

# 2025–2026 Competitive Events Guidelines

## Foundations of Accounting



Foundations of Accounting challenges members to demonstrate their understanding of fundamental accounting principles through an objective test. This event introduces key concepts such as the accounting cycle and financial statements, encouraging members to build a strong foundation in the field.

### Event Overview

|                |                                               |
|----------------|-----------------------------------------------|
| Division       | Collegiate                                    |
| Event Type     | Individual                                    |
| Event Category | Objective Test                                |
| Event Elements | 50-minute test, 100-multiple choice questions |

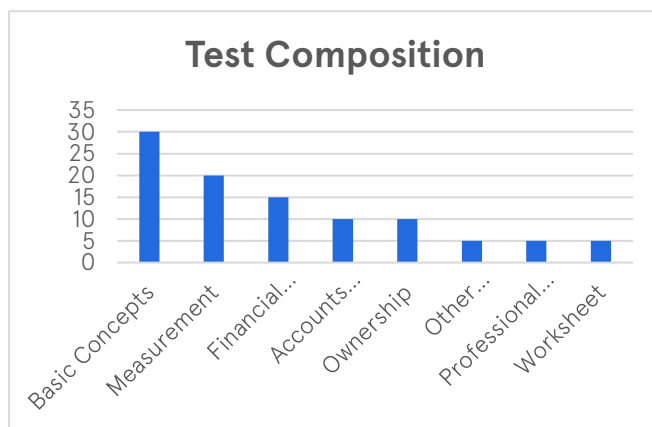
### Educational Alignments

|                                                     |                                                          |
|-----------------------------------------------------|----------------------------------------------------------|
| <a href="#">Career Cluster Framework Connection</a> | Financial Services                                       |
| <a href="#">NACE Competency Alignment</a>           | Career & Self-Development, Critical Thinking, Technology |

*This event is intended for students who are early in their collegiate academic journey and just beginning their study of accounting. Only members who have completed no more than six credit hours on a semester schedule (or the equivalent number of quarter hours) of college-level accounting coursework by May 1, 2026, are eligible to compete.*

### Knowledge Areas

- Basic Concepts, Principles and Terminology
- Measurement, Valuation, Realization, and Presentation of Assets
- Financial Statements
- Accounts Payable and Receivable
- Ownership Structure
- Other Financial Statements
- Professional Standards and Ethics
- Worksheet



Test questions are based on the knowledge areas and objectives outlined for this event. Detailed objectives can be found in the study guide included in these guidelines.

### State

Check with your State Leader for state-specific competition information and deadlines.

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### National

#### *Required Competition Items*

| Items Competitor Must Provide                                                                                                                                                                                                                                                   | Items FBLA Provides On-site                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>Sharpened pencil</li><li>Fully powered <a href="#">device for online testing</a></li><li>Conference-provided nametag</li><li><a href="#">Photo identification</a></li><li>Attire that meets the <a href="#">FBLA Dress Code</a></li></ul> | <ul style="list-style-type: none"><li>One piece of scratch paper per competitor</li><li>Internet access</li><li>Test login information (link &amp; password provided at test check-in)</li></ul> |

#### *Important FBLA Documents*

- Competitors should be familiar with the Competitive Events [Policy & Procedures Manual](#), [Honor Code](#), [Code of Conduct](#), and [Dress Code](#).

#### *Eligibility Requirements*

To participate in FBLA competitive events at the National Leadership Conference (NLC), the following criteria must be met:

- Membership Deadline:** FBLA national membership dues must be paid to the specific division by 11:59 p.m. Eastern Time on March 1 of the current school year.
- Conference Registration:** Members must be officially registered for the NLC and must pay the national conference registration fee to participate.
- Official Hotel Requirement:** To be eligible to compete, competitors must stay within the official FBLA housing block.
- State Entry Limits:** Each state may submit up to four entries per event.
- Event Participation Limits:** Each member may participate in:
  - Two individual or team events, and
  - One chapter event (e.g., *Community Service Project* or *State of Chapter Presentation*).
- Participation Requirement:** To be eligible for an award, each competitor must complete all components of the event at the National Leadership Conference.
- Identification at Check-in:** Competitors must present valid photo identification (physical or digital) that matches the name on their conference name badge. Acceptable forms include a driver's license, passport, state-issued ID, or school ID.
- Late Arrivals:** Competitors will be allowed to compete until such time that the results are finalized, or participation would impact the fairness and integrity of the event, as determined by Competitive Events staff. Five penalty points will be assessed for late arrivals in any competitive event.
- Event Schedule Notes:**
  - Some events may begin before the Opening Session.
  - All schedules are posted in local time for the NLC host city.
  - Schedule changes are not permitted.

