QuickBooks – Practice Test (with answers and feedback)

<u>Setup</u>

1. **During the EasyStep Interview, you can turn on and off which features?**
   - **a.** Sales taxes
     - This is true, but you can also turn on and off other features among these possible answers.
   - **b.** Inventory
     - This is true, but you can also turn on and off other features among these possible answers.
   - **c.** Progress Invoicing
     - This is true, but you can also turn on and off other features among these possible answers.
   - **d.** All of the above
     - **This is the correct answer. If you want to turn a feature on or off AFTER the Easy Step Interview, choose Edit > Preferences.**

2. **During the EasyStep Interview, you can set up a password for which of the following users?**
   - **b.** Administrator
     - **This is the correct answer. QuickBooks assumes the person who is completing the Easy Step Interview is the administrator and only asks for this password.**
   - **c.** External Accountant
     - Only the password for the Administrator can be set during the EasyStep Interview. Passwords for other users can be set after you complete the EasyStep Interview through the Company menu.
   - **d.** You cannot setup passwords during the EasyStep interview
     - You can set up the password for the Administrator during the EasyStep Interview.
   - **e.** All users
     - Only the password for the Administrator can be set during the EasyStep Interview. Passwords for other users can be set through the Company menu.

3. **When setting up a new company through the EasyStep Interview, some company information is optional and some is absolutely required. Which of the following pieces of information does QuickBooks require you to enter?**
   - **a.** Company name
     - **This is the correct answer. This is the only required field in the Company Information.**
   - **b.** Company password

     Entering a password is optional (but recommended).

   c. Tax ID
      - Although there is a field for Tax ID, it is not required to complete the EasyStep Interview.

   d. All of the above
      - Only one field is absolutely required.

4. **How do you set up multiple businesses in QuickBooks (assuming each business files a separate tax return)?**
   a. Purchase a separate QuickBooks license for each company you need to set up.
      - This is not necessary if the same user has multiple companies. A user license is associated with a user, not a company.

   b. Go through the EasyStep interview for the oldest company first, and then choose **File** > **Add a separate business** at the end of the interview.
      - There is no such choice in QuickBooks

   c. Go through the EasyStep interview for each company to create a separate company file.
      - **This is the correct answer. You might also create a new file if the old file is beyond repairing and you want to start over. If you want to start over, consider this option. Choose File > Utilities > Clean Up Company Data. QuickBooks will delete all transactions but will keep the lists and preferences so you don't have to start from scratch.**

   d. Go through the EasyStep Interview for the largest company first, and then choose **File** > **Add a separate business** at the end of the interview.
      - There is no such choice in QuickBooks.

5. **During the EasyStep Interview, how do you setup a new account that is not on the default list of accounts?**
   a. You can't add accounts that are not on the QuickBooks default list. Finish the interview and add the accounts directly to the Chart of Accounts.
      - **This is the correct answer. Also, you can't add any balances to the accounts (an opening Trial Balance). However, you can add bank account balances.**

   b. Click **Add new account** in the EasyStep Interview.
      - There is no such choice in QuickBooks.

   c. Click **Edit Account** during the EasyStep Interview.
      - There is no such choice in QuickBooks.

   d. Select **Import My Chart of Accounts** during the EasyStep Interview.
      - There is no such choice in QuickBooks.

6. **You've been hired by a company that started in 1911. They've never used QuickBooks. During the EasyStep Interview, what "Start Date" should you use?**
   a. There is no Start Date in the EasyStep Interview.
      - There is a Start Date.

   b. The date the company bought QuickBooks.

- This date is probably different from the date you want to start tracking the company's finances.

c. 1911

- If you entered the actual company's first day of operations, you would then have to enter all the history (past transactions) up to today.

d. The date you want to begin tracking the company's finances in QuickBooks.

- **This is the correct answer. You should use a date for which you have accurate starting balances. If the date is in the past (for example, the beginning of this fiscal year), you will have to enter transactions that have occurred up to that point.**

Utilities/General QuickBooks knowledge/Navigation

7. **How do you restore a company file from a backup copy?**

a. Choose **File** > **Back Up**. Then click the **Restore from Backup** button.

- There is no such choice in QuickBooks.

b. Choose **File** > **Utilities > File Operations > Restore**.

- There is no such choice in QuickBooks.

c. Choose **File** > **Open or Restore Company**. Select **Restore a backup copy** and click **Next**. Choose **Local** or **Online Backup** and click **Next**. Select the file to restore and click **Open.** Choose where to restore the file to and click **Save.**

- **This is the correct answer.**

d. Click the **Restore** icon on the **Home** page.

- There is no such choice in QuickBooks.

8. **Which of the following is NOT a backup option in QuickBooks?**

a. Manually back up the file.

- To do this, choose **File > Create Backup**. Select **Online** or **Local backup** and set the options for your backup. When asked when you want to save your backup, select **Save it now**.

b. Automatically back up the data file when closing QuickBooks.

- To do this, choose **File > Create Backup**. Select **Online** or **Local backup** and set the options for your backup. When asked when you want to save your backup, select **Only schedule future backups**. Select the box to "Save backup copy automatically when I close my company file" and indicate how often you want this to happen.

c. Schedule an unattended backup

- To do this, choose **File > Create Backup**. Select **Online** or **Local backup** and set the options for your backup. When asked when you want to save your backup, select **Only schedule future backups**. Click **New** to schedule regular backups of your company file.

d. All of the above are QuickBooks backup options.

- **This is the correct answer.**

9. **Why would you restore a data file from the backup file?**
   - **a.** You wish to review the company data as it stood at an earlier date.
     - This is possible, but so are the other answers.
   - **b.** The company data file on your hard drive is damaged and cannot be used.
     - This is a common reason to back up.
   - **c.** Your computer crashed. You reloaded QuickBooks, and now you are ready to open the company file.
     - When you reload QuickBooks, it does not contain your company data. You have to restore this from a backup.
   - **d.** All of the above.
     - **This is the correct answer.**

10. **How do you switch to Multi-User Mode?**
    - **a.** Choose **Company > Set Up Users and Passwords > Set Up Users** from the menu.
      - This is how you set up or edit users. It does nothing to change the "mode" QuickBooks is currently operating in.
    - **b.** Open the data file from a remote location.
      - This has no effect on whether you are in Single or Multi-User mode.
    - **c.** Choose **Edit > Preferences > Multi-User** from the menu.
      - There is no such choice in **Preferences**.
    - **d.** Choose **File > Switch to Multi-user Mode** from the menu.
      - **This is the correct answer. When the file is in Multi-User Mode, more than one user can access the file (but they must all be using the same version of QuickBooks). There are certain activities that can only be performed in single-user mode (QuickBooks will alert you when this is the case), but anyone can access the file in single-user mode.**

11. **If you choose to "Remove Transactions as of a specific date" from the "Clean Up Company Data" window, what does QuickBooks do?**
    - **a.** Removes all payroll transactions that occurred on that date. This is a great way to fix the mistakes a new person made on a particular day.
      - There is no such choice in QuickBooks.
    - **b.** Removes all transactions while leaving lists, preferences, and service subscriptions intact.
      - **This is the correct answer.**
    - **c.** Changes the company's start date.
      - QuickBooks summarizes transactions that are being removed so you can still run Financial Statements from the original Start Date.
    - **d.** Deletes all transactions, as well as user passwords and access privileges.
      - QuickBooks only removes transactions.

12. **What happens when you press F2 in QuickBooks?**
   - **a.** Nothing, because function keys are not designed to work with QuickBooks.
     - This is not true. There are not many that are used, but F2 does work.
   - **b.** QuickBooks opens the **Help**.
     - F1 opens the Help.
   - **c.** QuickBooks opens the **Product Information** window which includes version and company file information.
     - **This is the correct answer. QuickBooks displays information regarding the version and release of QuickBooks you are using.**
   - **d.** QuickBooks closes all windows.
     - To close all windows, choose **Window > Close All**. You can also press **Esc** to close open windows.

