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CHAPTER 1: END-OF-CHAPTER QUESTIONS

TRUE/FALSE

ANSWER THE FOLLOWING QUESTIONS IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER.

- T 1. There are various methods of giving QuickBooks Pro commands, including use of QuickBooks Home Page, icon bar, menu bar, and keyboard shortcuts.
- T 2. A company file with a .qbw extension is used to record transactions.
- F 3. Once an account has been used, the name cannot be changed.
- F 4. If an error is made when entering a transaction, QuickBooks Pro will not allow the user to return to the business document and make the correction.
- F 5. In a computerized accounting system, each transaction that is analyzed must be entered by hand into the appropriate journal and posted to the appropriate ledger.
- F 6. QuickBooks Home Page appears beneath the title bar and has a list of drop-down menus.
- T 7. If you use QuickBooks Pro to make a backup, you are actually having QuickBooks Pro create a condensed file that contains the essential transaction and account information.
- T 8. Alt key + a letter are used to access the drop-down menus on the menu bar.
- T 9. When you end your work session, you must close your company, close QuickBooks, and remove your USB drive properly.
- F 10. QuickBooks Learning Center must be shown whenever you open the company.

MULTIPLE CHOICE

WRITE THE LETTER OF THE CORRECT ANSWER IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER.

- C 1. The extension for a company file that may be used is
A. .qbi
B. .qbb
C. .qbw
D. .qbc
- B 2. A(n) is considered to be a list in QuickBooks Pro.
A. Invoice
B. Chart of Accounts
C. Company
D. none of the above
- C 3. QuickBooks Pro keyboard conventions .
A. are keyboard command shortcuts
B. use the mouse
C. use certain keys in a manner consistent with Windows
D. incorporate the use of QuickBooks Company Center
- A 4. Buttons on the toolbar and on the bottom of an invoice are used to .
A. give commands to QuickBooks Pro
B. exit QuickBooks Pro
C. prepare reports
D. show graphs of invoices prepared
- B 5. QuickMath displays .
A. a calculator
B. an adding machine tape
C. a calculator with adding machine tape
D. none of the above
- A 6. QuickBooks Home Page .
A. allows you to give commands to QuickBooks Pro according to the type of transaction being entered
B. are icons shown below the menu bar
C. appears above the menu bar
D. appears at the bottom of the screen

- B 7. An icon is ____.
- A. a document
 - B. a picture
 - C. a chart
 - D. a type of software
- B 8. A way to find out the keyboard shortcuts for various commands is to look them up using ____.
- A. the Internet
 - B. Help
 - C. the File menu
 - D. a Keyboard icon
- D 9. A .qbb extension on a file name means that the file is ____.
- A. open
 - B. the working file
 - C. a restored file
 - D. is a backup file
- D 10. To verify the name of the open company, look at ____.
- A. the icon bar
 - B. QuickBooks Home Page
 - C. the menu bar
 - D. the title bar

FILL-IN

IN THE SPACE PROVIDED, WRITE THE ANSWER THAT MOST APPROPRIATELY COMPLETES THE SENTENCE.

1. Whether you are using a manual or a computerized accounting system, transactions must still be analyzed and recorded.
2. The File menu is used to open and close a company and may also be used to exit QuickBooks Pro.
3. The name of the company file in use is displayed on the title bar.
4. In QuickBooks you may change the company name by clicking Company Information on the Company menu.
5. The Home Page organizes tasks into logical groups (Vendors, Customers, Employees, Company, and Banking).

SHORT ESSAY

Describe the procedure of making a backup of a company file and explain its importance

When making a backup of the company file, click **Save Copy or Backup** on the File menu. On the Save File: Type screen, **Backup** should be selected, click **Next**. On the Backup: Method, **Local Backup** should be selected, click **Next**. The backup copy should be saved on your USB drive. If the correct location is shown, click **OK**. If it is not, click drop-down list arrow next to Save in: and scroll through the list of storage locations until you see your USB drive designation, click it, enter the name of the backup file for File Name: and make sure the file type is QBW Backup (*.QBB), then click the **Save** button. Finally, click **OK** on the screen telling you that the backup is complete

A backup file is important because it contains a condensed version of company information and transactions. If an error is made in or damage occurs to the company file, the backup may be restored. This helps to avoid lost data.

