

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) Insurance
  - C) Accounts Receivable
  - 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) Building
  - B) Utilities Expense
  - C) Accounts Payable
  - D) Accounts Receivable
- 7) An example of a non-posting account is \_\_\_\_\_.
- A) Accounts Payable Account
  - B) Purchase Orders Account
  - C) Inventory Account
  - D) Accounts Receivable 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 accounts
  - B) Expense accounts
  - C) Asset accounts
  - D) None of the choices are correct
- 11) A company's office building is classified as what account type?
- A) Expense
  - B) Owner's Equity
  - C) Fixed Asset
  - D) Income
- 12) Which of the following is not considered an asset account in QuickBooks?
- A) Inventory
  - B) Rent Expense
  - C) Accounts Receivable
  - D) Office Furniture
- 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 accounts is an asset?

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

- 19) Which of the following is a liability?
- A) The amount an owner withdraws from a company
  - B) An amount a company owes
  - C) A resource a company owns
  - D) An amount an owner invests in the company

- 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) **Required:**

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

22) **Required:**

Briefly explain the purpose and benefits of limiting user access in QuickBooks, providing at least one example of the type of employee for which limiting user access might be appropriate.

**23) Required:**

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 2

1) A

2) D

3) C

4) B

5) C

6) B

7) B

8) A

9) B

10) C

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) By limiting user access in QuickBooks, it is possible to give access to specific employees to specific tasks. This improves security and ensures that employees do not have access to confidential financial information, yet are still able to complete their assigned QuickBooks tasks. For example, an employee responsible for accounts receivable could be given access to accounts receivable and accounts receivable reports, but not have access to accounts payable or payroll.

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.