

1. Award: 10.00 points

What is the purpose of using subaccounts?

- Hide money from the Internal Revenue Service (IRS).
- To track additional details about the parent account.
- Increase the complexity of the accounting system.
- All of the choices are correct.

References

Multiple Choice Learning Objective:
02.03 QBO Sample
Company Chart of
Accounts

**Difficulty: 2
Medium** Learning Objective:
02.05 Edit QBO
COA

2. Award: 10.00 points

Usually account numbers are

- Randomly generated and have no real purpose.
- Used to cross reference fields on tax forms.
- Only used if subaccounts are created.
- Used as a coding system to identify the account type.

References

Multiple Choice Difficulty: 2 Medium Learning Objective: 02.03 QBO Sample
Company Chart of Accounts

3.

Award: 10.00 points

Which account number range usually identifies equity accounts?

- 20000 - 29999
- 30000 - 39999
- 40000 - 49999
- 50000 - 59999

References

Multiple Choice Difficulty: 1 Easy

Learning Objective: 02.03 QBO Sample Company Chart of Accounts

4.

Award: 10.00 points

Which account number range usually identifies revenue (income) accounts?

- 10000 - 19999
- 20000 - 29999
- 30000 - 39999
- 40000 - 49999

References

Multiple Choice Difficulty: 1 Easy

Learning Objective: 02.03 QBO Sample Company Chart of Accounts

5.

Award: 10.00 points

Which account number range usually identifies liability accounts?

- 10000 - 19999
- 20000 - 29999
- 30000 - 39999
- 40000 - 49999

References

Multiple Choice Difficulty: 1 Easy

Learning Objective: 02.03 QBO Sample Company Chart of Accounts

6.

Award: 10.00 points

Which account number range usually identifies expense accounts?

- 10000 - 19999
- 20000 - 29999
- 30000 - 39999
- 50000 - 59999

References

Multiple Choice Difficulty: 1 Easy

Learning Objective: 02.03 QBO Sample Company Chart of Accounts

7.

Award: 10.00 points

Which account number range usually identifies assets accounts?

- 10000 - 19999
- 20000 - 29999
- 40000 - 49999
- 50000 - 59999

References

Multiple Choice Difficulty: 1 Easy

Learning Objective: 02.03 QBO Sample Company Chart of Accounts

8.

Award: 10.00 points

Which tax return is used by a S Corporation?

- Form 1065
- Form 1120
- Schedule C attached to Form 1040
- Form 1120S

References

Multiple Choice Difficulty: 1 Easy

Learning Objective: 02.04 Align QBO Chart of Accounts with Tax Return

9.

Award: 10.00 points

Which tax return is used by a Partnership?

- Form 1065
- Form 1120
- Schedule C attached to Form 1040
- Form 1120S

References

Multiple Choice Difficulty: 1 Easy

Learning Objective: 02.04 Align QBO Chart of Accounts with Tax Return

10.

Award: 10.00 points

How are these accounts added to the Chart of Accounts (COA)?

- Add subaccounts by selecting **New** from the Chart of Accounts window, then enter the **Account Type**, and enter a name.
- Add subaccounts by selecting **New** from the Chart of Accounts window, then enter the **Category Type**, select **Detail Type** and enter a name.
- Add subaccounts by selecting **New** from the Chart of Accounts window, next hit the + sign in the upper right corner, then enter the **Account Type**, select **Detail Type** and enter a name.
- Add subaccounts by selecting **New** from the Chart of Accounts window, then enter the **Account Type**, select **Detail Type** and enter a name. Check Sub-account box to confirm the account is a subaccount.

References

Multiple Choice Difficulty: 3 Hard

Learning Objective: 02.05 Edit QBO COA

11.

Award: 10.00 points

Which is not true regarding inactivating accounts in the QuickBooks Online Chart of Accounts?

- Only accounts not being used can be inactivated.
- If an account has not been used in 1 year or longer, even if it has a balance, it can be inactivated.
- If an account has been used to record a transaction and has a balance, it cannot be inactivated.
- If an account has subaccounts associated with it, it cannot be inactivated.

References

Multiple Choice

Difficulty: 1 Easy

Learning Objective: 02.05 Edit QBO COA

12.

Award: 10.00 points

Which of the following is correct regarding QuickBooks Online Chart of Accounts?

- By customizing the QuickBooks Online Chart of Accounts to align with the business tax return, countless hours can be saved in preparation time.
- QuickBooks Online does not encourage editing of its Chart of Accounts since too many errors can be made by changing what was initially set up when the company was organized.
- QuickBooks Online does allow editing of the accounts in the Chart of Accounts, however, it only allows authorized users to make changes. QuickBooks Online codes accounts for tax return preparation tracking.
- QuickBooks Online is not able to assist in tax return preparation and only requests legal entity status for Chart of Accounts account purposes. Changes to the Chart of Accounts are encouraged and should happen often.

References

Multiple Choice

Difficulty: 2 Medium

Learning Objective: 02.05 Edit QBO COA

13. Award: 10.00 points

What is the primary objective of accounting?

