

Computer Accounting with QuickBooks Online, 1e (Kay)
Chapter 1 QuickBooks Online Navigation and Settings

- 1) Which of the following statements is true regarding QBO?
- A) QBO can only be accessed by using installed software on a computer desktop or laptop.
 - B) QBO is updated annually to ensure the content screens are familiar to users.
 - C) QBO does not require a user to have integrated knowledge of accounting, financial systems or technology.
 - D) QBO is cloud-based and uses a web browser to access information vs. installed software.

Answer: D

Difficulty: 2 Medium

Topic: Introduction

Learning Objective: Introduction

Bloom's: Understand

AACSB: Technology

AICPA: BB Leveraging Technology; FN Leveraging Technology

- 2) Accounts and Settings is an option available by clicking on the Gear icon in the upper right side of the QBO screen. What is the difference between the Chart of Accounts and Recurring Transactions?
- A) The Chart of Accounts is a list of transactions entered and Recurring Transactions is a list of transactions saved for future use.
 - B) The Chart of Accounts is a list of accounts the company uses and Recurring Transactions is a list of all transactions entered.
 - C) The Chart of Accounts is a list of accounts the company uses and Recurring Transactions are transactions saved for future reuse.
 - D) The Chart of Accounts contains all accounts ever used and available for future use by a company and Recurring Transactions are transactions saved for future use.

Answer: C

Difficulty: 1 Easy

Topic: 1.3 QBO Tools

Learning Objective: 1.3 QBO Tools

Bloom's: Remember

AACSB: Knowledge Application

AICPA: BB Leveraging Technology; FN Leveraging Technology

3) The QBO Create (+) icon lists various transactions that can be created. It is commonly used for all of the following types of transactions except:

- A) Customer
- B) IRS Income Tax
- C) Vendors
- D) Employees

Answer: B

Difficulty: 1 Easy

Topic: 1.3 QBO Tools

Learning Objective: 1.3 QBO Tools

Bloom's: Remember

AACSB: Knowledge Application

AICPA: BB Leveraging Technology; FN Leveraging Technology

4) QBO Help and Support:

- A) Is essentially the same as the QBO Search icon.
- B) Provides an Advanced Search option useful in reviewing specific transactions.
- C) Is accessed through the ? icon.
- D) Allows a user to view Recent Transactions in more detail.

Answer: C

Difficulty: 2 Medium

Topic: 1.3 QBO Tools; 1.4 QBO Help and Support

Learning Objective: 1.3 QBO Tools; 1.4 QBO Help and Support

Bloom's: Understand

AACSB: Technology

AICPA: BB Leveraging Technology; FN Leveraging Technology

5) Why is it important to align QBO with a company's legal entity and tax information during initial set up?

- A) The IRS (Internal Revenue Service) regularly accesses QBO information to update its records.
- B) QBO only allows one type of legal entity to be input for a corporation – the C corporation, therefore, QBO must ensure all corporations are using this legal entity.
- C) Legal entity dictates what tax form a company uses and the tax form affects the accounts QBO needs to use.
- D) A company can use more than one legal entity at a time; it is important for QBO to track what type of legal entity a company is using for different transactions.

Answer: C

Difficulty: 3 Hard

Topic: 1.5 QBO Settings

Learning Objective: 1.5 QBO Settings

Bloom's: Apply

AACSB: Knowledge Application

AICPA: BB Legal; FN Decision Making

6) QBO Settings are comprised of Company Settings and QBO Chart of Accounts. Company Settings are accessed by using the following process:

- A) Select the Search icon, then select Advanced Search, then select Company.
- B) Select the Create (+) icon, then select Other, then select Company.
- C) Select the Gear icon, then select Account and Settings, then select Company.
- D) Select the ? icon, then select Search, then select Company.

Answer: C

Difficulty: 3 Hard

Topic: 1.3 QBO Tools; 1.4 QBO Help and Support; 1.5 QBO Settings

Learning Objective: 1.3 QBO Tools; 1.4 QBO Help and Support; 1.5 QBO Settings

Bloom's: Apply

AACSB: Technology

AICPA: BB Leveraging Technology; FN Leveraging Technology

7) Which of the following statements are NOT true regarding QBO Chart of Accounts?

