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**LESSON 5**      **Review questions  
and activities**



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## **Lesson 5: Using other accounts in QuickBooks**

### **Review questions**

- 1** Accumulated depreciation is typically set up as what type of account in QuickBooks?
  - a** A subaccount of a fixed asset account
  - b** A subaccount of a current asset account
  - c** A subaccount of a liability account
  - d** An expense account
- 2** Equity type accounts would be used to track which of the following?
  - a** Capital investments
  - b** Draws
  - c** Retained Earnings
  - d** All of the above
- 3** Which of the following would likely be considered a long-term liability?
  - a** Vehicle loan
  - b** Accounts payable
  - c** Rent
  - d** Credit card account
- 4** Retained Earnings is defined as which of the following?
  - a** The amount of money that a business retains for paying its employees
  - b** The earnings from non-essential business services
  - c** The amount of interest saved from paying off a loan early
  - d** The accumulation of a company's net income or loss from its start date
- 5** Which of the following would **not** decrease the value of a company's equity?
  - a** The company paying corporate dividends
  - b** The company incurring a net loss for the fiscal year
  - c** An owner drawing money out of the company
  - d** The company taking a loan out to purchase a new asset

### Review activities

Assume that the owner of Rock Castle Construction has taken out a loan and purchased a computer system for \$15,000. He wants to track the accumulated depreciation and cost of the system in two separate fixed asset accounts.

- 1** Create a fixed asset account called Computer System and two subaccounts—one for Cost and one for Accumulated Depreciation.
- 2** Create a long-term liability account to track the loan.
- 3** Enter the amount of the loan as an increase in the asset's Cost account. Assign the transaction to the loan liability account.

**Review questions and activities**