**Lesson 4.02 Assessment Key**

Virtual Business

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) Answers will vary.

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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. |  |
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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 the 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 GoGo Utilities

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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- Norther Press | 120 | Accounts Payable- XYZ Company | 220 | Owner’s Drawing | 320 |  |  | Rent Expense | 520 |
| Accounts Receivable- Yellowbox | 130 |  |  |  |  |  |  |  |  |
| Prepaid Insurance | 140 |  |  |  |  |  |  |  |  |
| Supplies | 150 |  |  |  |  |  |  |  |  |