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CHAPTER 5: END-OF-CHAPTER QUESTIONS

TRUE/FALSE

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

____ 1. If a return is made after an invoice has been paid in full, a refund check is issued along with a credit memo.

____ 2. QuickBooks Pro automatically applies a payment received to the most current invoice.

____ 3. Sales tax will be calculated automatically on an invoice if a customer is marked taxable.

____ 4. A new sales item may be added only at the beginning of a period.

____ 5. A new customer may be added on the fly.

____ 6. Report formats may be customized.

____ 7. The Discounts & Credits button on the Receive Payments window allows discounts to be applied to invoices being paid by clicking Cancel.

____ 8. Cash sales are recorded in the Receive Payments window and marked paid.

____ 9. If a customer issues a check that is returned marked NSF, you may charge the customer the amount of the bank charges and any penalty charges you impose.

____ 10. Sales tax must be calculated manually and added to sales receipts.

MULTIPLE CHOICE

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

____ 1. Information regarding details of a customer's balance may be obtained by viewing ___.
   A. the Trial Balance
   B. the Customer Balance Summary Report
   C. the Customer Balance Detail Report
   D. an invoice for the customer
2. Even though transactions are entered via business documents such as invoices and sales receipts, QuickBooks Pro keeps track of all transactions ___.
   A. in a chart
   B. in the master account register
   C. on a graph
   D. in the Journal

3. If a transaction is ___, it will not show up in the Customer Balance Detail Report.
   A. voided
   B. deleted
   C. corrected
   D. canceled

4. A credit card sale is treated exactly like a ___.
   A. cash sale
   B. sale on account until reimbursement is received from a bank
   C. sale on account
   D. bank deposit

5. If the word -Split- appears in the Split column of a report rather than an account name, it means that the transaction is split between two or more ___.
   A. accounts or items
   B. customers
   C. journals
   D. reports

6. When adding a customer on the fly, you may choose to add just the customer's name by selecting ___.
   A. Quick Add
   B. Set Up
   C. Condensed
   D. none of the above — a customer cannot be added on the fly

7. The Item List stores information about ___.
   A. each item that is out of stock.
   B. each item in stock.
   C. each customer with an account.
   D. each item a company sells.

8. A report prepared to obtain information about sales, inventory, and merchandise costs is a ___.
   A. Stock Report
   B. Income Statement
   C. Sales by Vendor Summary Report
   D. Sales by Item Summary Report
9. If a customer has a balance for an amount owed and a return is made, a credit memo is prepared and ___.
   A. a refund check is issued
   B. the amount of the return may be applied to the balance owed at the time the invoice is paid
   C. the customer determines whether to apply the amount to the balance owed or to get a refund check
   D. all of the above

10. Purchase Information regarding an item sold by the company is entered ___.
    A. in the Invoice Register
    B. when adding a sales item
    C. only when creating the company
    D. when the last item in stock is sold

FILL-IN

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

1. A report showing all sales, credits, and payments for each customer on account but not the remaining balance on the account is the __Transaction List by Customer___ report.

2. When a customer with a balance due on an account makes a payment, it is recorded in the __Receive Payments___ window.

3. If the Quantity and Price Each are entered on an invoice, pressing the ___tab___ key will cause QuickBooks Pro to calculate and enter the correct information in the Amount column of the invoice.

4. QuickBooks Pro allows you to view additional information within a report by using the ___QuickZoom___ feature.

5. When you receive payments from customers, QuickBooks Pro places the amount received in an account called ___Undeposited Funds___.

SHORT ESSAY

Describe the use of Find. Based on chapter information, what is used to instruct Find to limit its search?

Find is used to locate an invoice without scrolling through all the invoices for a company. Filters are used to instruct Find to limit its search to invoices for a particular individual or a specific amount or both.
CHAPTER 6: END-OF-CHAPTER QUESTIONS

TRUE/FALSE

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

___F__ 1. Receipt of purchase order items is never recorded before the bill arrives.

___T__ 2. A bill can be paid by check or credit card.

___F__ 3. The Cost of Goods Sold account Merchandise Discounts is used to record discounts to customers.

___F__ 4. Voiding a purchase order removes every trace of the purchase order from the company records.

___T__ 5. The Vendor Center displays the vendor list and information about individual vendors.

___F__ 6. A single purchase order can be prepared and sent to several vendors.

___T__ 7. A Sales Tax account is automatically created if a company indicates that it charges sales tax on sales.

___T__ 8. A credit received from a vendor for the return of merchandise can be applied to a payment to the vendor.

___F__ 9. A new vendor cannot be added while recording a transaction.

___F__ 10. A purchase order is closed automatically when a partial receipt of merchandise is recorded.

MULTIPLE CHOICE

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

___A__ 1. If you change the minimum quantity for an item, it becomes effective ___.
   A. immediately
   B. the beginning of next month
   C. as soon as outstanding purchase orders are received
   D. the beginning of the next fiscal year