CHAPTER 9: END-OF-CHAPTER QUESTIONS

TRUE/FALSE

ANSWER THE FOLLOWING QUESTIONS IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER.

- F 1. You must use the EasyStep Interview to add customers and vendors.
- F 2. The EasyStep Interview is used to add employees and year-to-date earnings.
- T 3. If you setup a company using the EasyStep Interview, you will enter the company name, address, and Tax ID number as part of the Interview.
- F 4. Permanently removing the date prepared and time prepared from a balance sheet heading is done the first time you complete a balance sheet.
- T 5. The start date is the date you select to give QuickBooks Pro the financial information for your company.
- T 6. The EasyStep Interview allows you to have QuickBooks generate a chart of accounts.
- F 7. When the EasyStep Interview is complete, the Uncategorized Expenses account contains a balance that reflects the total amount of all receivables accounts.
- F 8. When using the EasyStep Interview to set up income and expenses, you must type in the name of every income and expense account you use.
- F 9. The Item List is automatically generated in the Easy Step Interview.
- T 10. Customer names, addresses, credit terms, and credit limits are entered after the EasyStep Interview.

MULTIPLE CHOICE

WRITE THE LETTER OF THE CORRECT ANSWER IN THE SPACE PROVIDED BEFORE THE QUESTION.

- B 1. Send forms preferences contain default text for business documents sent by ____.
 - A. Fax
 - B. E-mail
 - C. Fed-Ex
 - D. All of the above

- C 2. Adjusting entries that must be made after the company set up are ____.
- A. Close Uncategorized Income to Capital
 - B. Close Uncategorized Expenses to Capital
 - C. Both of the above
 - D. None of the above
- A 3. When creating the employee list, you use the ____.
- A. Payroll Setup Interview
 - B. Employee File
 - C. Employee Roster
 - D. Payroll Menu
- A 4. The EasyStep Interview is accessed on the ____.
- A. File menu
 - B. QuickBooks Company Preferences screen
 - C. activities menu
 - D. all of the above
- B 5. In order to create paychecks manually, you must go through the ____ to designate this choice.
- A. Payroll menu
 - B. Help menu
 - C. EasyStep Interview
 - D. Company Configuration
- D 6. The Company File has a _____ extension.
- A. .qbb
 - B. .qbi
 - C. .qbp
 - D. .qbw
- C 7. When a(n) ____ account is created, you must provide an opening balance.
- A. Income
 - B. Expense
 - C. Asset
 - D. Posting
- A 8. Select to display employee names by last name on the ____.
- A. Payroll & Employees Preferences
 - B. Employee List
 - C. Employee Center
 - D. none of the above
- B 9. Employee deductions for medical and dental insurance may be selected ____.
- A. during the EasyStep Interview
 - B. during the Payroll Setup Interview
 - C. by clicking the Reports button at the bottom of the employee list
 - D. on the Employee Menu

- D 10. Sales tax is listed on the ____.
- A. Vendor List
 - B. Company List
 - C. Banking List
 - D. Item List

FILL-IN

IN THE SPACE PROVIDED, WRITE THE ANSWER THAT MOST APPROPRIATELY COMPLETES THE SENTENCE.

1. The asset account used for Inventory sales items is Inventory Asset.
2. In the Chart of Accounts, only Balance Sheet accounts have opening balances.
3. Accounts that are listed individually but are grouped together under a main account are called subaccounts.
4. Checking Preferences warns you of duplicate check numbers.
5. The Payroll History section of the Payroll Setup Interview allows information for earnings, withholding, and payroll liabilities to be entered for the year-to-date.

SHORT ESSAY

List the six sections in the Payroll Setup and describe the purpose of each section.

The first section of the Payroll Setup Interview is an introductory screen that describes what you will setup in the Interview. The second section is the Company Setup and helps you identify and setup your methods of compensation, benefits your company offers, and additions and deductions your employees might have. The third section is the Employee Setup and helps you set up individual employees, year-to-date payroll amounts, and payroll items. The fourth section, Taxes, automatically sets up the payroll items for federal taxes, state taxes, and local taxes. The fifth section, Payroll History, allows information for earnings, withholding, and payroll liabilities to be entered for the year-to-date. The final section Finishes the Payroll Setup and takes companies to the Payroll Center or the Employee Center.