13. **When would you enter a journal entry?**
   - **a.** To correct errors (if you have a strong accounting background)
     - This is correct, but so are the other choices.
   - **b.** For year-end adjustments
     - This is correct, but so are the other choices.
   - **c.** To enter depreciation
     - This is correct, but so are the other choices.
   - **d.** All of the above
     - **This is the correct answer. You should only use journal entries if you have a strong accounting background and truly understand debits and credits. Also, you should not use journal entries instead of the built-in forms and windows in QuickBooks. This can create unexpected results on reports.**

14. **How do you create an Accountant's Copy?**
   - **a.** From the **Home** page, click **Accountant's Copy**.
     - There is no such choice in QuickBooks.
   - **b.** Choose **Accountant** > **Create Accountant's Copy**.
     - The **Accountant** menu only appears in QuickBooks Premier: Accountant Edition, and there is no choice to create a copy from that menu
   - **c.** Choose **File > Accountant's Copy > Select Save File or Send to Accountant**.
     - **This is the correct answer. The Accountant's Copy allows the accountant to review and make adjustments in a separate copy of the file while you continue to work. Later, you can import their changes.**
   - **d.** Only accountants can create an Accountant's Copy**.**
     - This would defeat the purpose. The business owner (the accountant's client) uses this tool to send their records to the accountant.

15. **When you start a company or are hired as a bookkeeper, it is important to know which edition of QuickBooks you are using. What are the major QuickBooks editions?**
    a. QuickBooks Online, QuickBooks Pro, QuickBooks Premier, QuickBooks Enterprise Solutions
    - **This is the correct answer. QuickBooks Online is accessed via the Web. The other options are desktop software with increasing functionality (starting with Pro and ending with Enterprise Solutions, the most advanced QuickBooks).**

    b. QuickBooks Online, QuickBooks Basic, QuickBooks Pro
    - There is no QuickBooks Basic.

    c. QuickBooks Basic, QuickBooks Pro
    - There is no QuickBooks Basic.

    d. QuickBooks Premier, QuickBooks Enterprise Solutions
    - This answer is missing QuickBooks Pro.

16. **When entering a journal entry, what happens if the debits don't equal the credits?**
    a. QuickBooks sends the difference to an adjustment account.
    - Debits and credits have to be equal.

    b. QuickBooks will not allow you to record the transaction.
    - **This is the correct answer.**

    c. QuickBooks asks you what to do with the "unequal" amount.
    - Debits and credits have to be equal.

    d. Nothing. QuickBooks records the transaction as is.
    - Debits and credits have to be equal

List management

17. **What do the diamonds mean on certain lists (for example, the diamonds to the left of each Customer:Job)?**
    a. You are not allowed to delete that entry.
    - This is not true.

    b. You can click on the diamond and move the list entry to a different location on the list.
    - **This is the correct answer.**

    c. There are open transactions related to the list entry.
    - This is not true.

    d. You cannot move the list entry.
    - You can. On an entry with a diamond to the left, click on the diamond and drag the entry to anywhere on the list (with some restrictions on certain lists).

18. **If you moved a list entry up or down, what happens when you add a new entry to the list?**
    - **a.** QuickBooks adds new list entries to the bottom of the list, regardless of alphabetic order.
        - QuickBooks doesn't automatically add entries to the bottom of the list. The new entry automatically goes to the top of the list.
    - **b.** QuickBooks adds new list entries in alphabetic order.
        - QuickBooks doesn't automatically alphabetize the list. The new entry automatically goes to the top of the list.
    - **c.** QuickBooks adds new list entries to the top of the list, regardless of alphabetic order.
        - **This is the correct answer.**
    - **d.** QuickBooks asks you how to sort new list entries.
        - There is no message in QuickBooks that asks you how to sort new list entries. The new entry automatically goes to the top of the list.

19. **What is the maximum number of names that can be included on the Names lists in QuickBooks Pro or Premier?**
    - **a.** 10,000
        - You can have 14,500.
    - **b.** 1,000
        - You can have 14,500.
    - **c.** 2,500
        - You can have 14,500.
    - **d.** 14,500
        - **This is the correct answer. You can have as many names as you want in QuickBooks Enterprise Solutions.**

20. **What keyboard shortcut allows you to see a total for all four names lists?**
    - **a.** F2
        - **This is the correct answer. In addition to product information, QuickBooks displays how many total names are in the current company file.**
    - **b.** Ctrl + L
        - This shortcut works when your cursor is in a field. QuickBooks opens the list for that field. For example, if the cursor is in the expense field on a check, QuickBooks opens the Chart of Accounts.
    - **c.** F12
        - This does nothing in QuickBooks.
    - **d.** Ctrl + 4
        - This does nothing in QuickBooks.

21. **How do you combine or merge two list entries?**
    - **a.** Rename the unwanted list entry to match the name of the list entry you want to merge into.

- **This is the correct answer. There are some cases where you can't merge or combine entries. You can't merge entries of a different "type." For example, you can't merge an expense account into an income account.**

b. Open the list entry you want to get rid of and click **Merge**.
- There is no such choice in QuickBooks.

c. From the bottom of the list, click the **Activities** menu and select **Combine Entries**.
- There is no such choice in QuickBooks.

d. You cannot combine or merge two list entries.
- You can combine names, items, accounts, and more with some restrictions. Once an entry is merged, all past transactions will use the entry you merged into.

22. **Can you delete a list entry (for example, an item)?**

a. Yes, if the list entry is not used in any transactions or is not part of another list entry (for example, a group item).
- This is true, but so is answer "b."

b. No, if the list entry is used in any transactions or is part of another list entry (for example, a group item).
- This is true, but so is answer "a." If an entry is used in a transaction, you can't delete it. You can make it inactive (hide it). For an item, select the item, and then at the bottom of the list, click **Item > Make Item Inactive**.

c. Both A and B are correct.
- **This is the correct answer because both "a" and "b" are correct.**

d. No, you can never delete a list entry.
- This is not true.

Items

23. **Suppose you own a company that repairs bicycles. What item type should you use for "bicycle repair"?**

a. Inventory Part
- Inventory Parts are items used to track how many you purchase, how many you have on hand, and how many you sell.

b. Non-inventory Part
- Non-inventory Parts are items used to track how many you purchase and/or sell, but not to track how many you have in inventory.

c. Other Charge
- Other Charge items are used for service fees like shipping and handling.

d. Service
- **This is the correct answer.**

24. **Which of the following is NOT an Item Type?**

a. Inventory Part
- This is an item type.

b. Service
- This is an item type.

c. Non-inventory Part
- This is an item type.

d. Income
- **This is the correct answer. Income is an Account type.**

25. **Which of the following statements is true concerning items?**

a. You can use one item to represent different services or goods.
- If your company sells a different service or product each time, you can set up a "catch-all" item and just change the description on each invoice. You can also set up items that represent categories of things you sell (for example, Labor and Parts)

b. Items allow you to track your sales in more detail without cluttering your Chart of Accounts or Profit & Loss.
- You can have up to 14,500 items "flowing" to a few income accounts. This allows you to get a simple view of your sales on the Profit & Loss, while you can get more detailed information from Sales reports.

c. To create an invoice, you must use an item.
- Invoices require items because this is how QuickBooks knows which account to use for the income (the account you use when you set up the item).

d. All of the above.
- **This is the correct answer.**

26. **What are other benefits of using items?**

a. You can track the actual quantity of goods or services you sell .
- Items can be tracked in any unit. For service industries, you could think of quantity as hours. You couldn't do this if you tracked all your income using accounts.

b. They can save you time by automatically entering a description and price on forms.
- If you set up a description and price when you set up the item, QuickBooks automatically enters this information for you on transactions.

c. They allow you to track a lot of detail without cluttering your Chart of Accounts.
- You can have 14,500 (in Pro and Premier) or unlimited items that are all associated with a few Income accounts. On a Profit and Loss, you see overall sales. If you need detail, you can run item-based sales reports.

d. All of the above.
- **This is the correct answer.**

27. **What item type should you use for inventory that you assemble from other items and then sell?**
    a. Group
    - Group items save you time by entering multiple items on a form for you. However, you can't define a set price for a group or keep track of the number of "groups" you have available.

    b. Inventory Part
    - Inventory Parts are components in an Assembly.

    c. Inventory Assembly
    - **This is the correct answer.**

    d. Non-inventory Part
    - These are parts that you buy but don't keep track of quantity on hand.

