**Chapter 1, Analysis Questions**

1. Define the chart of accounts and its categories. How do accounting textbooks define the chart of accounts?

ANSWER:

The Chart of Accounts is a complete list of a business’s accounts and their balances. QBO includes the Account name, Type (for financial statement classification), the Detail Type (account subcategory), and Balance. The chart of accounts includes two categories of accounts:

* ***Balance Sheet*** accounts: In QBO, these types of accounts reflect what you own and what you owe, like Bank, Credit Card, Assets, Liabilities, Accounts Receivable, Accounts Payable and Equity.
* ***Income and expense accounts***: These are categories for tracking how money flows in and out of your company.

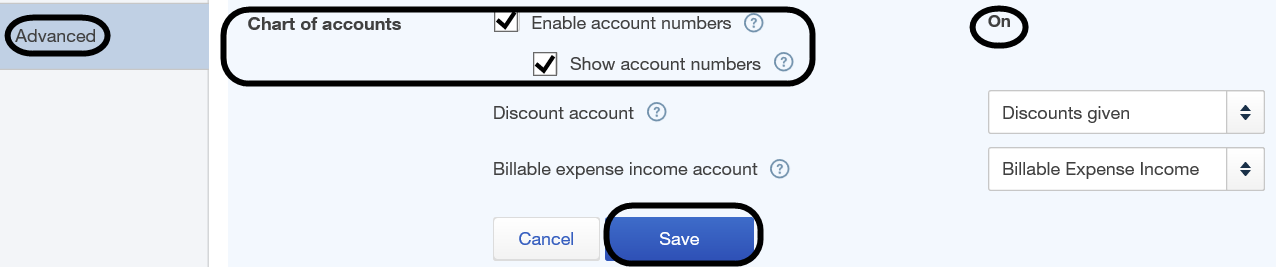
In accounting textbooks, the term Chart of Accountsis defined as a list of all the accounts used in the General Ledger. Accounts are used to classify transaction information for reporting purposes.

1. What do you select to add account numbers to the Chart of Accounts?

ANSWER:

Adding account numbers is a two-step process.

1. Go to  > Account and Settings > Advanced > in the Chart of accounts area, click on the pencil icon to Enable account numbers and Show account numbers > Save > Done.



1. After saving, then selecting <Done> on the Advanced Settings page, click  > Chart of Accounts > View Register > Edit > type the account number in the Number field.

1. What numbering system is used for the Chart of Accounts? Complete the following chart.

|  |  |
| --- | --- |
| **Numbers** | **Type** |
| 1000s | Assets |
| 2000s | Liabilities |
| 3000s | Equity |
| 4000s | Income |
| 5000s | Cost of Sales |
| 6000s | Expenses |