CHAPTER 2: END-OF-CHAPTER QUESTIONS

TRUE/FALSE

ANSWER THE FOLLOWING QUESTIONS IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER.

- T 1. A new customer can be added to a company's records on the fly.
- T 2. In QuickBooks Pro error correction for a sale on account can be accomplished by editing the invoice.
- F 3. A Sales Item List stores information about products you purchase.
- F 4. Once transactions have been entered, modifications to a customer's account may be made only at the end of the fiscal year.
- F 5. In QuickBooks Pro all transactions must be entered using the traditional debit/credit method.
- T 6. Checks received for cash sales are held in the Undeposited Funds account until the bank deposit is made.
- T 7. When a correction for a transaction is made, QuickBooks Pro not only changes the form used to record the transaction, it also changes all journal and account entries for the transaction to reflect the correction.
- T 8. QuickGraphs allow information to be viewed from both a sales standpoint and from an accounts receivable perspective.
- F 9. QuickZoom allows you to print a report instantly.
- F 10. A customer's payment on account is immediately recorded in the cash account.

MULTIPLE CHOICE

WRITE THE LETTER OF THE CORRECT ANSWER IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER.

- B 1. To remove an invoice without a trace, it is ____.
- A. voided
 - B. deleted
 - C. erased
 - D. reversed

- C 2. To enter a cash sale, is completed.
- A. a debit
 - B. an invoice
 - C. a sales receipt
 - D. receive payments
- D 3. Two primary types of lists used in this chapter are .
- A. receivables and payables
 - B. invoices and checks
 - C. registers and navigator
 - D. customers and item
- D 4. When you enter an invoice, an error may be corrected by .
- A. backspacing or deleting
 - B. tabbing and typing
 - C. dragging and typing
 - D. all of the above
- B 5. While in the Customer Balance Summary Report, it is possible to get an individual customer's information by using .
- A. QuickReport
 - B. QuickZoom
 - C. QuickGraph
 - D. QuickSummary
- A 6. Undeposited Funds represents .
- A. cash or checks received from customers but not yet deposited in bank
 - B. all cash sales
 - C. the balance of the accounts receivable account
 - D. none of the above
- B 7. QuickBooks Pro uses graphs to illustrate information about .
- A. the chart of accounts
 - B. sales
 - C. the cash account
 - D. supplies
- C 8. Changes to the chart of accounts may be made .
- A. at the beginning of a fiscal period
 - B. before the end of the fiscal year
 - C. at any time
 - D. once established, the chart of accounts may not be modified
- D 9. To obtain information about sales by item, you can view .
- A. the income statement
 - B. the trial balance
 - C. receivables reports
 - D. sales reports

- A 10. When you add a customer using the Set up method, you add ____.
- A. complete information for a customer
 - B. only a customer's name
 - C. the customer's name, address, and telephone number
 - D. the customer's name and telephone number

FILL-IN

IN THE SPACE PROVIDED, WRITE THE ANSWER THAT MOST APPROPRIATELY COMPLETES THE SENTENCE.

1. The report used to view all the balances on account of each customer is the Customer Balance Summary Report.
2. The form prepared to show a reduction to a sale on account is a(n) credit memo.
3. The report that proves that debits equal credits is the trial balance.
4. QuickBooks Pro shows icons on the Home Page that may be clicked to open business documents used in recording transactions.
5. To verify the company being used in QuickBooks Pro, you check the title bar heading

SHORT ESSAY

Explain how the method used to enter an Accounts Receivable transaction in QuickBooks Pro is different from the method used to enter a transaction in an accounting textbook.

Rather than use a traditional sales journal to record debits and credits as you would when using an accounting text, you record the sales transaction for accounts receivable directly on an invoice. Behind the scenes, QuickBooks Pro places all transactions entered via invoices into a General Journal.

CHAPTER 3 END-OF-CHAPTER QUESTIONS

TRUE/FALSE

ANSWER THE FOLLOWING QUESTIONS IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER.

