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**LESSON 10**    **Review questions  
and activities**



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## **Lesson 10: Setting up inventory**

### **Review questions**

- 1** True or false: The Purchase Orders account does not affect the balance sheet or income statement.
  - a** True
  - b** False
- 2** You placed an order with a vendor for inventory parts. The items have arrived, but you have not received the bill yet. Which option should you choose from the Vendors menu?
  - a** Enter bills
  - b** Receive items and enter bill
  - c** Receive items
  - d** Enter bills for items received
- 3** True or false: You must have inventory items on hand before you can enter a sale for them.
  - a** True
  - b** False
- 4** You complete a physical inventory and discover that you have five more of a particular item than show in QuickBooks. How do you update the inventory records in QuickBooks?
  - a** Complete the physical inventory worksheet
  - b** Enter an item receipt
  - c** Adjust the quantity using the Adjust Quantity/Value on Hand window
  - d** None of the above
- 5** Which of the following provide you with a list of all purchase orders created in a file?
  - a** QuickReport on the Purchase Orders account
  - b** Purchase Orders list report
  - c** Open Purchase Orders
  - d** All of the above

### Review activities

- 1** Enter a new inventory item using the following information.
  - Item Name/Number: Kitchen counter
  - Purchase Description: Kitchen counter
  - Cost: 280.00
  - COGS Account: Cost of Goods Sold
  - Preferred Vendor: Patton Hardware Supplies
  - Sales Description: Same as Purchase Description
  - Sales Price: 340.00
  - Income Account: Construction:materials
  - Asset Account: Inventory Asset
  - Reorder Point: 5
  - Qty on Hand: 6
- 2** Create a purchase order for 20 Standard doorknobs.
- 3** Receive the 20 Standard doorknobs into inventory and record the bill for the doorknobs.
- 4** Process the bill and pay for the 20 Standard doorknobs.

**Review questions and activities**