

QuickBooks® ONLINE^{5E}

FOR ACCOUNTING



GLENN OWEN

QuickBooks® ONLINE^{5E}

FOR ACCOUNTING



GLENN OWEN



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**QuickBooks® Online For Accounting,
Fifth Edition**
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Preface

Overview

Accounting has arrived in the Cloud and its time has come. *Cloud computing* is a general term for anything that involves delivering hosted services over the Internet. According to a recent study by KPMG (a global network of professional firms), businesses—large, medium, and small—are using the Cloud to drive cost efficiencies, better enable a mobile workforce, and improve alignment with their customers and vendors.

Imagine being able to update your business's accounting information system from anywhere on any device using any operating system. That is where the global economy is going. Are you on the path?

Is This Text for You?

This text is for you if you are an instructor who desires a self-paced, self-directed environment for your students to learn the essentials of QuickBooks Online (QBO) and to review their understanding of financial accounting and reporting.

This text is for you if you are a business owner looking for a self-paced, self-directed environment for yourself to learn the essentials of QBO as well as a means to refresh your understanding of financial accounting and reporting.

This book focuses on QBO. It is not designed for users of QuickBooks Pro, Accountant, or any other desktop version of QuickBooks. In that case, my QuickBooks Accountant books are a better fit. The desktop version and online versions are different, and though you can import files created in the desktop version into the online version, significant differences exist as discussed in Chapter 1.

Instructional Design

Each chapter of this text begins with a listing of expected student learning outcomes followed by a step-by-step explanation of how to obtain those outcomes. In most chapters, the explanations utilize a Sample Company created by Intuit in which the author demonstrates how various operating, investing, and financing activities of a business are captured and then reported in QBO.

End-of-chapter questions, matching, and student cases follow these explanations. The questions help you to review the text-explained concepts and processes, whereas the matching section helps with terms and definitions. The student cases provide the information necessary to add data to the student's company file. Each chapter requires the student to add information to the previous chapter's rendition. Thus, for success in learning, each student must complete the previous chapter's student case before attempting the next chapter's student case.

Each copy (license) of QBO will work with one and only one company other than the Sample Company provided online. In the author's other QuickBooks texts, multiple cases were available for illustration and practice. However, because of Intuit's limit of one company per license, that option was absent unless the user purchased multiple licenses, which was impractical and costly.

Solutions to each chapter's student cases are provided in the instructor manual. The following is a matrix of all end-of-chapter cases that identifies key differences between cases key processes assessed. For example, Cases 1, 2, 4, and 6 are corporations, whereas Cases 3 and 5 are sole proprietors. Cases 1 and 2 do not require sales tax collections, whereas Cases 3, 4, and 5 do. All cases involve business entities that sell products, provide services, and have checking accounts, customers, vendors, employees, and so on.