- T 1. Credit Memos are prepared to record a reduction to a transaction.
- F 2. When using QuickBooks Pro, checks may not be written in a checkbook.
- T 3. QuickZoom is a QuickBooks Pro feature that allows detailed information to be displayed.
- T 4. A purchase can be recorded by writing a check or by using petty cash.
- T 5. Once a report format has been customized as a QuickBooks Pro preference for a company, QuickBooks Pro will automatically use the customized format.
- T 6. In a service business, most of the accounting for purchases and payables is simply paying bills for expenses incurred in the operation of the business.
- F 7. The accrual method of accounting matches the income of the period with the cash received for sales.
- T 8. A Missing Check Report lists any duplicate check numbers or gaps between check numbers.
- F 9. The Accounts Payable Register keeps track of all checks written in the business.
- F 10. If a check has been edited, it cannot be printed.

MULTIPLE CHOICE

WRITE THE LETTER OF THE CORRECT ANSWER IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER.

- A 1. When using QuickBooks graphs, information regarding the percentage of accounts payable owed to each vendor is displayed as a ____.
 - A. pie chart
 - B. bar chart
 - C. line chart
 - D. both A and B

- C 2. A check may be entered in ____.
- A. the Write Checks window
 - B. the Check Register
 - C. both A and B
 - D. neither A nor B
- A 3. When you enter a bill, typing the first letter(s) of a vendor's name on the Vendor line ____.
- A. enters the vendor's name on the line if the name is in the Vendor List
 - B. displays a list of vendor names
 - C. displays the Address Info tab for the vendor
 - D. indicates that you want to type the vendor name completely
- D 4. To erase an incorrect amount in a bill, you may ____, then key the correction.
- A. drag through the amount to highlight
 - B. position the cursor in front of the amount and press the delete key until the amount has been erased
 - C. position the cursor after the amount and press the backspace key until the amount has been erased
 - D. all of the above
- B 5. When a document prints sideways, it is called ____ orientation.
- A. portrait
 - B. landscape
 - C. standard
 - D. horizontal
- C 6. A correction to a bill that has been recorded can be made on the bill or ____.
- A. not at all
 - B. on the Accounts Payable Graph
 - C. in the Accounts Payable Register
 - D. none of the above
- C 7. When a bill is deleted, ____.
- A. the amount is changed to 0.00
 - B. the word deleted appears as the Memo
 - C. it is removed without a trace
 - D. a bill cannot be deleted
- A 8. To increase the date on a bill by one day, ____.
- A. press the + key
 - B. press the - key
 - C. tab
 - D. press the # key

- B 9. If a bill is recorded in the Enter Bills window, it is important to pay the bill by ____.
- A. writing a check
 - B. using the Pay Bills window
 - C. using petty cash
 - D. allowing QuickBooks Pro to generate the check automatically five days before the due date
- B 10. When entering several bills at once on the Enter Bills screen, it is most efficient to ____ to go to the next blank screen.
- A. click Previous
 - B. click Save & New
 - C. click OK
 - D. click Preview

FILL-IN

IN THE SPACE PROVIDED, WRITE THE ANSWER THAT MOST APPROPRIATELY COMPLETES THE SENTENCE.

1. The check face section of a check is used to record the check date, payee, and amount for the actual check. The detail section of a check is used to record the accounts used for the bill, the amount for each account used, and transaction explanations.
2. An Accounts Payable Graph by Aging Period shows a bar chart detailing the amounts due by aging period and a pie chart showing the percentage of the total amount payable owed to each vendor.
3. Three different check styles may be used in QuickBooks Pro: standard, voucher, or wallet.
4. The keyboard shortcut to edit or modify a vendor's record is Ctrl+E.
5. Petty Cash is identified as a Bank account type so it will be placed at the top of the Chart of Accounts along with checking and savings accounts.

SHORT ESSAY

When viewing a Transaction by Vendor Report that shows the entry of a bill for the purchase of office supplies and office equipment, you will see the term **-split-** displayed. Explain what the term **Split** means when used as a column heading and when used within the Split column for the bill indicated.

When used as a column heading in the Transaction by Vendor Report, the term split refers to the account(s) used in addition to accounts payable, which is the standard account for the transaction. The word split in the Split column would mean the other part of the transaction is split between two or more accounts; for example, office supplies and office equipment.

CHAPTER 4 END-OF-CHAPTER QUESTIONS

TRUE/FALSE

ANSWER THE FOLLOWING QUESTIONS IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER.

