enterprise Project, Community Service Project, Local Chapter Annual Business Report, Partnership with Business Project).
- Picture identification (physical or digital driver's license, passport, state-issued identification, or school-issued identification) is required when checking in for competitive events.
- If competitors are late for an objective test, they will be allowed to compete until such time that results are finalized, or the accommodation would impact the fairness and integrity of the event. Competitive event schedules cannot be changed. Competitive events start in the morning before the Opening Session of the NLC.

Recognition

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

Event Administration

- This event is an objective test administered online at the NLC.
- No reference or study materials may be brought to the testing site.
- No calculators may be brought into the testing site; online calculators will be provided through the testing software.

Tie Breaker

- Ties are broken by comparing the correct number of answers to 10 pre-determined questions on the test. If a tie remains, answers to 20 pre-determined questions on the test will be reviewed to determine the winner. If a tie remains, the competitor who completed the test in a shorter amount of time will place higher.

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Americans with Disabilities Act (ADA)

- FBLA meets the criteria specified in the Americans with Disabilities Act for all competitors with accommodations submitted through the conference registration system by the registration deadline.

Penalty Points

- Competitors may be disqualified if they violate the Competitive Event Guidelines or the Honor Code.
- Five points are deducted if competitors do not follow the Dress Code or are late to the testing site.

Electronic Devices

- All electronic devices such as cell phones and smart watches must be turned off before competition begins.

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Study Guide: Competencies and Tasks

A. Financial Statements

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.

B. Corporate Accounting

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 stockholder's 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.

C. Partnerships

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.

D. Ratios and Data Analysis

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.

E. Accounts Receivable and Payable

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.

F. Budgeting and Cash Flow

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.

G. Cost Accounting/Manufacturing

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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.
- H. Departmentalized Accounting
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.
- I. Ethics
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).
- J. Income Tax
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.

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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.
- K. Inventory
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.
- L. Journalizing and Posting
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.
- M. Payroll
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.

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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.
- N. Plant Assets and Depreciation
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.
- O. Purchases and Sales
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 expense, 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.