- A) QBO automatically creates a Chart of Accounts when a new company is set up.
- B) QBO Chart of Accounts is customized by a user to fit its company's needs.
- C) QBO Chart of Accounts is customized to fit a company's needs and is not overly useful regarding tax return preparation since it is completed by using an IRS form.
- D) QBO Chart of Accounts is aligned with a company's tax return since QBO is used to organize financial information for tax preparation.

Answer: C

Difficulty: 3 Hard

Topic: 1.5 QBO Settings

Learning Objective: 1.5 QBO Settings

Bloom's: Analyze

AACSB: Knowledge Application

AICPA: FN Decision Making; BB Industry

8) To access every transaction that has impacted a specific account through QBO Chart of Accounts a user of QBO must:

- A) Select the Create (+) icon, then select Other, then select Journal Entry.
- B) Select the Search icon, then select Advanced Search, then Reports.
- C) Select the Search icon, then select Transactions, then select Recent Transactions.
- D) Select the Gear icon, then select Chart of Accounts, and select View Register for a specific account.

Answer: D

Difficulty: 3 Hard

Topic: 1.3 QBO Tools; 1.5 QBO Settings

Learning Objective: 1.3 QBO Tools; 1.5 QBO Settings

Bloom's: Apply

AACSB: Technology

AICPA: BB Leveraging Technology; FN Leveraging Technology

9) QBO SatNav divides QBO into which of the following three processes?

- A) QBO Settings, QBO Transactions, and QBO Reports
- B) QBO Search, QBO Help and Support, and QBO Reports
- C) QBO Settings, QBO Search, QBO Help and Support
- D) QBO Settings, QBO Transactions, and QBO Search

Answer: A

Difficulty: 1 Easy

Topic: 1.6 QBO SatNav

Learning Objective: 1.6 QBO SatNav

Bloom's: Remember

AACSB: Technology

AICPA: BB Leveraging Technology; FN Leveraging Technology

10) QBO SatNav allows the user to view the company's financial system in detail or as an overview or big picture. Which of the following is correct regarding the SatNav processes?

- A) QBO Transactions – detailed and big picture; QBO Reports – big picture.
- B) QBO Transactions – detailed; QBO Reports – big picture.
- C) QBO Transactions – big picture; QBO Reports – detailed.
- D) QBO Transactions – detailed; QBO Reports big picture and detailed.

Answer: B

Difficulty: 2 Medium

Topic: 1.6 QBO SatNav

Learning Objective: 1.6 QBO SatNav

Bloom's: Understand

AACSB: Technology

AICPA: BB Leveraging Technology; FN Leveraging Technology

11) QBO Reports is a process included in QBO SatNav. Which of the following best describes the essence of QBO Reports?

A) QBO Reports provides information to a variety of decision makers and is the output of the accounting system. The Reports includes but are not limited to the following: Financial statements, Tax Returns, and Management reports.

B) QBO Reports mainly provide information to a company's managers and accountants and is limited to providing information regarding cash flows and ability to pay debts when due.

C) QBO Reports are the output of the system and provide information mainly to decision makers outside of the company. It is rather limited to the following types of reports generated: tax returns, and financial statements.

D) QBO Reports is still being developed by QBO and contains mainly financial statements with plans to expand its abilities in the future to tax returns and internal reporting.

Answer: A

Difficulty: 2 Medium

Topic: 1.6 QBO SatNav

Learning Objective: 1.6 QBO SatNav

Bloom's: Understand

AACSB: Communication

AICPA: BB Industry; FN Reporting

12) Why is understanding what type of legal entity a business uses important when initially setting up an accounting system?

A) Legal entity dictates what types of reports a business must use to make informed beneficial internal decisions; therefore, the accounting systems is set up to support the need to make the most beneficial internal decisions.

B) Legal entity has very little impact on what tax form a business uses, therefore, it is really not of great importance when setting up an accounting system.

C) A company's type of legal entity impacts the equity accounts and the tax form a business files. The tax form a business files greatly impacts the type of financial information an accounting system must track.

D) A company's type of legal entity is relatively fluid and changes often. An accounting system must be able to respond to these changes from year to year.

Answer: C

Difficulty: 3 Hard

Topic: 1.7 Accounting Essentials

Learning Objective: 1.7 Accounting Essentials

Bloom's: Analyze

AACSB: Knowledge Application

AICPA: BB Legal; FN Decision Making; FN Measurement

13) Which of the following is correct regarding a company's legal entity type and the tax form it must file with the IRS?

