

Student name: \_\_\_\_\_

**MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.**

- 1) How do you access the screen to add a user and password?
  - A) Company Menu > Set Up Users and Passwords > Set Up Users
  - B) Edit Menu > Preferences > Employees
  - C) Employees > Employee Center
  - D) Company Menu > Company Information
  
- 2) What does the Chart of Accounts list?
  - A) Assets, liabilities and owner's equity accounts
  - B) Income and expense accounts
  - C) Owner's contributions
  - D) All the choices are correct
  
- 3) Which account below is not an Expense account?
  - A) Utilities
  - B) Rent
  - C) Accounts Payable
  - D) Advertising
  
- 4) What are assets?
  - A) Net worth of a company
  - B) Resources that a company owns with future benefit
  - C) Amounts paid to owners
  - D) Amounts owed to others and are future obligations
  
- 5) The Income Statement:

- A) Lists the accounts and account numbers
  - B) Lists a company's assets
  - C) Summarizes the results of a company's operations, listing income and expenses
  - D) Summarizes what a company owns and what it owes
- 6) Which of the following is a temporary account?
- A) Inventory
  - B) Advertising Expense
  - C) Accounts Payable
  - D) Accounts Receivable
- 7) An example of a non-posting account is \_\_\_\_\_.
- A) Employee Expense Account
  - B) Purchase Orders Account
  - C) Inventory Account
  - D) Accounts Payable Account
- 8) To add a new account to the Chart of Accounts:
- A) From the Chart of Accounts window, select Account > New
  - B) From the Company menu, select New Account
  - C) From the Home Page, select Account > New
  - D) From the Lists Menu, select New > Account
- 9) What is the purpose of a non-posting account?
- A) To calculate income.
  - B) To track information necessary for the accounting system.
  - C) To calculate expenses.
  - D) To identify owner's equity.

- 10) Which of the following is considered a permanent account?
- A) Income Statement accounts
  - B) Balance Sheet accounts
  - C) All the choices are correct
  - D) None of the choices are correct
- 11) A company's office furniture is classified as what account type:
- A) Expense
  - B) Owner's Equity
  - C) Fixed Asset
  - D) Retained Earnings
- 12) Which of the following is not considered an income account in QuickBooks?
- A) Sales
  - B) Rent Expense
  - C) Interest Revenue
  - D) Gain on sale
- 13) To re-sort the Chart of Accounts, first display the Chart of Accounts window, then:
- A) Click on the Company heading bar
  - B) Click File > Sort
  - C) Click Account > Re-sort List
  - D) Right click > Sort by Name
- 14) Balance Sheet accounts are also called:

- A) Permanent accounts
- B) Temporary accounts
- C) Equity accounts
- D) None of the choices are correct

**15)** Income Statement accounts are also called:

- A) Equity accounts
- B) Permanent accounts
- C) Temporary accounts
- D) None of the choices are correct

**16)** Non-posting accounts:

- A) Track information required for the accounting system
- B) Do not appear on the Balance Sheet
- C) Do not appear on the Income Statement
- D) All the choices are correct

**17)** The different types of business ownership are:

- A) Sole proprietorship
- B) Partnership
- C) Corporation
- D) All the choices are correct

**18)** Which of the following is an asset?

- A) Mortgage Payable
- B) Accounts Payable
- C) Inventory
- D) Unearned Revenue

19) Which of the following is a liability?

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- A) Accounts Receivable
- B) An amount a company owes
- C) A resource a company owns
- D) Dividends

20) Which of the following increases owner's equity?

- A) Dividends
- B) Business losses
- C) Business expenses
- D) Business profits

**SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.**

21) Briefly explain the difference between a permanent and a temporary account.

22) Briefly explain the purpose and benefits of using a password for QuickBooks access.

23) Briefly explain the purpose of account numbers as used in a Chart of Accounts. List three advantages of using account numbers.



## Answer Key

Test name: QuickBooks 02

1) A

2) D

3) C

4) B

5) C

6) B

7) B

8) A

9) B

10) B

11) C

12) B

13) C

14) A

15) C

16) D

17) D

18) C

19) B

20) D

21) Temporary accounts (revenues, expenses, and withdrawals or dividends) hold information for a particular accounting period. They are closed to zero at the end of the period. Permanent accounts retain their balances throughout the operation of the company.

22) Passwords are important to help restrict access to accounting information stored in QuickBooks. Passwords can help keep people out of the system completely or only out of certain areas. Companies can protect themselves from unnecessary risk with passwords by protecting sensitive information and using them as an internal control.

23) Account numbers serve the purpose of uniquely identifying specific accounts. Each account is assigned a unique number for the Chart of Accounts. Advantages of using account numbers for a Chart of Accounts include:

1. Each account can be uniquely identified, avoiding duplicate, repetitive accounts that have slightly differently spellings.

2. When entering transactions, accounts numbers can be used to save time.

3. Account numbers can be used as a coding system so the account number also identifies the type of account.