28. **You've just been hired by a bakery that sells delicious cup cakes. When they buy ingredients (flour, eggs, milk, and sugar), they use the Expense tab and assign the costs to a Cost of Goods Sold account. You need to set up an item for cakes. What item type should you use?**
    a. Group
    - Group items save you time by allowing you to enter one item to represent a group of items that you usually buy or sell together. However in this case, the ingredients are not set up as items. If they were, it would be difficult to track how much flour and sugar was in each cupcake.

    b. Inventory Part
    - You must track the quantity of Inventory Parts you buy. In this case, you don't buy cupcakes. If you set up an inventory part called cupcakes, the inventory would always decrease (when you sold cupcakes) but would never increase (because you don't buy cupcakes). If you used Inventory Parts to track your purchases, you would always use the Items tab on purchase forms.

    c. Inventory Assembly
    - Inventory Assemblies are used when you assemble (build) an inventory item from other inventory items. In this case, you don't have the flour and sugar set up as inventory items. Even if you did, it would be difficult to calculate exactly how much flour and sugar goes into each cupcake.

    d. Non-inventory Part
    - **This is the correct answer. Use a non inventory part when you sell (or buy) an item but don't need to keep track of the quantity on hand.**

29. **What account (on the Chart of Accounts) is affected when you sell an item?**
    a. The account you selected when you set up the item.
    - **This is the correct answer. The account you choose (usually an income account for sales items) determines how items affect financial statements.**

    b. Other Income account.

    - This might be true if you selected another income account, but it can be any account you choose.
  - **c.** A default sales account set up by QuickBooks.
    - This is not true. The account field is blank when you set up an item.
  - **d.** Accounts are not affected by items.
    - This is not true.

30. **If you associate a service item with two accounts, how does QuickBooks know which account to use on a transaction?**
    - **a.** When the item is on a sales form, QuickBooks uses the account under "Sales Information" in the item setup. When it's on a purchase form, it uses the account under "Purchase Information."
      - **This is the correct answer. You can set up an item to affect different accounts (based on whether it's a sale or purchase) by selecting "This service is performed by a sub-contractor or partner."**
    - **b.** When you enter the item on a transaction, QuickBooks asks which account to use.
      - This is not true in QuickBooks.
    - **c.** You cannot associate two accounts to an item.
      - You can. On service items, select "This service is performed by a sub-contractor or partner." There is a similar choice on other items.
    - **d.** Items do not affect accounts.
      - This is one of the major functions of items, to tell QuickBooks which account to affect.

Sales

31. **What transaction should you enter if a customer returns a damaged product or, in the case of a service, complains so much you decide to offer a refund?**
    - **a.** Debit Memo
      - There is no such transaction in QuickBooks.
    - **b.** Credit Memo
      - **This is the correct answer. On the Home Page, click Refunds and Credits. This decreases the amount owed by the customer and reverses the sale.**
    - **c.** Customer Return
      - There is no such transaction in QuickBooks.
    - **d.** Check or Bill
      - A purchase transaction does not "reverse" the sale.

32. **When would you create an estimate in QuickBooks?**
    - **a.** When you want to send a billing statement
      - Use Statements to do this.

b. When a customer requests a bid, quote, or proposal
   - **This is the correct answer.**

c. When a customer loses an invoice and needs a second copy
   - In this case, you should just print another copy. QuickBooks does not rerecord a transaction each time you print it.

d. When a customer pays for goods and services at the time of sale
   - Use a Sales Receipt for this transaction.

33. **When you invoice for time and costs, where does QuickBooks get the billable time or costs?**

a. QuickBooks places a "Time/Costs" stamp on the invoice, but you must manually enter the line items on the invoice.
   - This is not true in QuickBooks.

b. From billable time entered on bills and checks.
   - You do not enter time on bills and checks.

c. From payroll costs/expenses marked as billable on paychecks.
   - You do not mark costs/expenses as billable on paychecks.

d. From billable time entered on timesheets and/or billable costs entered on checks and bills.
   - **This is the correct answer. When you enter an expense, item, or time and also assign that line to a Customer: Job, QuickBooks displays a billable checkmark. You can uncheck this if you don't want to invoice for the cost.**

34. **When should you create an invoice in QuickBooks?**

a. When a customer purchases goods or services and pays you in cash at the time of the sale
   - Use a Sales Receipt when a customer pays you at the time of the sale.

b. When a customer purchases goods or services and pays you by check or credit card at the time of the sale
   - The method of payment does not affect the form you use in QuickBooks.

c. When a customer purchases goods or services, but you don't want to record the sale as final
   - You can use an estimate for this, or mark the invoice as "pending."

d. When a customer purchases goods or services but does not pay you at the time of the sale
   - **This is the correct answer.**

35. **When should you use a Sales Receipt in QuickBooks?**

a. To give a customer a receipt for payment of an invoice
   - Use a Payment Receipt for this (print the Receive Payments window) .

b. To record a customer prepayment or deposit
   - This is a complicated transaction that should be handled as a current liability, or it can be handled by receiving a payment and showing a negative amount owed by the customer.

c. To record a customer payment at the time of sale

- **This is the correct answer.**

d. To enter a customer early-payment discount

- Record these discounts in the Receive Payments window.

36. **What is the purpose of Progress Invoicing?**

a. To invoice items marked as billable

- To invoice for time and expenses, choose **Customers > Invoice for Time and Expenses**.

b. To automatically update a customer's job status

- This is not true in QuickBooks.

c. To invoice from an estimate in increments

- **This is the correct answer. When Progress Invoicing is turned on (Preferences) and you create an invoice for a customer with an Estimate, QuickBooks provides 3 choices: 1. Invoice for the entire estimate; 2. Invoice for a percentage of the entire estimate; 3. Invoice for selected items/percentages of each item.**

d. To convert a sales order to an invoice

- You do not use Progress Invoicing to do this.

37. **When you create a statement and select "All open transactions as of statement date," what does QuickBooks show on the statement?**

a. Open transactions as of the statement date

- **This is the correct answer.**

b. All transactions during the specified date range

- To do this, you would select "Statement period from _ to _."

c. Invoice item details for invoices

- To see item details on statements, select "Show invoice item details on statements."

d. Customer payments that haven't been deposited

- Statements don't indicate whether a payment has been deposited.

38. **What do you need to record in QuickBooks when a customer's check bounces (the customer had non-sufficient funds, NSF)?**

a. There is less money in the checking account.

- Do not edit or delete the original deposit. You must record that you now have less money. You can record this in the check register or with a check.

b. The customer owes you for the amount of the check (and optionally a bounced check fee).

- When you record the withdrawal from your checking account (answer "a"), use "Accounts Receivable" as the account in the expense tab. This records that the customer owes you money.

c. The NSF fee the bank charged you.