#### *Event Administration*

- Test Duration:** 50 minutes
- Format:** This event consists of an online objective test that is proctored and completed on-site at the National Leadership Conference (NLC).

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- **Materials:** Reference or study materials are not permitted at the testing site.
- **Calculators:** Personal calculators are not allowed; an online calculator will be available within the testing platform.
- **Question Review:** Competitors may flag questions within the testing platform for review prior to the finalization of results at the NLC.

### *Scoring*

- Each correct answer is worth one point.
- No points are deducted for incorrect answers.
- Tiebreakers are determined as follows: (1) The number of correct responses to 10 pre-selected tiebreaker questions will be compared. (2) If a tie remains, the number of correct responses to 20 pre-selected questions will be reviewed. (3) If a tie still remains, the competitor who completed the test in the shortest amount of time will be ranked higher.
- Results announced at the National Leadership Conference are considered official and will not be changed after the conclusion of the National Leadership Conference.

### *Penalty Points*

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

### *Recognition*

- A maximum of 10 entries (individuals or teams) may be recognized per event.

### *Americans with Disabilities Act (ADA)*

- FBLA complies with the Americans with Disabilities Act (ADA) by providing reasonable accommodations for competitors. Accommodation requests must be submitted through the conference registration system by the official registration deadline. All requests will be reviewed, and additional documentation may be required to determine eligibility and appropriate support.

### *Electronic Devices*

- Unless approved as part of a documented accommodation, all cell phones, smartwatches, electronic devices, and headphones must be turned off and stored away before the competition begins. Visible devices during the event will be considered a violation of the FBLA Honor Code.

### *Sample Preparation Resources*

- Official sample test items can be found in [CONNECT](#). These sample items showcase the types of questions that may be asked on the test and familiarize competitors with the multiple-choice item options.

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### Study Guide: Knowledge Areas and Objectives

- A. Basic Concepts, Principles and Terminology
  - 1. Define the steps of accounting cycle, which include: recording of a transaction, presenting the trial balance, recording adjustments, presenting the adjusted trial balance, presenting the financial statements, recording the closing of an account, and presenting the post-closing trial balance.
  - 2. Define the basic accounting equation and demonstrate how it is affected by individual transactions.
  - 3. Identify resources to provide information on financial laws, regulations, and policies.
  - 4. Define general accounting terms such as asset, liability, accounts payable, capital, income, expense, etc.
  - 5. Define double entry accounting, debits, and credits.
  - 6. Describe the purpose of accounting, the role it plays in our economy, and who uses it.
  - 7. Describe the purpose and basic concepts of GAAP.
  - 8. Identify asset, liability, and capital/owner's equity accounts.
  - 9. Differentiate fixed assets, intangible assets, and current assets.
  - 10. Differentiate between current and long-term liabilities.
  - 11. Define cash and explain a cash transaction's effect on the cash account.
  - 12. Record business transactions involving cash in cash related journals.
  - 13. Prove the accuracy of the cash account.
  - 14. Describe Adjusting, Reversing, Closing Entries, and Error Correction.
  - 15. Define the components of payroll.
  - 16. Prepare a Chart of Accounts.
  - 17. Use T accounts.
  - 18. Record transactions in a general journal.
  - 19. Post journal entries to general ledger accounts.
  - 20. Prepare a trial balance and a post-closing trial balance.
  - 21. Journalize and post adjusting and closing entries.
  - 22. Define subsidiary ledgers and illustrate their use.
- B. Measurement, Valuation, Realization, and Presentation of Assets
  - 1. Compute financial ratios and analyze financial statements using horizontal analysis, vertical analysis, and commonly used financial ratios.
  - 2. Utilize the analysis of data to make capital rationing decisions such as buying or replacing equipment.
  - 3. Explain, compare, and analyze various depreciation methods and their effect on the value of assets.
  - 4. Identify property, plant, and equipment assets and record their initial cost.
  - 5. Classify fixed and intangible assets.
  - 6. Compute and record the amortization of an intangible asset.
  - 7. Compute percentages, ratios, and turnovers as applied to solvency and profitability measures.
  - 8. Determine the cost of inventory using a variety of inventory costing methods.
  - 9. Prepare depreciation schedules.