- T 1. Accrual-basis accounting matches the income from the period and the expenses for the period in order to determine the net income or net loss for the period.
- F 2. In QuickBooks Pro, the Journal is called the book of final entry.
- F 3. An account may be deleted at any time.
- F 4. In a sole proprietorship, an owner's name is added to the Vendor List for recording withdrawals.
- T 5. Additional investments made by an owner may be cash or non-cash items.
- T 6. QuickBooks Pro records every transaction in the Journal.
- T 7. QuickBooks Pro keeps the last two bank reconciliation reports in memory.
- F 8. Once an account has been used in a transaction, no changes may be made to the account name.
- T 9. Anything entered as a service charge or as interest earned during a bank reconciliation will be entered automatically when the reconciliation is complete.
- F 10. A Balance Sheet is prepared to prove the equality of debits and credits.

MULTIPLE CHOICE

WRITE THE LETTER OF THE CORRECT ANSWER IN THE SPACE PROVIDED BEFORE THE QUESTION NUMBER.

- B 1. To close a period, you must ____.
 - A. have a closing password
 - B. enter a closing date on the Company Preferences for Accounting
 - C. enter a closing date on the Company Preferences for Reports
 - D. enter the traditional closing entries in debit/credit format in the General Journal

- A 2. When an account name such as “cars” is changed to “automobile”, the subaccount “car depreciation” ____.
- A. needs to be changed to “automobile depreciation”
 - B. is automatically changed to “automobile depreciation”
 - C. cannot be changed
 - D. must be deleted and re-entered
- D 3. The report that proves $\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$ is the ____.
- A. Trial Balance
 - B. Income Statement
 - C. Profit and Loss Statement
 - D. Balance Sheet
- C 4. If the adjusting entry to transfer net income/retained earnings into the owner's capital account is made prior to the end of the year, the Balance Sheet shows ____.
- A. Retained Earnings
 - B. Net Income
 - C. both Net Income and Retained Earnings
 - D. none of the above because the income/earnings has been transferred into capital
- D 5. The type of Profit and Loss Report showing year-to-date transactions instead of totals for each income and expense account is a(n) ____ Profit and Loss Report.
- A. Standardized
 - B. YTD Comparison
 - C. Prev Year Comparison
 - D. Detailed
- C 6. A bank statement may ____.
- A. show service charges or interest not yet recorded
 - B. be missing deposits in transit or outstanding checks
 - C. both of the above
 - D. none of the above
- A 7. The Journal shows ____.
- A. all transactions no matter where they were recorded
 - B. only those transactions recorded in the General Journal
 - C. only transactions recorded in account registers
 - D. only those transactions that have been edited

- D 8. A QuickBooks backup file
- A. is a condensed file containing company data
 - B. is prepared in case of emergencies or errors on current disks
 - C. must be restored before information can be used
 - D. all of the above
- A 9. An error known as a transposition can be found by .
- A. dividing the amount out of balance by 9
 - B. dividing the amount out of balance by 2
 - C. multiplying the difference by 9, then dividing by 2
 - D. dividing the amount out of balance by 5
- C 10. The type of Balance Sheet Report showing information for today and a year ago is a(n) Balance Sheet.
- A. Standard
 - B. Summary
 - C. Comparison
 - D. Detailed

FILL-IN

IN THE SPACE PROVIDED, WRITE THE ANSWER THAT MOST APPROPRIATELY COMPLETES THE SENTENCE.

1. Bank reconciliations should be performed on a(n) monthly basis.
2. Exporting report data from QuickBooks Pro to Excel can be made in order to perform "what if" scenarios.
3. An owner's paycheck is considered a(n) withdrawal.
4. The two types of reporting are accrual basis and cash basis.
5. The Cash Flow Forecast Projected Balance column shows the total in all bank accounts if all customer and bill payments are made on time.

SHORT ESSAY

Describe the four types of Balance Sheet Reports available in QuickBooks Pro.

Standard—shows as of today the balance in each balance sheet account with subtotals provided for assets, liabilities, and equity; Prev. Year Comparison—has columns for a year ago today, \$ change, and % change; Summary—shows amounts for each account type but not for individual accounts; and Detail—which is a more detailed version of the standard balance sheet report.