- Even though it was not your fault, the bank will charge you a fee. You can record this when you find out about the NSF check. Or you can record it when you reconcile the checking account.

d. All of the above.
- **This is the correct answer.**

39. **You received 5 customer payments in the mail. At the bank you deposit the 5 checks as one deposit. When you record the 5 separate payments in QuickBooks, how do you show that the 5 checks were actually 1 deposit?**

a. In the receive payments window, check "deposited with deposit number ."
- There is no such choice.

b. Record all the payments in the same Receive Payments window.
- You can only show 1 customer in the Receive Payments window.

c. When you use the Receive Payments window, QuickBooks doesn't deposit the money in your checking account. After you record the 5 payments, click Record Deposits and select the 5 checks.
- **This is the correct answer. When you record a customer payment, QuickBooks automatically "stores" the payments in the Undeposited Funds account. When you record a deposit, QuickBooks lists the payments in that account that have not yet been deposited.**

d. All of the above
- Answers "a" and "b" are incorrect.

40. **What options do you have after you create a credit memo in QuickBooks?**

a. Retain as an available credit
- This credit can be applied to future invoices.

b. Give a refund
- Choose this option, and QuickBooks opens the Write Checks window so you can issue a refund.

c. Apply to an invoice
- Use this option to apply the credit to a specific invoice.

d. All of the above
- **This is the correct answer. A credit memo is used when a customer returns goods or you want to credit them for services you've provided. It "reverses" a sale.**

Purchases

41. **Suppose you have a subcontractor who receives a 1099 from your company. Which list should you add them to?**
    - **a.** Employee List
        - Only people who receive a W-2 form from your company should be on the Employee list.
    - **b.** Vendor List
        - **This is the correct answer**
    - **c.** Other Names List
        - If you do this, QuickBooks can't create 1099 reports or forms.
    - **d.** Class List
        - Classes can't be the payee on checks or bills. You couldn't pay the subcontractor.

42. **When should you NEVER delete a check?**
    - **a.** You recorded a check but have not printed it yet.
        - If you haven't printed the check, the physical check number has not been used, so it's OK to delete it.
    - **b.** You printed a check on blank paper but now realize you don't want to record the check.
        - Because blank paper was in the printer (and not a check with a check number), you can delete the check in QuickBooks.
    - **c.** You accidentally recorded the same check (with the same check number) twice.
        - In this case, you have a record that matches the actual check number in QuickBooks. The duplicate was a mistake.
    - **d.** You printed a check, and the check number has been used.
        - **This is the correct answer. If a check number has been used, you must account for it. By voiding the check, you keep a record of the check number and show that the check is voided. You also ensure that QuickBooks will warn you if you try to record that same check number again.**

43. **What methods for purchasing can be recorded using the Write Checks window?**
    - **a.** Debit card purchase
        - In the No. Field, type "Debit." This records that money was taken out of the bank account by a debit card transaction.
    - **b.** Petty cash purchase
        - First, set up a Petty Cash bank account. Then you can use the Write Checks window with Petty Cash in the Bank Account field.
    - **c.** ATM withdrawal
        - In the No. Field, type "ATM." This records that money was taken out of the bank account by an ATM transaction.
    - **d.** All of the above

- **This is the correct answer.**

44. **How do you track accounts payable in QuickBooks?**
    a. Enter a bill, and then use the Write Checks window.
    - If you enter a bill for a purchase, you should NOT use the Write Checks window to pay the bill. This will record the purchase twice.

    b. Write a check, and then mark it as "pending" until you pay it.
    - You can't do this in QuickBooks.

    c. Enter a bill, and then use the Pay Bills window.
    - **This is the correct answer. If you enter a bill, you MUST use the Pay Bills window to pay the bill.**

    d. You can't track accounts payable.
    - This is not true. When you record a bill, you have automatically recorded an Accounts Payable transaction.

45. **What transaction/form do you begin with to enter a vendor credit?**
    a. Vendor Credit
    - There is no such transaction in QuickBooks.

    b. Enter Bill
    - **This is the correct answer. Open the Enter Bills window and select Credit in the top left part of the form. This turns the Bill into a Vendor Credit, which reduces the amount you owe a Vendor.**

    c. Pay Bills window
    - You can't create a Vendor Credit from this window.

    d. Receive Vendor Credit
    - There is no such transaction in QuickBooks.

46. **What happens to the inventory asset account when you enter a purchase order for inventory?**
    a. The inventory asset account increases.
    - Purchase Orders are nonposting. This means they do not affect accounts at all.

    b. The inventory asset account decreases.
    - Purchase Orders are nonposting. This means they do not affect accounts at all.

    c. The inventory asset account is not affected. Cost of Goods Sold increases.
    - Purchase Orders are nonposting. This means they do not affect accounts at all.

    d. No accounts are affected.
    - **This is the correct answer. Purchase Orders are nonposting. This means they do not affect accounts at all.**

47. **Which form should you use to enter petty cash expenditures?**

a. Enter Petty Cash
  - There is no such form in QuickBooks.

b. Money Out
  - There is no such form in QuickBooks.

c. Enter Credit Card Charges
  - Credit card charges are considered credit card purchases.

d. Write Checks or use check register
  - **This is the correct answer. Make sure that the bank account is a Petty Cash account that you set up (not your actual checking account).**

48. **When reconciling your bank account in QuickBooks, what must the beginning balance match?**

a. The beginning balance should always equal the net amount of all uncleared bank transactions.
  - The beginning balance should match the bank statement's opening/beginning balance.

b. It should always match the opening balance on the paper bank statement.
  - **This is the correct answer.**

c. It should always match the original account opening balance when the account was created.
  - The beginning balance changes from month to month when you reconcile. It is in effect the "ending" balance from the month before.

d. The beginning balance should always be zero.
  - This is wrong.

49. **What is a reason to use the Items tab when entering a bill?**

a. To track expenses.
  - Use the Expenses tab to record expenses.

b. To assign a cost to a job or purchase inventory.
  - **This is the correct answer. To have accurate job cost reports in the "Jobs, Time, and Mileage" category, QuickBooks requires item information on any job-related expense. You must also enter inventory items when you purchase them so QuickBooks can keep track of the quantity on hand.**

c. To track freight charges.
  - Use an expense account for this. Some accountants distribute this cost across the inventory items, but this is an advanced technique.

d. There is not an Items tab on the Enter Bills form.
  - There is an Items tab on these forms: Enter Bills, Write Checks, and Enter Credit Card Charges.

50. **How do you set up QuickBooks to automatically use discounts and credits?**

a. QuickBooks cannot be set up to automatically use discounts and credits.
  - This is not true. You can set this up as a Preference.

b. Choose **Edit** > **Preferences > Discounts & Credits**.
  - There is no Discounts and Credits preference.

c. Memorize a bill and select the box next to **Automatically use discounts and credits**
   - There is no such thing in QuickBooks.

d. Choose **Edit > Preferences > Bills > Company Preferences**, and then select to automatically use discounts/credits.
   - **Use this preference to automatically take early pay discounts and/or to automatically apply a specific vendor's credit to pay that vendor's bill. This preference ensures you don't forget to take the discounts and credits you have.**

Payroll

51. **When printing paychecks, what is the preferred check style to give an employee a paystub?**
    - **a.** Standard
      - Standard checks don't have a voucher. There are usually 3 checks per page.
    - **b.** Wallet
      - Wallet-style checks have 3 checks to a page, and the "stub" is usually very small and on the left side of the check.
    - **c.** Payroll
      - There is no such check style in QuickBooks.
    - **d.** Voucher
      - **This is the correct answer. This style prints one check per page. The check on top, and the voucher contains information regarding earnings, taxes, and payroll.**

52. **When setting up a new employee, what is important about the Payroll Info tab?**
    - **a.** Whatever you enter/see in this window affects each paycheck, unless you change the information on the paycheck itself.
      - **This is the correct answer. You enter wages (hourly or annual salary), and QuickBooks calculates the amount per paycheck for you. You also enter any deductions (for example, health insurance) that you want QuickBooks to take from each paycheck.**
    - **b.** It identifies the state subject to withholding and the state where the employee lives (usually the same).
      - This information is entered when you set up the employee's taxes.
    - **c.** You enter Emergency Contact information, which is required by law in many states.
      - You enter this information elsewhere.
    - **d.** This tab tracks an employee's age and gender necessary for tax calculations.
      - Age and gender have nothing to do with tax calculations.

