Computer Accounting with QuickBooks Online 3rd edition Donna Kay Test Bank

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CORRECT ANSWERS ARE LOCATED IN THE 2ND HALF OF THIS DOC.

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

1) What is the purpose of using subaccounts?
   A) Hide money from the Internal Revenue Service (IRS).
   B) To track additional details about the parent account.
   C) Increase the complexity of the accounting system.
   D) All of the choices are correct.

2) Usually account numbers are:
   A) Randomly generated and have no real purpose.
   B) Used to cross reference fields on tax forms.
   C) Only used if subaccounts are created.
   D) Used as a coding system to identify the account type.

3) Which account number range usually identifies equity accounts?
   A) 20000 – 29999
   B) 30000 – 39999
   C) 40000 – 49999
   D) 50000 – 59999

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4) Which account number range usually identifies revenue (income) accounts?
   A) 10000 – 19999
   B) 20000 – 29999
   C) 30000 – 39999
   D) 40000 – 49999

5) Which account number range usually identifies liability accounts?
   A) 10000 – 19999
   B) 20000 – 29999
   C) 30000 – 39999
   D) 40000 – 49999

6) Which account number range usually identifies expense accounts?
   A) 10000 – 19999
   B) 20000 – 29999
   C) 30000 – 39999
   D) 50000 – 59999

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7) Which account number range usually identifies assets accounts?
   A) 10000 – 19999
   B) 20000 – 29999
   C) 40000 – 49999
   D) 50000 – 59999

8) Which tax return is used by a C Corporation?
   A) Form 1065
   B) Form 1120
   C) Schedule C attached to Form 1040
   D) Form 1120S

9) Which tax return is used by a Partnership?
   A) Form 1065
   B) Form 1120
   C) Schedule C attached to Form 1040
   D) Form 1120S

10) Which of the following would not be an appropriate subaccount for an Insurance Expense Account?
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   A) Auto Insurance Expense
   B) Liability Insurance Expense
   C) Renter Insurance Expense
   D) Rent Expense

11) Which of the following is true regarding inactive accounts in QBO?
   A) QBO automatically inactivates an account if it is not used for over 1 year.
   B) If you need to restore an inactive account, QBO will permit you to do so.
   C) Inactive accounts are completely deleted from QBO and no longer appear in reports.
   D) To inactivate an account, select Banking on the Navigation bar.

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12) Which of the following is an advantage of importing a QBO Chart of Accounts instead of entering it manually?
   A) When importing a Chart of Accounts csv file, there can be glitches that prevent the data from being imported cleanly and subsequently require extra time to clean up the imported data before it can be used.
   B) Importing a Chart of Accounts using a csv file can introduce errors into the new system because there are already errors in the csv file.
   C) Importing a Chart of Accounts using a csv file can save a significant amount of time by eliminating the need to re-key each account into QBO.
   D) None of these are advantages of importing a QBO Chart of Accounts instead of manually entering it.

13) When using QBO, from which one of the following screens could you add a new account?
   A) Account and Settings
   B) Chart of accounts
   C) Reports
   D) All of these options are correct.

14) What are the steps to complete so that QBO displays account numbers in the chart of accounts?
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   A) Select Accounting from the Navigation Bar > select Chart of Accounts tab > select Accounts > select Account Numbers > select Enable account numbers > select Show account numbers.
   B) Select the (+) New icon > select Chart of Accounts > select Accounts > select Account Numbers > select Display account numbers.
   C) Select the Gear icon > select Account and Settings > select Advanced > select Edit Pencil > select Enable account numbers > select Show account numbers.
   D) Select My Accountant from the Navigation Bar > select Chart of Accounts tab > select Accounts > select Display account numbers.

15) Financial statements include:
   A) Balance Sheet, Profit and Loss Statement, and the Statement of Cash Flows.
   B) Tax Return, Balance Sheet, Profit and Loss Statement, and the Statement of Cash Flows.
   C) Balance Sheet, Profit and Loss Statement, and Notes to the Financial Statements.
   D) Tax Return, Statement of Cash Flows, and Balance Sheet.

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16) The _____ summarizes the income a company has earned and the expenses incurred to earn the income.
A) Balance Sheet
B) Profit and Loss Statement
C) Statement of Cash Flows
D) Trial Balance

17) The Balance Sheet summarizes what a company owns and what it owes. What account types are on the Balance Sheet?
A) Assets, Expenses, Liabilities, and Owners' Equity.
B) Assets, Liabilities, Revenues, and Owners' Equity.
C) Assets, Liabilities, Revenues, and Expenses.
D) Assets, Liabilities, and Owners' Equity.

18) Select the statement that is not true regarding Assets.
A) Asset accounts include: cash, accounts receivable, inventory, and fixed assets.
B) Assets provide a future benefit to the company.
C) Assets are the amounts a company owes to others.
D) Assets are the resources a company owns.

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19) Liabilities:
A) Are amounts a company owes to others.
B) Represent obligations that must be satisfied with cash.
C) Are recorded in the Profit and Loss Statement.
D) Are usually recorded in the equity section of the balance sheet if it is long term.

20) All of the following are true regarding Owners' Equity *except*:
A) Owners' Equity accounts represent the net worth of a business, and are only increased by an investment in the business.
B) Owners' Equity accounts are decreased by net losses and dividends.
C) Owners' Equity accounts are increased by owners' investments in the business and net profits retained in the business rather than paid out in dividends.
D) Owner's Equity = Assets - Liabilities.

21) Profit and Loss Statement includes the following account types:
A) Assets, Revenues, Expenses, and Liabilities.
B) Assets, Revenues, and Owners' Equity.
C) Expenses, Liabilities, and Owners' Equity.
D) Revenues and Expenses.

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22) Net income is calculated as:

A) Net Income = Assets + Revenues
B) Net Income = Revenues + Owners' Equity
C) Net Income = Revenues − Expenses
D) Net Income = Assets − Liabilities

23) Which of the following is correct?

A) Balance sheet accounts have balances that are closed each year.
B) Balance sheet accounts have balances that are carried forward from year to year.
C) Balance sheet accounts are considered temporary accounts.
D) Profit and Loss accounts are considered permanent accounts.

24) An example of an income account is:

A) Fees earned.
B) Accounts payable.
C) Equipment.
D) Insurance expense.

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

A) Asset accounts and liability accounts
B) Equity accounts and expense accounts
C) Income accounts and asset accounts
D) Income accounts and expense accounts

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Answer Key

Test name: Chapter 02

1) B
2) D
3) B
4) D
5) B
6) D
7) A
8) B
9) A
10) D
11) B
12) C
13) B
14) C
15) A
16) B
17) D
18) C
19) A
20) A
21) D
22) C
23) B
24) A
25) D

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