___B__ 2. If an order is received with a bill but is incomplete, QuickBooks Pro will ___.
   A. record the bill for the full amount ordered
   B. record the bill only for the amount received
   C. not allow the bill to be prepared until all the merchandise is received
   D. close the purchase order
D 3. The Purchase Order feature must be selected as a preference ___.
   A. when setting up the company
   B. prior to recording the first purchase order
   C. is automatically set when the first purchase order is prepared
   D. either A or B

C 4. A faster method of entering bills can be entering the bills ___.
   A. while writing the checks for payment
   B. in the Pay Bills window
   C. in the Accounts Payable Register
   D. none of the above

B 5. When items ordered are received with a bill, you record the receipt ___.
   A. on an item receipt form
   B. on the bill
   C. on the original purchase order
   D. in the Journal

B 6. Sales tax is paid by using the ___ window.
   A. Pay Bills
   B. Manage Sales Tax
   C. Write Check
   D. Credit Card

A 7. A Purchase Order may be customized using the ___.
   A. Layout Designer
   B. Drawing menu
   C. Customize Form button on the Home Page
   D. a form may not be changed

D 8. Checks to pay bills may be printed ___.
   A. individually
   B. all at once
   C. as the checks are written
   D. all of the above

C 9. When recording a bill for merchandise received, you click the ___ tab on the vendor section of the bill.
   A. Memo
   B. Expenses
   C. Items
   D. Purchase Order

C 10. The ___ basis of accounting matches income for the period against expenses for the period.
    A. cash
    B. credit
    C. accrual
    D. debit/credit
FILL-IN

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

1. Orders for merchandise are prepared using the QuickBooks Pro ___Purchase Order___ form.

2. Information on the Reminders List may be displayed in ___expanded___ or ___collapsed___ form.

3. The ___Sales Tax Liability___ Report shows the total taxable sales and the amount of sales tax owed.

4. A purchase order can be closed ___automatically___ or ___manually___.

5. To see the bill payment information, checks must be printed ___individually___.

SHORT ESSAY

Describe the cycle of obtaining merchandise. Include the process from ordering the merchandise through paying for it. Include information regarding the QuickBooks Pro forms prepared for each phase of the cycle, the possible ways in which an item may be received, and the ways in which payment may be made.

A purchase order is prepared to order merchandise. It is sent to a vendor who will process the order and send the merchandise to the company. When the merchandise is received, the quantity received is recorded. If the bill accompanies the merchandise, both the bill and the merchandise receipt are recorded together on a bill. If the merchandise is received without a bill, the receipt of items is recorded and the bill is recorded when it arrives. When the discount date or due date arrives, the bill is paid through the pay bills window. The bill may be paid using a check or a credit card. If a check is used for payment, QuickBooks Pro automatically prepares the check when the bill payment is recorded.
CHAPTER 7: END-OF-CHAPTER QUESTIONS

TRUE/FALSE

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

_F_ 1. The owner’s drawing account should be transferred to capital each week.

_T_ 2. Even if entered elsewhere, all transactions are recorded in the Journal.

_F_ 3. You must access the General Journal in order to close a period.

_F_ 4. If Show All is selected, inactive accounts will not appear in the Chart of Accounts.

_T_ 5. When reconciling a bank statement, anything entered as a service charge will automatically be entered as a transaction when the reconciliation is complete.

_F_ 6. Once an account has been used, the name cannot be changed.

_T_ 7. The adjusting entry for depreciation may be made in the Depreciation account register.

_T_ 8. At the end of the year, QuickBooks transfers the net income into retained earnings.

_T_ 9. The report that proves debits equal credits is the ___.
   A. Sales Graph
   B. Balance Sheet
   C. Profit and Loss Statement
   D. Trial Balance

_F_ 10. As with other accounting programs, QuickBooks requires a formal closing to be performed at the end of each year.

MULTIPLE CHOICE

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

_B_ 1. To print a Reconciliation Report that lists only totals, select ___.
   A. none
   B. summary
   C. detail
   D. complete

_D_ 2. The report that proves debits equal credits is the ___.
   A. Sales Graph
   B. Balance Sheet
   C. Profit and Loss Statement
   D. Trial Balance
3. If reports are prepared for the month of January 31, net income will appear in the
   A. Profit & Loss Statement
   B. Balance Sheet
   C. both A and B
   D. neither A nor B

4. In QuickBooks Pro, you export reports to Microsoft® Excel in order to ___.
   A. print the report
   B. ___
   C. prepare checks
   D. all of the above

5. QuickBooks Pro uses the ___ method of inventory valuation
   A. LIFO
   B. average cost
   C. FIFO
   D. Actual Cost

6. If a transaction is recorded in the Journal, it may be viewed ___.
   A. in the Journal
   B. in the register for each account used in the transaction
   C. by preparing an analysis graph
   D. in both A and B above

7. Entries for bank collections of automatic payments ___.
   A. are automatically recorded at the completion of the bank reconciliation
   B. must be recorded after the bank reconciliation is complete
   C. should be recorded when reconciling the bank statement
   D. should be recorded on the first of the month

8. The account(s) that may be reconciled is (are) ___.
   A. Checking
   B. Credit Card
   C. both A and B
   D. the Customer list account

9. The closing entry for drawing transfers the balance of an owner's drawing account into the ___ account.
   A. Retained Earnings
   B. Net Income
   C. Capital
   D. Investment
10. A Balance Sheet that shows amounts for each account type but not for individual accounts is the ___ Balance Sheet.
   A. Standard
   B. Summary
   C. Detail
   D. Comparison

FILL-IN

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

1. **Accrual** -basis accounting matches income and expenses against a period, and **cash** -basis accounting records income when the money is received and expenses when the purchase is made or the bill is paid.