53. **Why must you set deposit frequencies for the taxes or deductions your company has to pay (Payroll Liabilities)?**
   - **a.** This is required by State and Federal governments. If these are not set up, a warning is sent to the agency.
     - This is not true.
   - **b.** So that QuickBooks can enter the dates on the Payroll Calendar that checks are due.
     - Although there is a calendar in the Payroll Center, it does not contain any information.
   - **c.** So that Payroll Liabilities show up in the Pay Scheduled Liabilities list in the Payroll Center.
     - **This is the correct answer. QuickBooks uses this information to list the due date, status (upcoming, due, overdue), amount, and other important information so you remember to pay your payroll liabilities on time.**
   - **d.** You don't need to set deposit frequencies. QuickBooks does it for you.
     - In some cases, QuickBooks will recommend frequencies, but these frequencies differ from company to company. So you should consult your accountant and enter this information.

54. **What are the first two steps to set up payroll in QuickBooks?**
   - **a.** 1) Sign up for a payroll service; and 2) complete the Payroll Setup Interview.
     - **This is the correct answer. At the end of the Payroll Setup Interview, QuickBooks has an accurate record of employees, earnings, deductions, and payroll history, and you are ready to create your first paycheck.**
   - **b.** 1) Sign up for a payroll service; and 2) Setup Payroll Schedules.
     - You must complete the Payroll Setup Interview before you set up payroll schedules. Also, payroll schedules are not required to run payroll (but they are recommended).
   - **c.** 1) Turn on payroll through preferences; and 2) complete the Payroll Setup Interview.
     - You must first choose a payroll service option before you complete the Payroll Setup Interview.
   - **d.** 1) Complete the Payroll Setup Interview; and 2) set up employees.
     - You must first choose a payroll service option.

55. **When you set up a new Payroll Item using the EZ setup wizard, which is not a choice?**
   - **a.** Compensation
     - This payroll item is used to add wages, bonuses, and so on.
   - **b.** Retirement Benefits
     - This payroll item is used to set up 401(k)s, IRAs, and so on.
   - **c.** City/Local Taxes

- **This is the correct answer. There is no choice for city or local taxes. Select Custom Setup, and then choose Other Tax.**

d. Insurance Benefits
- This payroll item is used to set up health insurance, dental insurance, and so on.

56. **How do you use Write Checks to pay Payroll Liabilities so your Payroll reports are accurate?**

a. You can't.
- **This is the correct answer. You can't enter Payroll Items on the Write Checks window. This means your payroll reports would be wrong because they are based on Payroll Items. You should select the payments you want to make from the Pay Scheduled Liabilities list in the Payroll Center. Then click View/Pay.**

a. On the Write Checks window, click the Items tab and enter the Payroll Items you are paying.
- You can't select Payroll Items on the Write Checks Items tab.

b. On the Write Checks window, click the Payroll Items tab and enter the Payroll Items you are paying.
- There is no Payroll Items tab on the Write Checks window.

c. Select the Payroll Liability checkbox on the Write Checks window.
- There is no such box in QuickBooks.

57. **Which of the following Payroll Services are available with QuickBooks?**

a. Basic
- With this option, you record paychecks, and QuickBooks calculates taxes for you. Only use this option if an accountant is responsible for filing federal and state tax forms.

b. Enhanced
- With this option, you get the Basic features, plus QuickBooks can automatically complete your federal and state tax forms. You can also pay and file electronically in most states.

c. Assisted
- With this option, you record paychecks, and QuickBooks calculates taxes for you. At this point, Intuit Payroll pays your taxes, files all state and federal forms, and guarantees accuracy and timeliness.

d. All of the above
- **This is the correct answer. If you work for a company or own a business, it's important to understand your choices for running payroll.**

58. **How do you track sick or vacation time in QuickBooks?**

a. When you set up an employee, define how QuickBooks should accrue time.

- You can do this in the QuickBooks Payroll Setup window (setting up employees) or by clicking Sick/Vacation when you edit an employee. Tell QuickBooks how the employee earns sick/vacation time (for example, per hour, per check, a set number of hours per year, and so on).

b. Set up a sick or vacation wage item.
- This is important because QuickBooks only decreases the "banked" or earned hours when you use a sick/vacation wage item.

c. Pay an employee with a sick or vacation wage item.
- When the employee takes paid time off, use the sick/vacation wage item to pay them. This will decrease the sick/vacation hours available.

d. All of the above.
- **This is the correct answer. All these steps are necessary.**

59. **How does entering time for a job affect job cost reports?**

a. QuickBooks adds the cost of that employee's time to the job cost.
- Just entering time in QuickBooks is nonposting, which means it does not affect any accounts.

b. QuickBooks adds the cost of that employee's "labor burden" to the job cost.
- Just entering time in QuickBooks is nonposting, which means it does not affect any accounts.

c. A and B.
- Just entering time in QuickBooks is nonposting, which means it does not affect any accounts.

d. None of the above.
- **This is the correct answer.**

60. **When would you use the Expenses tab on a payroll liability check?**

a. Never. QuickBooks automatically uses payroll items to show what you are paying.
- QuickBooks does automatically use payroll items to show what taxes you are paying, but the Expense tab is there in case you have to enter late fees or penalties.

b. To enter late fees/penalties or interest.
- **This is the correct answer. Use an expense account to ensure that late fees/penalties don't affect the actual taxes you are paying.**

c. There is no Expenses tab on a payroll liability check.
- There is an Expenses tab on Payroll Liability checks.

d. To pay an employee's garnishment.
- QuickBooks automatically puts the garnishment item (for example, child support) on the Payroll Items tab for you. You shouldn't use the Expenses tab if you want accurate payroll reports related to garnishments.

61. **What report should you use to help you complete the state unemployment tax form?**

a. Payroll Summary

- This report does not provide you with the information you need to complete your State Unemployment Form.

b. Payroll Data Review

- There is no such report.

c. Employee State Taxes Detail

- **This is the correct answer.**

d. State Unemployment report

- There is no such report in QuickBooks.

62. **What form must you give to an employee?**

a. 1099

- You give subcontractors a 1099 to show how much you paid them during the year.

b. 1096

- The 1096 form is sent to the government to summarize the 1099s you issued.

c. W-2

- **This is the correct answer. If you give someone a W-2, they must appear on the Employee list.**

d. 1040

- The 1040 is what individuals use to file their tax returns with the Internal Revenue Service (IRS).

