QUICKBOOKS PROADVISOR PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

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How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

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Questions

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1. **Which function is suitable for entering and reversing accruals in QuickBooks?**

   A. Journal entries

   B. Invoice entries

   C. Bill payments

   D. Expense tracking

2. **What is an income statement in QuickBooks?**

   A. A summary of assets and liabilities

   B. A report that shows revenue and expenses over a specific time period

   C. A statement of cash flow

   D. A balance sheet report

3. **Which QuickBooks version is best for contractors?**

   A. QuickBooks Basic Edition

   B. QuickBooks Pro Edition

   C. QuickBooks Contractor Edition

   D. QuickBooks Premier Edition

4. **Which elements are included in the Dashboards tab of QuickBooks?**

   A. Get things done, Profit and loss, Invoicing

   B. Business overview, Planner, Customer details

   C. Get things done, Business overview, Planner

   D. Transactions, Reports, Overview

5. **What is necessary before a client request can be sent to a client in QuickBooks Online?**

   A. The client must have an active QBO subscription

   B. The request must be approved by a supervisor

   C. All documents must be uploaded

   D. The request must be created in a specific format

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6. How can users track time spent on projects in QuickBooks?

A. Using the Project Manager tool

B. Using the "Time Tracking" feature

C. By creating an invoice

D. By recording notes on expenses

7. What action is taken in the 'Set up' tab of the Books Review?

A. Review completed transactions

B. Select 'Cleanup' to activate the review process

C. Prepare and send reports

D. Create journal entries for corrections

8. Which of the following is NOT a type of recurring transaction?

A. Invoices

B. Sales receipts

C. Inventory adjustments

D. Checks

9. In the Books Review tabs, which tab allows for the review of problematic transactions?

A. Set up

B. Transaction review

C. Final review

D. Wrap up

10. Why are adjustments made using adjusting journal entries crucial before tax preparation?

A. They ensure accurate financial reporting

B. They help in forecasting future revenues

C. They reduce overall tax liability

D. They simplify transaction classifications

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Answers

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1. A
2. B
3. C
4. C
5. A
6. B
7. B
8. C
9. B
10. A

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Explanations

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1. Which function is suitable for entering and reversing accruals in QuickBooks?

A. Journal entries

B. Invoice entries

C. Bill payments

D. Expense tracking

The use of journal entries in QuickBooks is particularly suitable for entering and reversing accruals because journal entries allow users to record financial transactions that affect multiple accounts simultaneously. Through this functionality, a user can create entries that affect both income and expense accounts, which is essential for accurately reflecting accrued revenues and expenses in the financial statements. When entering accruals, you recognize revenue that has been earned but not yet received, or expenses that have been incurred but not yet paid. This often requires adjusting entries that affect the general ledger and may involve creating entries in both accounting periods to accurately reflect financial performance and position. Furthermore, journal entries provide the flexibility to make adjustments or reversals of prior entries, which is a common practice with accruals. For instance, when you're ready to reverse an accrual in the subsequent period, you can create a reversal journal entry that offsets the original accrual, ensuring that both the financial records are clean and compliant with accounting principles. In contrast, other functions like invoice entries, bill payments, or expense tracking do not offer the same level of customization for adjusting or reversing accruals. Invoices primarily deal with sales transactions, bill payments focus on settling accounts payable, and expense tracking is more geared towards tracking actual cash out

2. What is an income statement in QuickBooks?

A. A summary of assets and liabilities

B. A report that shows revenue and expenses over a specific time period

C. A statement of cash flow

D. A balance sheet report

An income statement in QuickBooks serves as a crucial financial document that summarizes a company's revenues and expenses over a specific period of time, typically in the form of monthly, quarterly, or annual intervals. This statement is essential for helping business owners understand their profitability by detailing the income generated from sales and subtracting the expenses incurred during the same period. By using this report, users can analyze performance, which aids in decision-making regarding resource allocation, potential investments, and assessing strategies for future growth. It reflects the business's operational efficiency and offers insights into how well the company converts revenues into profit. In this context, the other options describe different financial reports that serve distinct purposes. A summary of assets and liabilities refers to the balance sheet, which presents the company's financial position at a specific point in time rather than over a period. A statement of cash flow details the movement of cash in and out of the business but does not focus on revenues versus expenses. Meanwhile, a balance sheet report provides a snapshot of what the company owns and owes, rather than presenting the income or loss during a time frame, making the income statement the correct choice for summarizing revenue and expenses.