	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6
Company Setup:						
Date company started using QBO	1/1/24	1/1/25	1/1/20	1/1/21	1/1/22	1/1/23
Location	La Jolla, CA	La Jolla, CA	La Jolla, CA	Hollywood, CA	Huntsville, AL	Sumner, WA
Company organization	Corporation	Corporation	Sole Proprietor	Corporation	Sole Proprietor	Corporation
Business	Distributor	Distributor	Retail	Sports Gym	Engineering	Automotive Dealer
Inventory products sold	Surf boards	Toys	Cell Phones	T-Shirts	Computers	Recreational Vehicle
Services provided	Consulting	Repairs	Repairs	Monthly Fees	Program Support	Repairs
Track expenses	Yes	Yes	Yes	Yes	Yes	Yes
Bill payment terms (default)	Net 30	Net 30	Net 30	Net 30	Net 30	Net 30
Hourly employees	Yes	Yes	Yes	Yes	Yes	Yes
Salary employees	Yes	Yes	Yes	Yes	Yes	Yes
Sales tax applicable	No	No	Yes	Yes	Yes	Yes
Add customers	Yes	Yes	Yes	Yes	Yes	Yes
Add employees	Yes	Yes	Yes	Yes	Yes	Yes
Add inventory items	Yes	Yes	Yes	Yes	Yes	Yes
Add service items	Yes	Yes	Yes	Yes	Yes	Yes
Add vendors	Yes	Yes	Yes	Yes	Yes	Yes
Add/delete accounts	Yes	Yes	Yes	Yes	Yes	Yes
Enter beginning balances	Yes	Yes	Yes	Yes	Yes	Yes
Accounts Used:						
Checking account	Yes	Yes	Yes	Yes	Yes	Yes
Accounts receivable	Yes	Yes	Yes	Yes	Yes	Yes
Prepaid expenses/supplies	Yes	Yes	Yes	Yes	Yes	Yes
Investments	Yes	Yes	Yes	Yes	Yes	Yes
Fixed assets	Yes	Yes	Yes	Yes	Yes	Yes
Accounts payable	Yes	Yes	Yes	Yes	Yes	Yes
Notes payable	Yes	Yes	Yes	Yes	Yes	Yes
Common stock	Yes	Yes	No	Yes	No	Yes
Owner's equity	No	No	Yes	No	Yes	No
Business Transactions:						
Record additional investment by owners	No	No	Yes	No	Yes	No
Record adjusting (accrual) entries	Yes	Yes	Yes	Yes	Yes	Yes
Record bills	Yes	Yes	Yes	Yes	Yes	Yes
Record bills received with purchase orders	Yes	Yes	Yes	Yes	Yes	Yes

Record bills received without purchase orders	Yes	Yes	Yes	Yes	Yes	Yes
Record checks	Yes	Yes	Yes	Yes	Yes	Yes
Record journal entries	Yes	Yes	Yes	Yes	Yes	Yes
Record payments made on account	Yes	Yes	Yes	Yes	Yes	Yes
Record payments received on accounts	Yes	Yes	Yes	Yes	Yes	Yes
Record payroll	Yes	Yes	Yes	Yes	Yes	Yes
Record purchase orders	Yes	Yes	Yes	Yes	Yes	Yes
Record sales invoices	Yes	Yes	Yes	Yes	Yes	Yes
Record sales receipts	Yes	Yes	Yes	Yes	Yes	Yes
Record the sale of common stock	Yes	Yes	No	Yes	No	Yes
Reports Created:						
Reports—A/P Aging Summary	Yes	Yes	Yes	Yes	Yes	Yes
Reports—A/R Aging Summary	Yes	Yes	Yes	Yes	Yes	Yes
Reports—Balance Sheet	Yes	Yes	Yes	Yes	Yes	Yes
Reports—Export Reports to Excel	Yes	Yes	Yes	No	No	Yes
Reports—Income Statement	Yes	Yes	Yes	Yes	Yes	Yes
Reports—Inventory Valuation Summary	Yes	Yes	Yes	Yes	Yes	Yes
Reports—Statement of Cash Flows	Yes	Yes	Yes	Yes	Yes	Yes
Reports—Transaction Detail by Account	Yes	Yes	Yes	Yes	Yes	Yes
Reports—Trial Balance	Yes	Yes	Yes	Yes	Yes	Yes

Comprehensive Problems

Additional transactions for Cases 1, 2, 3, 4, and 6 can be found in Appendix 2. Students who have successfully completed a case in the text through Chapter 10 can be assigned these comprehensive problems. Each pick up in the month following the chapter work. For example in Case 1, chapter work occurred in January 2024, thus the comprehensive problem will describe transactions occurring in February 2024. The transactions included in February are similar in nature to those described in Chapters 3 to 10. Students assigned Case 1 would be able to complete comprehensive Case 1. Those assigned Case 2 would only be able to complete comprehensive Case 2 and the like.