Reports

63. **Which of the following is a way to access a report in QuickBooks?**

a. From the Reports menu

- Click the **Reports** menu, and QuickBooks displays different categories of reports.

b. From the Report Center

- Click the **Report Center** icon, or from the menu choose **Reports > Report Center**. Here you can see thumbnail images of each report, and you can scroll through reports in a carousal view.

c. By clicking Reports at the bottom of lists

- This provides access to reports related to just that list.

d. All of the above

- **This is the correct answer.**

64. **When you send a QuickBooks report to Excel, which feature allows you to have a drop-down list for each column to allow filtering?**

a. Advanced Collapse

- There is no such choice.

b. Auto Outline

- Auto Outline allows you to choose which sections of a report to collapse in Excel. To do this, open a report and click Export. Then click the Advanced Tab. Below "Turn on the following features for this report," select Auto Outline.

c. Advanced Expand
- There is no such choice.

d. Auto Filter
- **This is the correct answer. To do this, open a report and click Export. Then click the Advanced tab. Below "Turn on the following features for this report," select Auto Filtering.**

65. **How do you create a memorized group of reports?**

b. Click the **Report Center** icon. Then click the **Create New Report Group** button.
- There is no such choice in QuickBooks.

c. Open the **Memorized Report List** and then click **Memorized Report** > **New Group**.
- **This is the correct answer.**

d. Choose **File > Reports > Memorized Reports > Create Group**.
- There is no such choice in QuickBooks.

e. Open the **Group Reports List** and then click **Groups** > **New Group**.
- There is no Group Reports List. Use the **Memorized Report List**.

66. **What is the purpose of subaccounts?**

a. Track departments or locations efficiently
- Class tracking is a better method for tracking departments or locations.

b. Track finances in more detail by grouping accounts in a logical fashion and showing a subtotal for those accounts
- **This is the correct answer. You can have a "parent" account (for example, Insurance) with subaccounts below it (for example, Car Insurance). You can even have a subaccount of a subaccount (up to 5 levels). When you run a report, click "Collapse" to hide subaccounts and only display "parent" accounts.**

c. To show different Account Types together in one section of a report
- QuickBooks groups account types by default.

d. None of the above
- Answer "b" is correct

67. **What is the easiest way to organize your memorized reports?**

a. Track your memorized reports in Excel.
- This is not a choice.

b. Create a report group.
- **This is the correct answer.**

c. Delete reports from your Memorized Report List quarterly to keep the list manageable.

- Some reports are needed for years. Organizing them requires that you put them in groups.

d. You are only allowed to create 5 memorized reports, so there is no need to organize your reports.

- This is not true.

68. **How do you create a memorized group of reports?**

a. Click the **Report Center** icon. Then click the **Create New Report Group** button.

- There is no such button in the Report Center.

b. Open the **Memorized Report List** and then click **Memorized Report > New Group**.

- **This is the correct answer. Open the Memorize Report List from the Report Center or Report menu. This lets you group similar reports together.**

c. Choose **File** > **Reports > Memorized Reports > Create Group**.

- There is no such menu item in QuickBooks.

d. Open the Group Reports List and then click **Groups** > **New Group**.

- There is no Group Reports List. You must open the **Memorized Report List**.

69. **How do you display or print a batch/group of reports quickly?**

a. The only way is to create a memorized group of reports.

- A memorized group will save you time, but to display or print the batch you must choose **Reports > Process Multiple Reports**. In this window, you could select the reports individually (even if they are not in a group).

b. Choose **Reports > Process Multiple Reports**.

- **This is the correct answer. You can choose from All Reports, or you can select a specific group.**

c. You can't do this in QuickBooks.

- You can do this in QuickBooks.

d. On the Home Page, click Batch Reports.

- There is no such choice in QuickBooks.

70. **What options (tabs) do you have to change a report when you click Modify Report?**

a. Display

- Use the Display tab to change the appearance of a report. You can change the report basis (accrual or cash), add or remove columns (on reports that list transactions), and much more.

b. Filters

- Use the Filters tab to narrow the information QuickBooks presents. For example, you could set a filter to only show one type of transaction, a specific amount, or only cleared transactions.

c. Header/Footer and Fonts & Numbers

- Use the Header/Footer tab to change what appears in the heading of a report. Use the Fonts & Numbers tab to change the color and size of the fonts, among other things.

d. All of the above
- **This is the correct answer.**

71. **What happens if you click Collapse on a report?**

a. QuickBooks minimizes the report on the Home Page.
- You minimize reports like any other window.

b. QuickBooks only shows data for the current month.
- This does not happen in QuickBooks.

c. QuickBooks hides Subaccounts and only shows Parent accounts.
- **This is the correct answer. Use this feature to hide unnecessary detail if you are preparing a report for someone who just wants the "big" picture and none of the detail contained in subaccounts.**

d. QuickBooks displays the report smaller so you can see other things on your screen.
- This doesn't happen in QuickBooks.

72. **What happens if you double-click a diamond on a report column?**

a. QuickBooks opens a detailed report about just that column.
- This does not happen in QuickBooks.

b. QuickBooks automatically adjusts the column width to fit the data in the column.
- This does not happen in QuickBooks.

c. QuickBooks hides the column.
- This does not happen in QuickBooks.

d. None of the above.
- **This is the correct answer. If you click on the diamond to the right of a column, you can drag it to the right to make it bigger, or to the left to make it smaller. If you drag it to the left past the column to the left, QuickBooks hides the column completely.**

73. **You have customized and then memorized a report. What does QuickBooks save when memorizing a report?**

a. Report header, filters, and transactions
- QuickBooks does not memorize the transactions.

b. Transactions only
- QuickBooks does not memorize the transactions.

c. Report header, filters, and columns but not the actual transactions
- **This is the correct answer. This means each time you run the report, QuickBooks automatically updates the information based on new, edited, and deleted transactions. You can memorize a report you want to see each month with updated information.**

d. Everything. A memorized report is like a photographic snapshot of a report.

- If you want a “photograph” of a report at a specific point in time, you can print it, save it as a PDF (from the File menu), or send it to Excel and save it as a workbook.

74. **If you set up and track Sales Tax in QuickBooks, which category of reports contains Sales Tax reports?**
    - **a.** Sales Reports
        - Sales reports only show sales
    - **b.** Vendors and Payables
        - **This is the correct answer. Although the taxes are based on sales, you owe the money, so it is a payable. From this category you can run the Sales Tax Liability Report.**
    - **c.** Sales Tax
        - There is no Sales Tax category of reports.
    - **d.** Tax Liability
        - There is no Sales Tax category of reports.

75. **What can you do in the Reports & Graphs Preferences (Edit > Preferences)?**
    - **a.** Change the summary basis (Accrual or Cash) for all reports
        - The choice you make in the Preference sets the default for all reports. You can always change the basis on a specific report if you choose.
    - **b.** Change Format options like font color and size
        - Click the Format button to change Header/Footer and Fonts & Numbers for all reports.
    - **c.** Set which date to use for aging reports
        - You can use the date of the invoice/bill or the due date
    - **d.** All of the above
        - **This is the correct answer.**

76. **Which of the following reports answers the question “What transactions make up the current balance I owe each Vendor?”**
    - **a.** A/P Aging Summary
        - This report shows you the current balance you owe and whether the bill is current, 30 days late, 60 days late, and so on.
    - **b.** Accounts Payable graph
        - This graph shows the total amount you owe. You could QuickZoom to get more detail, but it’s not efficient.
    - **c.** Vendor Balance Detail
        - **This is the correct answer. For each Vendor, QuickBooks lists the transactions that contribute to (or make up) what you owe.**
    - **d.** Expenses by Vendor Detail
        - This report does not display Accounts Payable–only information (bills and bill payments). It also includes checks and other transactions that don’t affect what you owe a vendor.

77. **What happens when you QuickZoom on a number in a report?**

   a. QuickBooks shows more detail about the number on the report.
   - **This is the correct answer. On a summary report, QuickZoom displays a list of transactions that makes up that number. On a report that lists transactions, QuickZoom opens the actual transaction.**

   b. QuickBooks shows you the Journal Entry it makes "behind the scenes" for that number.
   - To do this, open a transaction and press CTRL and Y at the same time.

   c. QuickBooks displays who entered and modified the transaction.
   - You can get this information from the Audit Trail Report.

   d. QuickBooks magnifies the number so it is easier to read.
   - To do this, you would have to modify the report (or go to Report & Graph Preferences) and change the font to be larger.