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3. Which QuickBooks version is best for contractors?

A. QuickBooks Basic Edition

B. QuickBooks Pro Edition

C. QuickBooks Contractor Edition

D. QuickBooks Premier Edition

The Contractor Edition of QuickBooks is specifically designed to meet the unique needs of contractors, making it the most suitable choice for this type of business. This edition includes specialized features that are essential for managing contractor operations effectively, such as job costing, project tracking, and industry-specific reporting. With the Contractor Edition, users can create estimates and convert them to invoices easily, track time for payroll accurately, and manage expenses associated with different projects. These capabilities help contractors monitor their project's profitability and streamline their financial management processes. The other editions, while useful for general business needs, do not offer the tailored tools that contractors require for efficient management and oversight of their specific tasks. For example, the Basic Edition lacks many of the advanced functionalities that contractors need. The Pro Edition provides more features than Basic but still falls short of the specialized capabilities found in the Contractor Edition. The Premier Edition, although offering enhanced reporting and customization options, does not focus solely on the contractor industry as the Contractor Edition does. Therefore, for contractors looking for a streamlined and effective accounting solution, the Contractor Edition is the ideal choice.

4. Which elements are included in the Dashboards tab of QuickBooks?

A. Get things done, Profit and loss, Invoicing

B. Business overview, Planner, Customer details

C. Get things done, Business overview, Planner

D. Transactions, Reports, Overview

The Dashboards tab in QuickBooks provides a comprehensive overview of a business's financial health and operations. By choosing this answer, you're recognizing the elements that are crucial for users to monitor their business effectively. The "Get things done" section typically includes action items and reminders for tasks that need to be completed, helping users stay on top of their workload. The "Business overview" element offers a snapshot of key financial metrics, enabling users to quickly assess their financial status at a glance. Meanwhile, the "Planner" section helps users manage financial projections and plan for future expenses, ensuring a forward-thinking approach to business management. This combination of elements makes the Dashboards tab a powerful tool for QuickBooks users, delivering essential insights and facilitating effective management of their business tasks and financial goals.

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5. What is necessary before a client request can be sent to a client in QuickBooks Online?

A. The client must have an active QBO subscription

B. The request must be approved by a supervisor

C. All documents must be uploaded

D. The request must be created in a specific format

To send a client request in QuickBooks Online, it is essential for the client to have an active QuickBooks Online subscription. This requirement ensures that the client can access the platform and receive the request you are sending. Without an active subscription, the client would not be able to log into QuickBooks Online, view the request, or respond to it, undermining the purpose of sending the request in the first place. While other options may suggest various procedural steps for a business, they do not pertain to the foundational necessity of the client's ability to engage with QuickBooks Online's functionalities. For example, obtaining supervisor approval or ensuring all documents are uploaded might be part of an administrative process for some teams but do not directly relate to the technical requirements for sending a request. Similarly, while there may be specific formats for requests, the fundamental prerequisite remains the client's active subscription to the platform.

6. How can users track time spent on projects in QuickBooks?

A. Using the Project Manager tool

B. Using the "Time Tracking" feature

C. By creating an invoice

D. By recording notes on expenses

Using the "Time Tracking" feature in QuickBooks allows users to accurately monitor and record the time devoted to specific projects. This feature enables employees or contractors to log hours either by using a timer or manually entering the time spent on various tasks associated with a project. By utilizing this feature, businesses can assign billable hours to clients and subsequently create invoices based on the hours worked. Additionally, tracking time can provide valuable insights into project management, workforce productivity, and budgeting. This ability to capture time directly linked to projects ensures more precise billing and enhances the overall project management process. The other options do not effectively fulfill the purpose of tracking time for projects. The Project Manager tool is more about managing overall project details rather than specifically tracking time. Creating an invoice focuses on billing rather than recording time spent. Recording notes on expenses addresses financial documentation and control but does not involve tracking the time spent on project tasks.