Textbook Goals

This textbook takes a user and a preparer perspective by illustrating how accounting information is created and then used for making decisions. QBO is user-friendly and provides point-and-click simplicity and sophisticated accounting reporting and analysis tools. The textbook uses proven and successful instructional design (described earlier) to demonstrate the application's features and elicit student interaction.

The first and foremost goal of this text is to help students review fundamental accounting concepts and principles through the use of the QBO application and the analysis of business events. The content of this text complements the first course in accounting principles or financial accounting. Thus, this text should either be used concurrently with an accounting principles or financial accounting course or be used subsequent to completion of such a course.

A second goal of this text is to teach students how to set up QBO for a business, use it to record business events, and use it to generate financial statements and reports. Acquiring these skills will help students improve their job prospects whether the company they work for uses QuickBooks or not.

A third goal of this text is to teach students the value of a computerized accounting information system and how it can be used to communicate important information to business owners, investors, and creditors.

Date Warning

The Sample Company (created and maintained by Intuit) is used to demonstrate many aspects of QBO in this text. The author has no control over the dates used by Intuit and those dates may change depending on when you are accessing the file online. The dates that appear in the figures supplied by the author in this text may not be the dates that appear on your screen. Instructions to generate reports in this text often suggest the user set the report period to the month before or in the month of the current system date. If you are entering data at the beginning of the month (your system date is between the 1st and the 15th of a month), you should set your report period to the month prior to your current system date. If you are entering data at the end of the month (your system date is between the 15th and the 31st of a month), you should set your report period to the current month of your current system date. For example, if you are entering data on 10/09/2021, use 09/01/2021 to 09/30/2021 as your reporting period. For example, if you are entering data on 10/21/2020, use 10/01/2020 to 10/31/2020 as your reporting period.

The student cases (Cases 1–6) are set in 2024, 2025, 2020, 2021, 2022, and 2023, respectively. If transactions are entered into the student case in other than the proper period, answers will be wrong. Be careful about entering dates into QBO when you are working on this case. The default date when entering new transactions into QBO is the computer's system date that may or may not be in those years.

Update Warning

QBO is frequently upgraded by Intuit to provide new features, correct errors, or improve functionality. This book was written in late 2020 and early 2021, and all figures are based on how QBO looked at that time. If you are using this text in 2021 or later, Intuit may have made modifications in how QBO looks and feels or functions. Differences will occur, which are out of the author's control.

Instructor as Your Accountant

Your instructor may choose to have you assign them as your accountant so that they can see your work and progress at their convenience without having you to “send” the file. In fact, you cannot “send” your file, since all the files are on the Cloud. Instructions on how to set your instructor as your accountant are provided in Chapter 1.

Video Tutorials Developed by Intuit

Intuit, developer of QBO, and other entities have made video tutorials to help you get started with QBO. Each has step-by-step videos to learn your way around QuickBooks. The videos are organized into the following categories:

Get started
Account management
Banking
Expenses and vendors
QuickBooks Commerce
Sales and customers
Taxes

Throughout this text, the author will provide links to these videos in each appropriate chapter. Be advised that neither Cengage nor the author vouch for the integrity or accuracy of these videos. Use them at your own risk.

Chapter	Video Title	Link
1	How to Get Started in QuickBooks Online	https://www.youtube.com/watch?v=8IbQ-s67IdA&t=30s
	Navigate QuickBooks Online: Menus, Transactions, and Set Up	https://www.youtube.com/watch?v=Iwc0KFYMPsw
	How to Give Your Accountant Access to Your QuickBooks	https://www.youtube.com/watch?v=gogHuboFm-8
2	None	
3	How to Set Up Your Chart of Accounts	https://www.youtube.com/watch?v=uy5hDI4qmXs
	How to Manage Your Inventory	https://www.youtube.com/watch?v=hj_oGuVpMnU
	How to Use Journal Entries	https://www.youtube.com/watch?v=S0A9Y-K3DJA
	Understanding the Balance Sheet	https://youtu.be/6T8W9Ew7IyI
	How to Customize Reports	https://youtu.be/Hy5MQAPDa-U
	Saving Customized Reports	https://www.youtube.com/watch?v=R_y1jj9izG0