78. **How do you move columns on a report?**

   a. Click Modify Report, and in the Display tab under Columns, click the diamond to the left of the column and drag it to the desired position.
   - There are no diamonds on the list of columns for a report.

   b. You can't do this in QuickBooks. You have to export the report to Excel first.
   - You can do this in QuickBooks.

   c. Click the diamond to the right of the column and drag it to the desired position.
   - This action makes a column bigger, smaller, or hides it completely.

   d. Move your cursor over the column heading, and when it becomes a hand, click and drag the column to the desired position.
   - **This is the correct answer.**

Basic accounting

79. **What is one way that QuickBooks uses the Account Type?**

   a. To track revenue and expense by office or business segment
   - QuickBooks uses Classes to do this.

   b. For financial ratios in the Analysis module
   - There is no Analysis module in QuickBooks.

   c. To change the color of different sections on the financial statements
   - QuickBooks doesn't change the color in different sections.

   d. To identify where the account appears on the financial statements
   - **This is the correct answer. The first set of accounts appear on the Balance Sheet (Assets, Liabilities and Equity). Then the next types of accounts appear on the Profit & Loss Statement (Income, Cost of Goods Sold, and Expenses).**

80. **What does the term "Double-entry accounting" mean?**

a. That the Income and Expense accounts are always part of every transaction.
  - Other types of accounts can be exclusively part of a transaction, for example, transferring money between bank accounts.

b. There are always at least two accounts involved in every financial transaction.
  - **This is the correct answer. Debits must equal credits, so for every transaction, there is a source and a use.**

c. That the Cost of Goods Sold account and the Liabilities account are always part of a transaction.
  - Other types of accounts can be exclusively part of a transaction, for example, transferring money between bank accounts.

d. The Equity and Asset accounts are always involved in a transaction.
  - You can have other types of accounts exclusively part of a transaction.

81. **What is the purpose of the Chart of Accounts?**

a. It allows accountants to view accounting records remotely.
  - The Chart of Accounts does not have any relationship to viewing accounting records remotely. You can view records remotely with Remote Access.

b. It is how you categorize financial transactions.
  - **This is the correct answer. The Chart of Accounts is a way to label or categorize all the money/value that comes into a business, all the money/value that goes out, and all the money that is transferred between different categories.**

c. To see a graphical chart of income and expenses.
  - Use the Income and Expense Graph to see a graph of your income and expenses.

d. To categorize items.
  - Items are categorized by type (for example, inventory, non-inventory, and so on).

82. **You suspect that someone has changed a transaction. What report should you run?**

a. Audit Trail Report
  - **This is the correct answer. The audit trail shows you transactions that have been added, edited, and deleted. It also shows you the original transaction and who changed the transaction, as well as the exact date and time.**

b. User Entry Report
  - There is no such report in QuickBooks.

c. Modified Transactions Report
  - There is no such report in QuickBooks.

d. Changed Transactions Report
  - There is no such report in QuickBooks.

83. **How can you stop yourself and others from deleting, editing, or adding transactions in a closed period?**

a. Start a new company file each period (fiscal year)

- You don't need to start a new company file each year. QuickBooks tracks a company's finances over many years.

b. Change the fiscal year in the Company Information window
- This doesn't stop you from doing anything. This date determines when QuickBooks converts the profit or loss into retained earnings.

c. Set a closing date
- **This is the correct answer. You must set a closing date, especially for the end of the year, once you've sent your accounting records to the accountant for tax preparation.**

d. Edit the user's profile and enter a date in the "Restrict entry after this date" field
- There is no such choice in QuickBooks.

84. **When you run Financial Statements in QuickBooks, what bookkeeping basis can you use to view the report?**

a. Cash Basis.
- In the Reports and Graphs preferences, you can tell QuickBooks to run all summary reports on a cash basis. On the cash basis, QuickBooks only shows money you've actually received (no unpaid invoices) and money you've actually spent (no unpaid bills).

b. Accrual Basis.
- In the Reports and Graphs Preferences, you can tell QuickBooks to run all summary reports on an accrual basis. On the accrual basis, QuickBooks shows all invoices as income (even if you haven't received all the payments) and all bills as expenses (even if you haven't paid them). You can show a profit but not have any money in the checking account.

c. You can switch the bookkeeping basis if you want.
- When you run a report, you click Modify Report and change the basis in the display column.

d. All of the above.
- **This is the correct answer.**

85. **What are the 2 main Financial Statements you can run from the "Company and Financial" category of reports?**

a. Balance Sheet, Profit and Loss
- **This is the correct answer. The Profit and Loss is also known as the Income Statement.**

b. Balance Sheet, Statement of Operations
- There is no Statement of Operations report in QuickBooks.

c. Profit and Loss, Statement of Operations
- There is no Statement of Operations report in QuickBooks.

d. Statement of Operations, Statement of Financial Position
- There is no Statement of Operations report in QuickBooks.

86. **What are the main sections of the Profit & Loss?**

a. Income, Expenses, and Liabilities
- Liabilities appear on the Balance Sheet.

- **b.** Income, Cost of Goods Sold, and Expenses
    - **This is the correct answer. First, you see the money coming in, then the direct cost to earn that money (Cost of Goods Sold), and then the expenses (overhead) to run the business. The difference between the Income and the costs is the company's profit or loss.**
- **c.** Income, Assets, and Owner's Equity
    - Assets and Owner's Equity are sections of the Balance Sheet.
- **d.** Assets, Liabilities, and Equity
    - These are the main sections of the Balance Sheet.

87. **You successfully reconciled the checking account last month. This month, when you begin to reconcile the same account, you notice that the beginning balance calculated by QuickBooks is different from the beginning balance according to the bank. How can this happen?**
    - **a.** It can't happen.
        - It can happen if someone changed or deleted a cleared transaction.
    - **b.** Someone changed the beginning balance amount.
        - You can't change this amount. QuickBooks calculates this amount each time you reconcile your bank account (by adding all the cleared transactions together).
    - **c.** Someone changed or deleted a cleared transaction.
        - **This is the correct answer. QuickBooks calculates this balance each time you reconcile by adding all the payments and deposits that have been cleared. If someone changes or deletes one of those cleared transactions, the beginning balance in QuickBooks will be different.**
    - **d.** The bank transposed some numbers on a check or deposit.
        - This begging balance discrepancy is not the bank's fault.

88. **What is equity?**
    - **a.** What you own in the business
        - You might own a car, but if you still owe money on that car, it is not considered Equity.
    - **b.** Assets minus (-) liabilities.
        - **This is the correct answer. It is what the company has that is worth money (assets) minus what the company owes to other people (liabilities). It is similar to your net worth—what you own minus what you owe.**
    - **c.** What you owe to others in the business
        - These are called liabilities.
    - **d.** Assets plus (+) liabilities
        - It is actually assets minus (-) liabilities.

Customization/saving time

89. **Suppose your address information appears on the upper left of your invoice and you want to move it to the lower right. How would you do this?**
    - **a.** Use the QuickBooks Print Engine Editor
        - There is no tool called a Print Engine Editor.
    - **b.** Use the Layout Designer
        - **This is the correct answer. The Layout Designer allows you to move logos and other elements on a form. The changes you make appear on the printed copy of the form.**
    - **c.** Open the Financial Statement Designer
        - This tool (used by accountants) is used to customize Financial Statements.
    - **d.** Use the Custom Form Designer
        - There is no tool called the Custom Form Designer.