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10. Define and illustrate capital expenditures vs. revenue expenditures.
11. Discuss the three methods of expensing long-term assets: depreciation, amortization, and depletion.
12. Illustrate the straight line, units of production, and double the declining balance methods of depreciation.
13. Illustrate recording the sale, disposal, and trade-in of property, plant, and equipment.
14. Illustrate the accounting treatment of intangible assets and natural resources.
15. Analyze items that belong to current assets classification, including cash, accounts receivable, and inventory.
16. Analyze the items that belong to long-term assets account, including tangible and intangible assets.
17. Explain inventory systems and inventory valuation methods.
18. Describe inventory and periodic and perpetual inventory systems.
19. Identify cash dividends, stock dividends, stock split, return on assets, and return on common equity.

### C. Financial Statements (Balance Sheet and Income Statement)

1. Describe the different types of financial statements and compare the differences.
2. Explain the purposes of each financial statement and describe the way they articulate with each other.
3. Define terminology and classifications necessary for financial statements.
4. Prepare an income statement that reports the results of operations for any entity.
5. Interpret the information on an income statement.
6. Prepare and interpret a balance sheet that reports the financial condition of the entity.
7. Define the specific assets, liabilities, and stockholders' equity accounts that appear in the balance sheet.
8. Prepare and analyze internal and external accounting reports using a balance sheet, an income statement, and analysis metrics/ratios.
9. Analyze the effects of revenue on financial statements.
10. Compute the various financial ratios from a firm's income statement, balance sheet, and statement of cash flows.
11. 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.
12. 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.

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### D. Accounts Payable and Receivable

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 methods.
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. Record transaction journal entries related to accruals and deferrals.
7. Explain the nature of accounts payable.
8. Explain an allowance for returned goods.
9. Process sales orders and invoices for payment.
10. Process accounts payable checks.
11. Explain the nature of accounts receivable.
12. Maintain a customer file for accounts receivable.
13. Process sales returns and allowances.
14. Explain and illustrate the calculation of interest revenue on notes receivable.
15. Illustrate the preparation of a loan amortization table.

### E. Ownership Structure

1. Identify types of business organizations and functions.
2. Identify business reporting and information flow required for types of ownership.
3. Explain the characteristics associated with corporates, including PC, LLC.
4. Define the advantages and disadvantages of corporations.
5. Explain the characteristics of partnerships.
6. Define the advantages and disadvantages of partnerships.
7. Explain the characteristics of sole proprietorships.
8. Define the advantages and disadvantages of sole proprietorships.
9. Compare the accounting implications for different types of business ownership.
10. Summarize the differences in the equity sections for sole proprietorships, partnerships, and corporations.
11. Define capital stock, its classes, its characteristics and all associated terms.
12. Describe an agency relationship.
13. Describe the different levels of liability and taxation for Subchapter S Corporations and Limited Liability Corporations.

### F. Other Financial Statements (cash flow, owner's equity, profit-loss, etc.)

1. Prepare statement equity and retained earnings.

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2. Differentiate between stock splits and stock dividends and explain how each affects equity.
3. Describe the purposes of the revenue, expense, and drawing accounts and dividends and illustrate the effects on capital/owner's or stockholder's equity.
4. Use cost-volume-profit and contribution margin analysis to plan operations.
5. Analyze cash inflows and cash outflows and prepare a cash flow statement.
6. Determine cash flows from operating activities, investing activities, and financing activities.
7. Describe working capital changes.
8. Calculate business profitability.
9. Prepare a budget and use it to make business decisions and evaluate the company's performance.
10. Describe the many types of budgets.

### G. Professional Standards and Ethics

1. Identify confidentiality concepts and policies.
2. Identify characteristics of professional conduct.
3. Identify and practice good ethical behavior.
4. Differentiate between good and poor business ethics.
5. Adhere to financial laws and regulations and to establish company rules, regulations, and policies.
6. Identify issues and trends affecting computers and information privacy.
7. Describe the importance of integrity, confidentiality, and high ethical standards in preparation of financial statements, and in interpretation and use of data.
8. Explain the importance of ethical business decisions.
9. Utilize security measures to minimize loss and to create trust (e.g., maintain data security and develop strategies to protect data).
10. Discuss the general principles of the code of ethics for the AICPA, IMA, CIA, and ACAT.

### H. Worksheet

1. Identify information needed in preparation of a worksheet.
2. Record adjustments on the worksheet.
3. Prepare trial balance, income statement, and balance sheet section of the worksheet.
4. Prepare a worksheet.
5. Illustrate how a worksheet can be used to provide a preview of financial statements.