(Continued)

Chapter	Video Title	Link
4	How to Manage Your Inventory	https://www.youtube.com/watch?v=hj_oGuVpMnU&t=18s
	How to Set Up Sales Tax	https://www.youtube.com/watch?v=eNyXZ8GbR5M
	How to Set Up Customers	https://www.youtube.com/watch?v=49yRB6zgBg4
	How to Set Up Products and Service Items	https://www.youtube.com/watch?v=SV2qA2bNdYM
	Sales Receipt versus Invoice	https://www.youtube.com/watch?v=TfziRrMDQd0
	How to Record a Sales Receipt	https://quickbooks.intuit.com/learn-support/en-us/sales-receipts/how-to-record-a-sales-receipt/00/344860
	How to Record Invoices	https://www.youtube.com/watch?v=o56z2OjLzas&list=PLVxBmyedTVhQ1Ac9YlsABitOf8s_4e3in&index=5
	How to Record the Receipt of Payment	https://www.youtube.com/watch?v=0ue6mbhNGIk&list=PLVxBmyedTVhQ1Ac9YlsABitOf8s_4e3in&index=6
	How to Record a Bank Deposit	https://www.youtube.com/watch?v=_pCMtmY3pao&list=PLVxBmyedTVhQ1Ac9YlsABitOf8s_4e3in&index=8
5	How to Manage Vendors	https://www.youtube.com/watch?v=U-Y7Vf0sBnE
	How to Enter Purchase Orders	https://www.youtube.com/watch?v=MPI_GqBq_as
	How to Enter Bills	https://www.youtube.com/watch?v=c2xysYrbHdE
	How to Record Bill Payments	https://www.youtube.com/watch?v=c1phmLR7akg
6	None	
7	None	
8	None	
9	None	
10	None	
Appendix 1	How to Set Up Sales Tax	https://www.youtube.com/watch?v=eNyXZ8GbR5M

Students and faculty, please note that this video matrix is available at your Companion website with links that, when clicked, will navigate you directly to the videos.

About the Author

Glenn Owen is a retired member of Allan Hancock College's Accounting and Business faculty, where he lectured on accounting and information systems from 1995 to 2016. In addition, he is a retired lecturer at the University of California at Santa Barbara, where he taught accounting and information systems courses from 1980 to 2011. His professional experience includes five years at Deloitte & Touche as well as vice president of finance positions at Westpac Resources, Inc., and ExperTelligence, Inc. Mr. Owen completed his fourth edition of *Using Microsoft Excel and Access in Accounting* text in 2016, which gives accounting students specific, self-paced instruction on the use of spreadsheets (Excel 2016) and database applications (Access 2016) in accounting. He has also written the 15th edition of his *Using QuickBooks Accountant for Accounting 2018* text, which is also a self-paced, case-based instruction on the use of a commercial accounting application (QuickBooks 2018). His innovative teaching style emphasizes the decision maker's perspective and encourages students to think creatively. His graduate studies in educational psychology and 41 years of business experience yield a balanced blend of theory and practice. Mr. Owen was presented the Lifetime Achievement Award in August 2016 by the Two-Year Section of the American Accounting Association.

Dedication

I would like to thank my wife Kelly for her support and assistance during the creation of this and previous editions of this text. Though our boys are out of the house and pursuing their own interests, she continues to listen to my often crazy ideas for new cases and experiences with college students, providing an excellent sounding board and reality check. You, the boys, their wives, and our grandchildren continue to define what life is all about.

Note to the Student and Instructor

The text and related data files created for this book were constructed using QBO. In this version of QuickBooks, Intuit continues its use of a basic payroll service but has made it more accessible by having it live on its Cloud-based system. QBO initially comes with the current tax tables; however, these tables soon become outdated, and the payroll feature is disabled unless the user subscribes to the payroll service.

