Computerized Accounting with QuickBooks 2020 1st edition Williams Test Bank

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Computerized Accounting with QuickBooks 2020
Chapter Test Banks/Chapter 02

Correct answers are in **bold font**.

<u>QuickBooks Questions</u>

CH2-01. You can change the sales price for a specific *item* on a customer invoice.

True
False

LO3

CH2-02. More than one *item* can be linked to the same general ledger account.

True
False

LO2

CH2-03. The *Customer Name*, not the *Company Name*, always appears in the address box on *invoices* or *sales receipts*.

True
False

LO1

CH2-04. You can record checks received from cash sales and checks received from customer payments on account on the same *deposit* form.

True
False

LO5

CH2-05. You can change the account debited when a bank deposit is recorded on the *Make Deposit* form.

True
False

LO5

CH2-06. The *customer name*

A. Always appears in the address information box on sales receipts and invoices.
B. Acts as an identifier in QuickBooks.
C. Must be different than the company name.
D. Is an optional field.

LO1

CH2-07. Which of the following statements is true?

A. Any customer can be deleted from the customer list.
B. An account number must be assigned to all customers.
C. A default payment term can be assigned to a customer through the Customer Center.
D. Address information for customers cannot be edited directly on invoices or sales receipts.

LO1

CH2-08. When setting up a new customer, which of the following can be entered in QuickBooks?

A. Credit terms for the customer
B. Specific projects for the customer
C. Credit card information for the customer
D. All of the above can be entered in QuickBooks

LO1

CH2-09. Which of the following revenue sources should be set up as a *service item* in QuickBooks?

A. Sales of old computers by an accounting firm
B. Sales of milk by a grocery store
C. Fees charged on past due account balances in an architectural firm
D. Fees charged for reviews of legal contracts for a client in a law firm

LO2

CH2-10. The account that is debited when an *invoice* is completed in QuickBooks must have the *account type* _____________.

A. Bank
B. Accounts receivable
C. Other current asset
D. Income

LO3

CH2-11. *Service items* represent charges for_______________________.

A. services provided by the company to customers
B. products sold to customers
C. both services provided and products sold to customers.
D. services provided to the company by vendors.

LO2

CH2-12. The *account type* for the Undeposited Funds account is _____________________.

A. Income
B. Bank
C. Cash
D. Other current asset

LO5

CH2-13. The *transaction type* used for recording cash sales is ____________________________.

A. Invoice
B. Sales Receipt
C. Cash Sale
D. Payment

LO3

CH2-14. When entering a customer credit memo, ____________________________.
(Select all that apply.)

A. the credit can be linked to a specific invoice
B. the credit can be saved for use on a future sales transaction
C. a refund can be recorded
D. the invoice to be credited must be highlighted

LO3

CH2-15. Customer payments by cash (currency) are recorded on ____________________.

A. sales receipt forms only
B. receive payments forms only
C. either sales receipt or receive payments forms depending on the nature of the transaction
D. make deposits forms only

LO3,4

CH2-16. By default, QuickBooks automatically applies a payment on account received from a customer

A. to the oldest invoice only.
B. only to an invoice that exactly matches the payment amount.
C. to any invoice that exactly matches the payment amount first. If no invoices match the payment amount, then to remaining invoices in date order (oldest first).
D. QuickBooks doesn't automatically apply payments.

LO4

CH2-17. By default, the account debited when a cash sale or customer payment on account is recorded is:

A. Bank
B. Cash
C. Checking
D. Undeposited Funds

LO4

CH2-18. Three checks were received on cash sales. Two checks were received from customers as payments on their account balance. Which of the following statements is **not** true?

A. All five checks must be recorded on the same *Deposit* form.
B. Two *Deposit* forms can be created. One for checks received on cash sales, one for payments received on account.
C. Checks can be recorded on one or more *Deposit* forms.
D. Four checks can be recorded on one *Deposit* form leaving the fifth check in Undeposited Funds.

LO5

CH2-19. The *A/R Aging Summary* is found in the ____________ group of reports on the *Reports* dropdown menu.

A. Accountant & Taxes
B. Sales
C. Customers & Receivables
D. Company & Financial

LO6

CH2-20. You would like to print a simple report that shows income from each customer during the past year. You would most likely choose

A. Sales by Item Detail
B. Sales by Item Summary
C. Sales by Customer Detail
D. Sales by Customer Summary

LO6

CH2-21. You would like to print a simple report that shows income from the various services you provided during the past year. You would most likely choose

A. Sales by Item Detail
B. Sales by Item Summary
C. Sales by Customer Detail
D. Sales by Customer Summary

LO6

CH2-22. The cost of goods sold column on *Sales by Item Summary* report

A. Cannot be removed.
B. Can be removed by unchecking COGS on the display tab of the *customize report* window.
C. Only appears on merchandising company reports.
D. Only appears on manufacturing and merchandising company reports.

LO6

CH2-23. Which of the following statements are true? (Select all that apply.)

A. You can edit *customers* or *items* at any time.
B. You can delete *customers* or *items* at any time.
C. You can *delete* customers as long as the customer has no unpaid invoices.
D. You can *inactivate customers* but not *items.*
E. You can *inactivate customers* or *items*.

LO7

General Accounting Questions

CH2-GA-01. The journal entry to record a sale on account in a service company is:
NOTE: This is a general accounting question. Don't consider QuickBooks processes when selecting your answer.

A. DR Accounts receivable; CR Revenue
B. DR Revenue: CR Accounts receivable
C. DR Cash; CR Revenue
D. DR Cash; CR Unearned revenue
E. DR Bad Debt Expense; CR Allowance for Doubtful Accounts

CH2-GA-02. An invoice dated 4/10 for $300 shows credit terms of 2/10, Net 30. How much would the customer need to pay if they paid the bill on 4/17?
A. $306
B. $300
C. $290
D. $294

CH2-GA-03. The journal entry to record the receipt of a customer payment on account in a service company is:
NOTE: This is a general accounting question. Don't consider QuickBooks processes when selecting your answer.
A. DR Cash; CR Accounts receivable
B. DR Accounts receivable; CR Cash
C. DR Cash; CR Unearned revenue
D. DR Cash; CR Accounts payable

CH2-GA-04 Everly Industries, a customer, owes the company $800 on invoice #822, dated 7/1. The credit terms on the invoice are 1/10, Net 45. Everly pays $792 on 7/5. As part of the journal entry to record the payment received, accounts receivable should be
A. Debited by $800
B. Credited by $800
C. Debited by $792
D. Credited by $792

CH2-GA-05. Joe Davon (a partner in the law firm of Davon & Davon) agrees to perform legal services for Gregg Inc. at a fixed fee of $1,000. Gregg pays a deposit of $400 on February 18. Joe Davon starts the work on March 1 and completes it on March 25. The $600 balance is paid by Gregg on April 2. The legal services revenue of $1,000
A. Should be recognized in full in February
B. Should be recognized in full in April
C. Should be recognized in full in March
D. Should be recognized in two installments ($400 in February and $600 in April).