- The primary objective of accounting is to provide information for decision making.
- The primary objective of accounting is to provide information to the Internal Revenue Service (IRS) to ensure the company is organized as the appropriate legal entity.
- The primary objective of accounting is to provide detailed information to users to prepare the tax return.
- The primary objective of accounting is to provide information only to users outside of the company.

References

Multiple Choice Difficulty: 2 Medium Learning Objective: 02.06 Accounting Essentials

14. Award: 10.00 points

How does QuickBooks Online assist in achieving the primary objective of accounting?

- QuickBooks Online assists by feeding information directly into the specific areas of the return.
- QuickBooks Online assists in ensuring the correct tax form is used.
- QuickBooks Online is used to capture, track, sort, summarize, and communicate financial information.
- QuickBooks Online assists in tracking information to communicate only to external users.

References

Multiple Choice Difficulty: 2 Medium Learning Objective: 02.06 Accounting Essentials

15.

Award: 10.00 points

Financial statements include:

- Balance Sheet, Profit and Loss Statement, and the Statement of Cash Flows
- Tax Return, Balance Sheet, Profit and Loss Statement, and the Statement of Cash Flows
- Balance Sheet, Profit and Loss Statement, and Notes to the Financial Statements
- Tax Return, Statement of Cash Flows, and Balance sheet

References

Multiple Choice

Difficulty: 1 Easy

Learning Objective: 02.06 Accounting Essentials

16.

Award: 10.00 points

The _____ summarizes the income a company has earned and the expenses incurred to earn the income.

- Balance Sheet
- Profit and Loss Statement
- Statement of Cash Flows
- Trial Balance

References

Multiple Choice

Difficulty: 2 Medium

Learning Objective: 02.06 Accounting Essentials

17.

Award: 10.00 points

The balance sheet summarizes what a company owns and what it owes. What account types are on the balance sheet?

- Assets, Expenses, Liabilities, and Owners' Equity.
- Assets, Liabilities, Revenues, and Owners' Equity.
- Assets, Liabilities, Revenues and Expenses.
- Assets, Liabilities, and Owners' Equity.

References

Multiple Choice

Difficulty: 1 Easy

Learning Objective: 02.06 Accounting Essentials

18.

Award: 10.00 points

Select the statement that is not true regarding Assets.

- Asset accounts include: cash, accounts receivable, inventory, and fixed assets.
- Assets provide a future benefit to the company.
- Assets are the amounts a company owes to others.
- Assets are the resources a company owns.

References

Multiple Choice

Difficulty: 2 Medium

Learning Objective: 02.06 Accounting Essentials

19.

Award: 10.00 points

Liabilities:

- Are amounts a company owes to others.
- Represent obligations that must be satisfied with cash.
- Are recorded in the Profit and Loss Statement.
- Are usually recorded in the equity section of the balance sheet if it is long term.

References

Multiple Choice Difficulty: 2 Medium Learning Objective: 02.06 Accounting Essentials

20.

Award: 10.00 points

All of the following are true regarding Owners' Equity except:

- Owners' Equity accounts represent the net worth of a business, and are only increased by an investment in the business.
- Owners' Equity accounts are decreased by net losses and dividends.
- Owners' Equity accounts are increased by owners' investments in the business and net profits retained in the business rather than paid out in dividends.
- Owners' Equity is calculated as $\text{Assets} = \text{Liabilities} + \text{Owners' Equity}$.

References

Multiple Choice Difficulty: 2 Medium Learning Objective: 02.06 Accounting Essentials

21.

Award: 10.00 points

Profit and Loss Statement includes the following account types:

- Assets, Revenues, Expenses and Liabilities.
- Assets, Revenues, and Owners' Equity.
- Expenses, Liabilities, and Owners' Equity.
- Revenues and Expenses.

References

Multiple Choice

Difficulty: 1 Easy

Learning Objective: 02.06 Accounting Essentials

22.

Award: 10.00 points

Net income is calculated by:

- Net Income = Assets + Revenues
- Net Income = Revenues + Owners' Equity
- Net Income = Revenues – Expenses
- Net Income = Assets – Liabilities

References

Multiple Choice

Difficulty: 1 Easy

Learning Objective: 02.06 Accounting Essentials

23. Award: 10.00 points

Which of the following is correct?

- Balance sheet accounts have balances that are closed each year.
- Balance sheet accounts have balances that are carried forward from year to year.
- Balance sheet accounts are considered temporary accounts.
- Profit and Loss accounts are considered permanent accounts.

References

Multiple Choice Difficulty: 3 Hard

Learning Objective: 02.06 Accounting Essentials

24. Award: 10.00 points

An example of an income account is:

- Fees earned
- Accounts payable
- Equipment
- Insurance expense

References

Multiple Choice Difficulty: 1 Easy

Learning Objective: 02.06 Accounting Essentials

25. Award: 10.00 points

Which types of accounts appear on the Profit and Loss Statement?

- Asset accounts and liability accounts
- Equity accounts and expense accounts
- Income accounts and asset accounts
- Income accounts and expense accounts

References

Multiple Choice Difficulty: 2 Medium Learning Objective: 02.06 Accounting Essentials