**Lesson 4.02 Assessment – Virtual Business KEY**

1. Select 5 of the “need to know” terms we covered in this lesson and provide a definition, in your own words, and a graphical representation of the term (sample provided).

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| TERM | DEFINITION | GRAPHICAL REPRESENTATION |
| In-House Billing | Companies handle their own billing and receiving and do not hire a company to handle it for them |  |
| Answers will vary |  |  |
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1. Choose three of the 13 account concepts that were introduced and explain each concept in your own words. Answers will vary

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| --- | --- |
| CONCEPT NAME | OWN WORDS |
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1. The accounting equation must always remain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (high, stable, balanced, or visible). Which word most correctly fits in the blank?
2. Correctly set up a chart of accounts for a new company based on the given account titles. Every other one is in blue to help identify account titles. Cash, Owner’s Capital, Rent Expense, Sales, Owner’s Drawing, Supplies, Accounts Payable-XYZ company, Accounts Receivable-Northern Press, Advertising Expense, Prepaid Insurance, Accounts Receivable-Yellowbox, Accounts Payable-Shirts A Go-go, Utilities Expense

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Asset | # | Liability | # | Owner’s Equity | # | Revenue | # | Expense | # |
| Cash | 110 | Accounts Payable Shirts A GoGo | 210 | Owner’s Capital | 310 | Sales | 410 | Advertising Expense | 510 |
| Accounts Receivable Northern Press | 120 | Accounts Payable XYZ Company | 220 | Owner’s Drawing | 320 |  |  | Rent Expense | 520 |
| Prepaid Insurance | 140 |  |  |  |  |  |  | Utilities Expense | 530 |
| Supplies | 150 |  |  |  |  |  |  |  |  |