2. The **Balance Sheet** nptcqrf r qccrq g fcpq Mulpq Cosg ,

3. In a partnership, each owner has a share of all the **assets** and **liabilities** based on the percentage of his or her investment in the business or according to any partnership agreements.

4. In order to close a period, a closing **date** must be provided.

5. No matter where transactions are recorded, they all appear in the **Journal**.

SHORT ESSAY

Debit Retained Earnings and Credit the owner's Capital account for the amount of net income.

If the transaction is not made, net income will be shown as Retained Earnings and will not be included in the owner's capital. Retained Earnings is appropriate to use if the business is a corporation, but a sole proprietorship or partnership should have the income posted to the capital account(s).
TRUE/FALSE

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

F  1. You cannot process payroll manually.
F  2. Once a paycheck has been printed, you may not edit it.
F  3. Paychecks may be printed only as a batch.
F  4. A payroll check may never be deleted.
F  5. Once an employee is hired, you may not change the pay period from semi-monthly to monthly.
T  6. An employee may be added at anytime.
F  7. If several taxes are owed to a single agency, QuickBooks generates a separate check to the agency for each tax liability item.
T  8. If a salaried employee uses vacation pay, QuickBooks will automatically distribute the correct amount of earnings to Vacation Salary once the number of vacation hours has been entered.
F  9. Processing the Payroll Liability Balances Report also generates the checks for payment of the liabilities.
F 10. All payroll reports must be printed before payroll liabilities may be paid.

MULTIPLE CHOICE

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

D  1. When completing paychecks manually, you___.
   A. provide the information about hours worked
   B. provide the amounts for deductions
   C. provide the number of sick and/or vacation hours used
   D. all of the above
2. To change the amount of a deduction entered on an employee's check that has been created, you ___.
   A. must void the check and issue a new one
   B. adjust the next check to include the change
   C. change the Paycheck Detail for the check and reprint it
   D. must delete the check

3. When paying tax liabilities, you may ___.
   A. pay all liabilities at one time
   B. select individual tax liabilities and pay them one at a time
   C. pay all the tax liabilities owed to a vendor
   D. all of the above

4. A new employee may be added ___.
   A. at any time
   B. only at the end of the week
   C. only at the end of the pay period
   D. only when current paychecks have been printed

5. Pay stub information may be printed ___.
   A. as part of a voucher check
   B. separate from the paycheck
   C. only as an individual employee report
   D. both A and B

6. The Employee Earnings Summary Report lists payroll information for each employee categorized by ___.
   A. employee
   B. department
   C. payroll item
   D. date paid

7. A voided check ___.
   A. shows an amount of 0.00
   B. has a Memo of VOID
   C. remains as part of the company records
   D. all of the above

8. When the payroll liabilities to be paid have been selected, QuickBooks Pro will ___.
   A. create a separate check for each liability
   B. consolidate the liabilities paid and create one check for each vendor
   C. automatically process a Payroll Liability Balances Report
   D. prepare any tax return forms necessary
END OF CHAPTER QUESTIONS

9. The Journal may be prepared ___.
   A. for any range of dates
   B. for a specific month
   C. for a specific day
   D. all of the above

10. Changes made to an employee's pay rate will become effective ___.
    A. immediately
    B. at the end of the next payroll period
    C. at the end of the quarter
    D. after a W-2 has been prepared for the employee

FILL-IN

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

1. In the ___Employee Center___, the individual employee's name, address, and telephone number is displayed in the Employee Information area.

2. The ___Journal___ is the report that lists transactions in debit/credit format.

3. The reports that show an employee's gross pay, sick and vacation hours and pay, deductions, taxes, and other details are the ___Payroll Summary___ and the ___Employee Earnings Summary___.

4. When the Employee Center is on the screen, the ___New Employee___ button is used to add a new employee.

5. The report listing the company's unpaid payroll liabilities as of the report date is the ___Payroll Liability Balances___ Report.

SHORT ESSAY

What is the difference between voiding a paycheck and deleting a paycheck? Why should a business prefer to void paychecks rather than delete them?

A voided paycheck remains as a check with a 0.00 balance and a memo of void. A deleted paycheck is completely removed from the records of the company. The only way to see if a check has been deleted is to keep an audit trail, which shows every entry, correction, etc., made in the company records. As a matter of security, a company would be wise to use pre-numbered checks and to void rather than delete any paychecks that need to be reissued. This helps provide a better control over paychecks produced and helps eliminate fraudulent duplicate paychecks from being issued.