- A) Sole Proprietor – Form 1065
- B) Partnership – Form 1120
- C) C Corporation – Form 1120S
- D) Sole Proprietor – Form 1040 Schedule C

Answer: D

Difficulty: 1 Easy

Topic: 1.7 Accounting Essentials

Learning Objective: 1.7 Accounting Essentials

Bloom's: Remember

AACSB: Knowledge Application

AICPA: BB Legal; FN Reporting

14) What type of legal entity do many entrepreneurs use and why?

- A) Sole Proprietorships due to the ease of initially setting up an organization.
- B) C Corporation due to its accounting system and financial reporting information.
- C) C Corporation due to its ability to finance with both debt and stock.
- D) LLC due to its tax advantages and the limited liability aspect to owners.

Answer: D

Difficulty: 3 Hard

Topic: 1.7 Accounting Essentials

Learning Objective: 1.7 Accounting Essentials

Bloom's: Understand

AACSB: Knowledge Application

AICPA: BB Legal; FN Reporting

15) Select the **correct** statement regarding the business tax return a LLC files.

- A) The LLC files a Form 1040 Schedule C
- B) The LLC files a Form 1120
- C) The LLC chooses how the business is treated for tax purposes.
- D) The LLC files a Form 1065

Answer: C

Difficulty: 1 Easy

Topic: 1.7 Accounting Essentials

Learning Objective: 1.7 Accounting Essentials

Bloom's: Remember

AACSB: Knowledge Application

AICPA: BB Industry; FN Reporting

16) Which of the following is NOT a choice available to a LLC for how it wishes to be treated for tax purposes?

- A) C Corporation filing a form 1120
- B) Sole Proprietorship filing a Schedule C attached to an owners Form 1040
- C) Partnership filing a Form 1065
- D) S Corporation filing a Form 1120S

Answer: A

Difficulty: 2 Medium

Topic: 1.7 Accounting Essentials

Learning Objective: 1.7 Accounting Essentials

Bloom's: Apply

AACSB: Communication

AICPA: BB Legal; FN Reporting

17) Accounts Receivable is:

- A) Amounts owed from customers.
- B) Amounts owed from customers plus cash sales.
- C) Usually not a meaningful account to a company's financial accounting reports.
- D) Part of the Chart of Accounts only if a company has cash sales as well.

Answer: A

Difficulty: 1 Easy

Topic: 1.5 QBO Settings

Learning Objective: 1.5 QBO Settings

Bloom's: Understand

AACSB: Knowledge Application

AICPA: FN Decision Making; BB Industry

18) Why do users of QBO want to align their company's tax form with their company's accounts?

- A) If they align both it is easier for the IRS to rely on their tax return and reduces their audit risk.
- B) It allows more employees from the company to have input into generating their company's financial reports.
- C) Banks will recognize their organization and view their system as more trustworthy. This increases their ability to obtain financing.
- D) Information in the accounts feeds into lines on the tax return which reduces extra work needed at year end when tax returns are prepared.

Answer: D

Difficulty: 2 Medium

Topic: 1.7 Accounting Essentials

Learning Objective: 1.7 Accounting Essentials

Bloom's: Apply

AACSB: Knowledge Application

AICPA: BB Industry; FN Reporting

19) Which of the following statements is NOT true with regard to QBO Transactions which are a process of QBO SatNav?

- A) Basically, transactions involve recording money in and money out.
- B) Transactions are exchanges between a company and other parties (customers, vendor, employees, etc.).
- C) Transactions are not detailed and provide a high level of review of a company which is useful in making important decisions.
- D) In a transaction the company gives something and receives something in exchange.

Answer: C

Difficulty: 1 Easy

Topic: 1.6 QBO SatNav

Learning Objective: 1.6 QBO SatNav

Bloom's: Understand

AACSB: Knowledge Application

AICPA: BB Industry; FN Measurement

20) Which transaction type does not appear on the Create (+) screen?

- A) Customers
- B) Budgeting
- C) Vendors
- D) Employees

Answer: B

Difficulty: 2 Medium

Topic: 1.3 QBO Tools

Learning Objective: 1.3 QBO Tools

Bloom's: Remember

AACSB: Knowledge Application

AICPA: BB Leveraging Technology; FN Decision Making