90. **You need to enter the same transaction each month (for example, an insurance payment). How can you automate this process in QuickBooks?**
    - **a.** While the transaction is on the screen, choose **Edit > Memorize check** (or the name of the transaction).
        - **This is the correct answer. You can memorize most transactions except transactions that require the user to provide more input like Paying Bills or running Payroll.**
    - **b.** Choose **File > Automate Transactions** and use the wizard to set up the automated checks or other transactions.
        - There is not tool called the Automate Transaction Wizard.
    - **c.** From **Preferences**, choose **General** and click **Set Up Automated Transactions**.
        - There isn't a preference to set up automated transactions.
    - **d.** While the transaction is on the screen, click the **Recur** button.
        - There isn't a Recur button.

91. **How do you set up multiple users in QuickBooks Pro or Premier?**
    - **a.** Choose **Company > Set Up Users and Passwords > Set Up Users**.
        - **This is the correct answer. The Administrator can give a user access to all areas of QuickBooks or selected areas of QuickBooks or set them up as an External Accountant. If you choose Selected Areas of QuickBooks, you can set permissions for each functional area as No Access, Full Access, or Selective Access.**
    - **b.** Choose **Edit > Preferences** and select the **Authorized Users Preferences**.
        - There is no preference called Authorized Users.
    - **c.** You can't set up multiple users in QuickBooks Pro or Premier but only in QuickBooks Enterprise Solutions and QuickBooks Online.
        - This is not true. All versions of QuickBooks allow you to have multiple users.
    - **d.** During the loading screen when you install QuickBooks on that user's machine.

- You do not set up users during installation. This would make it difficult to edit, delete, or create new users at an existing machine.

92. **You've customized an invoice and are ready to use it. But when you open the invoice, QuickBooks displays the default Intuit Invoice. How do you change it?**
    - **a.** Choose **Lists > Templates** and delete the default invoice from the list of templates.
        - You can't delete a default template from the list of templates.
    - **b.** On the invoice, click the **Template** drop-down arrow and select your customized invoice.
        - **This is the correct answer.**
    - **c.** Choose **Edit > Preferences** and select the **Sales and Customers Preferences**. Under the **Company Tab**, click "Set default invoice to use."
        - There is no such choice in the Sales and Customers Preferences.
    - **d.** Choose **Lists > Templates** and double-click your customized Invoice. Select "**Use as default**" in the top left of the window. You can also do this step when you customize the invoice.
        - There is no "Use as Default" option in the customize window.

93. **Suppose you have to track a specific piece of information about your customers that QuickBooks does NOT track. What is the best way to do this?**
    - **a.** Export the customer list to Excel, add the information there, and re-import the list.
        - You can export and import lists, but you can't add fields that don't exist in QuickBooks.
    - **b.** Use the Notes feature for each customer.
        - Notes could work but are designed to allow you to have date stamps and to track general information about a customer, not a specific field.
    - **c.** Edit a customer and click the "**Additional Info**" tab. Click **Define Fields** to create a Custom Field to track anything you want.
        - **This is the correct answer. You can modify list reports to display this field/information. You can also customize forms to display this field/information.**
    - **d.** You can't create new fields or rename fields in QuickBooks.
        - You can create custom fields and rename existing fields when you customize certain forms.

94. **You don't like how a form (for example, an invoice) looks when you print it. How can you change it?**
    - **a.** Export the form to Word and edit it there.
        - You can send an invoice letter from QuickBooks to Word (and create your own template), but the invoice letter doesn't include item information.
    - **b.** Save it as a PDF and use PDF editing software.
        - This would require a lot of steps for every form you need to send. QuickBooks has a built-in feature that allows you customize invoices.
    - **c.** Export the form to Excel and edit it there.

- You can't export a form to Excel. You can export reports to Excel.

d. Click **Customize** at the top of the form.

- **This is the correct answer. You can customize most forms you send to Customers and Vendors. There are some forms you can't customize. For example, you can't customize a bill (because you receive bills) or checks (which you can change slightly but not truly customize).**

95. **You notice that when you print an invoice, the information in a field is cut off (that is, it doesn't fit). How can you fix this?**

a. Use the Layout Designer to make the field wider.

- **This is the correct answer. However, you cannot increase the number of characters QuickBooks allows in that field.**

b. Use a different Invoice template.

- This problem usually occurs when the custom data you've entered is longer than expected. Other templates won't solve it. Also, if you've spent a lot of time designing a form, you don't want to use a different template.

c. This can't happen in QuickBooks, as field sizes are automatically adjusted to fit whatever you type.

- QuickBooks does not change field sizes based on the information in a field.

d. Send the invoice to Word and use that form instead.

- The Word Invoice Letter has limited fields that are imported from QuickBooks.

96. **Which of these functions can only be performed by the Administrator?**

a. Merge entries on lists

- Any user can merge entries (within the area they have access to).

b. Add new users and change their access privileges

- **This is the correct answer. Even a user set up as an External Accountant can't add or edit users.**

c. Memorize custom reports

- Any user who has access to a category of reports can memorize a custom report.

d. Back up the data file

- Any user can do this.

97. **Suppose you customized an invoice in QuickBooks. You really like how it looks and want your estimates to look similar. How do you do this?**

a. You cannot duplicate the look and feel of one form to another in QuickBooks.

- You can do this in QuickBooks.

b. Choose **Lists > Templates**. Select the form you want to duplicate. Then click the **Templates** button and select **Duplicate**. Then select the type of template you want to create with the same look, in this case, estimate.

- **This is the correct answer. You can also do this with other forms like purchase orders and sales orders.**

c. Choose **Customers > Create Estimate > Duplicate form.** You then select the type of template you want to duplicate, in this case, estimate.
- There is no such choice in QuickBooks.

d. Open the customized invoice and click the **Duplicate** button. You then select the type of template you want to duplicate, in this case, estimate.
- There is no such choice in QuickBooks.

98. **How do you customize QuickBooks by changing the color scheme and adding or removing icons from the Home page?**

a. You cannot change the color scheme of QuickBooks.
- You can customize QuickBooks.

b. Click **Change the look of QuickBooks** on the **Home** page.
- There is no such icon or link .

c. Right-click on an icon on the **Home** page to remove it or replace it. Right-click on the **Home** page in a blank space to change the color scheme.
- This does not work in QuickBooks.

d. Choose **Edit > Preferences > Desktop View**.
- **This is the correct answer. You can change the color scheme, and under the Company Preferences tab, you can hide icons you don't use on the Home page.**

99. **You notice that multiple accounts should actually be subaccounts. How can you quickly make these accounts subaccounts of another account?**

a. Click on the diamond to the left of the account, drag it below the appropriate parent account, and release the mouse button. Then click on the diamond again, drag it to the right, and release the mouse button.
- **This is the correct answer. You can use this shortcut on any list with diamonds (for example, the Customer: Job list).**

b. Click on an account to select it. Then click the **Lists** menu and select **Chart of Accounts > Make subaccount**.
- There is no such choice in QuickBooks.

c. You must click **Subaccount of** when you set up the new account. If you fail to mark the account as a subaccount during setup, you cannot make it a subaccount at a later time.
- This is not true. You can edit an account and make it a subaccount if you don't want to use the shortcut.

d. To make a subaccount, right-click on the account and choose **Make subaccount**.
- This choice does not exist in QuickBooks.

100. **How do you edit a collections letter?**

a. You can't edit the default collection letters. You must create your own template from scratch.

- This is not true. You can create custom templates if you want, but it is not required.

b. You must click **Subaccount of** when you set up the new account. If you fail to mark the account as a subaccount during setup, you cannot make it a subaccount at a later time.

- This is not true. You can edit an account and make it a subaccount if you don't want to use the shortcut.

c. Choose **Company > Prepare Letters with Envelopes > Customize Letter Templates**.

- **This is the correct answer. You can also create a new letter from scratch, convert an existing Word letter, and organize your letter templates.**

d. When QuickBooks opens the letter in Word, click the **Edit Template** button at the top of the QuickBooks letter.

- There is no such thing.