7. What action is taken in the 'Set up' tab of the Books Review?

A. Review completed transactions

B. Select 'Cleanup' to activate the review process

C. Prepare and send reports

D. Create journal entries for corrections

The action taken in the 'Set up' tab of the Books Review involves selecting 'Cleanup' to activate the review process. This step is crucial as it prepares the financial data for a thorough examination. By initiating the cleanup process, you can identify and resolve discrepancies, ensuring the accuracy of the financial records before diving deeper into the review of completed transactions or making corrections. In this context, while reviewing completed transactions is important, it typically occurs after the cleanup has been initiated rather than being part of the setup itself. Preparing and sending reports or creating journal entries for corrections are subsequent actions that might be taken once the review process is underway, but they do not fall under the setup phase. Thus, selecting 'Cleanup' is an essential and initial step to ensure an organized and accurate review of the books, making it the correct answer.

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8. Which of the following is NOT a type of recurring transaction?

A. Invoices

B. Sales receipts

C. Inventory adjustments

D. Checks

Recurring transactions in QuickBooks are used to automate regular billings or payments, making it easier to manage cash flow and maintain consistent accounting records. Invoices, sales receipts, and checks can all be set up as recurring transactions. This feature is particularly useful for businesses with regular billing cycles, such as subscription services or monthly lease payments. Invoices can be automatically generated for regular customers at specified intervals, ensuring timely billing without requiring manual entry each time. Similarly, sales receipts can be pre-scheduled to record income from repeat sales in a straightforward manner. Checks can also be automated for recurring expenses, such as rent or utility payments, simplifying cash management. In contrast, inventory adjustments are typically made on a one-off basis in response to changes in inventory levels due to various factors such as loss, damage, or discrepancies during stocktaking. They do not follow a predictable schedule, and therefore, do not lend themselves to a recurring transaction setup. This is why inventory adjustments are not classified as a type of recurring transaction. Understanding this distinction can help users effectively manage their transactions and set up their QuickBooks for optimal performance.

9. In the Books Review tabs, which tab allows for the review of problematic transactions?

A. Set up

B. Transaction review

C. Final review

D. Wrap up

The Transaction Review tab is specifically designed for identifying and addressing problematic transactions within QuickBooks. This tab provides users with a focused area where they can scrutinize transactions that may have discrepancies, errors, or issues that need to be resolved. By utilizing this feature, users can ensure the accuracy and integrity of their financial records, and take necessary corrective actions on transactions that do not conform to expected standards or practices. In contrast, the other options serve different purposes. The Set Up tab typically focuses on configuration settings for various features and functionalities within the application. The Final Review tab is oriented towards conducting a comprehensive check before finalizing financial data but does not specifically target transactions with issues. The Wrap Up tab generally relates to completing and closing specific tasks or periods, rather than reviewing transactions for problems. Therefore, the Transaction Review tab stands out as the dedicated area for examining and managing problematic transactions.

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10. Why are adjustments made using adjusting journal entries crucial before tax preparation?

A. They ensure accurate financial reporting

B. They help in forecasting future revenues

C. They reduce overall tax liability

D. They simplify transaction classifications

Adjusting journal entries are essential before tax preparation as they ensure accurate financial reporting. These entries are used to correct errors, allocate revenues and expenses to the correct accounting periods, and account for accrued or deferred items that may not have been processed during the normal course of business. This accuracy is vital because it ensures that all financial statements reflect the true financial position of the business, which is crucial when calculating taxes. When financial statements are accurately prepared, it allows for a clear understanding of the business's income and expenses, thereby facilitating compliant tax reporting. This thoroughness helps avoid issues with tax authorities and ensures that a business is paying the correct amount of taxes based on its actual earnings. Adjustments ensure that all necessary data is included, providing a complete and accurate picture that directly impacts tax preparation.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

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We wish you the very best on your exam journey. You've got this!

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