The author decided to use the manual payroll tax feature, which requires that students manually enter the tax deductions. This alleviates the discrepancies between the solutions manual and the students' data entry and removes the burden of having to purchase the tax table service for each copy of QBO used. Instructions on how to set up payroll for manual calculation of payroll taxes are provided in the text. For more information, see your QBO documentation.

All reports have a default feature that identifies the basis in which the report was created (e.g., accrual or cash) and the date and time the report was printed. The date and time shown on your report will, of course, be different from that shown in this text.

An Introduction to QuickBooks Online

Student Learning Outcomes

Upon completion of this chapter, the student will be able to do the following:

- Identify the basic features of QuickBooks Online (QBO)
- Explain how QBO is similar to and differs from the desktop version of QuickBooks
- Create a new QBO account using codes provided with this text
- Provide information to QBO about your company
- Successfully navigate the QBO Dashboard
- Assign their instructor as their “Accountant”
- Use QBO’s help feature

Overview

The focus of this chapter is to introduce you to QuickBooks Online (QBO) and get your account and company established. A description of QBO will be provided along with a brief comparison of how QBO differs from its desktop version. This text includes instructions provided by Intuit to create your own personal account with Intuit and create one and only one company. You will assign your company a name that includes your name for identification purposes. Welcome to the journey.

What Is QBO?

QBO is an online version of the popular QuickBooks accounting software developed by Intuit. The software is designed to capture common business events like purchases from and payments to vendors; sales to and collections from customers; payments and receipts to/from other operating, investing, and financing activities; period end accrual adjustments; and reports. Reports include the standard financial statements, including the income statement, statement of stockholders’ equity, balance sheet, statement of cash flows, and other useful reports like accounts receivable aging. All interaction with QBO is done via an Internet connection. In other words, if you have not connected to the Internet, you will have no QBO. In other words, QBO cannot work offline.

All interaction with QBO is done online; there are no files to maintain on a computer, and everything is saved online. Thus, there is no need for backup files. The monthly fee for using QBO covers one and only one company. This text includes access codes for the user to create one company online for a limited amount of time.



“How to Get Started in QuickBooks Online”

How Is QBO Similar to/Different than the Desktop Version of QuickBooks Accountant?

Even though these two products share the name “QuickBooks,” they are unrelated. QBO isn’t a copy of QuickBooks that has been web enabled. They are different products with different database structures and approaches to solving problems even though both were developed in-house by Intuit to capture and report on accounting events.

Not all features available in QBO are available in the Windows desktop version of QuickBooks Accountant (QBDT). Likewise, not all features of QBDT are available in QBO. QBO requires an Internet connection. QBDT requires installation of software on to a computer. QBO requires a monthly fee. QBDT requires a one-time purchase and no monthly fees.

A key difference is that because QBO is online, it works on multiple operating systems (Windows, Apple, etc.) and multiple devices (desktops, laptops, smart phones, or tablets). The same cannot be said for QBDT. Intuit requires different software for QBDT to run on a Windows-based or an Apple-based computer. In this text, QBDT will always mean the Windows version of QuickBooks Accountant.

Some additional notable differences are the following:

- QBDT can be used for an unlimited number of companies; QBO limits you to one company per license fee. Need to manage more than one company using QuickBooks? Each will cost you another monthly fee.
- QBO can automatically download bank transactions for no additional cost.
- QBDT can track inventory purchases and sales based on an average cost assumption or a first-in-first-out assumption.
- QBO can track inventory purchases and sales based only on a first-in-first-out assumption.
- QBDT can account for the receipt of inventory items (receive items function) based on a purchase order; QBO cannot and calls inventory products and services.
- QBO can automatically schedule and send invoices, whereas QBDT cannot.
- QBDT can perform manual payroll without paying Intuit a monthly payroll processing fee. QBO encourages you to sign up for its payroll service and makes manually processing payroll difficult.
- QBO can be accessed from anywhere in the world where you have access to the Internet. QBDT requires a computer with the QuickBooks application and data files installed.
- QBDT provides for profit and loss as well as balance sheet budgeting. QBO only provides for profit and loss budgeting.
- QBO operates irrespective of platform (desktop, laptop, mobile device, or tablet) or operating system (Microsoft Windows or Apple iOS). QBDT does have a version of QuickBooks for both of those operating systems, but they are different and require two separate application purchases.

- QBDT includes a fixed asset management system, which will calculate depreciation and maintain detailed fixed asset records by individual asset, whereas QBO does not calculate depreciation and does not maintain detailed records of fixed assets.
- QBO provides automatic upgrades; this is a good and a bad feature. With QBO, you are almost always running the most current version (whether you want to or not).

QuickBooks Online Registration Instructions

Before getting started, you will need to complete an online registration on the Intuit Education website.

To launch QBO and create a new account, do the following:

- 1 Open your Internet browser.
- 2 Type <http://intuit.com/partners/education-program/> into your browser's address text box.
- 3 Once there, select to register as a student as shown in Figure 1.1. Please allow for 24 to 48 hours for your request to process. Once approved, you will receive an email from Intuit that will include your access codes.



Figure 1.1

QuickBooks Online registration

- 4 You will then be asked to complete and submit your registration form as shown in Figure 1.2. Please use your school email address. This will expedite the registration process.

Figure 1.2
Completing the online
registration

Students at accredited academic institutions are eligible for a one-year trial of QuickBooks Online and a five-month trial of QuickBooks Desktop. College, University, and Trade-School students please complete the form below to confirm eligibility and unlock your free license for QuickBooks Online. High School students, please have your teacher complete the educator registration.

Personal information

* First Name

* Last Name

* Email

* Confirm Email Address

* Birth Date

School information

* School Name

* Major/Concentration

* School Type

* Student Type

* Expected Graduation/Completion Date

Providing QBO Information

To continue, QBO requires additional information, such as the industry your company operates and the types of products you sell. In this chapter, you'll be temporarily assigning a company name to your business and describing what your business does. In Chapter 3, when you are assigned a specific case, you'll be changing the company name and business activity.

To provide QBO additional information (continuing from above), do the following:

- 1 Type your name in the text box labeled Legal business name as shown in Figure 1.3. Leave the Industry text box blank and then click **Next**.

1. Tell us about your business.

Everyone needs something a little different from QuickBooks. Let's get to know what you need so we can tailor things to fit you. You can change your info anytime in Settings.

Legal business name

Industry

▼

Start typing and select the industry that fits best.

☐ I've been using QuickBooks Desktop and want to bring in my data.

Next

Figure 1.3

Basic Info window

- 2** Select all buttons as shown in Figure 1.4 and then click **Next**.

2. What would you like to do in QuickBooks?


This is just to get you started. You can always do more later.

✓ Send and track invoices	✓ Organize your expenses	✓ Manage your inventory	✓ Track your retail sales
✓ Track your bills	✓ Track your sales tax	✓ Pay your employees	✓ Track hours

Back **Next**

Figure 1.4

Choose Options in QBO

- 3** Select **Bookkeeper** to answer the question “What’s your role at your business?” and then click **Next**.
- 4**  Select **Corporation** to answer the question “What kind of business is this?” and then click **Next**.
- 5** Select **I sell products and I provide services** to answer the question “How does your business make money?” and then click **Next**.
- 6** Select **Manually add transactions** to answer the question “How do you want to track income and expenses?” and then click **All set**.
- 7** If you have the time, click **Take a quick tour** to view some QuickBooks basics; otherwise, click the **X** in the upper-right corner of the Welcome to QuickBooks window to close the window.


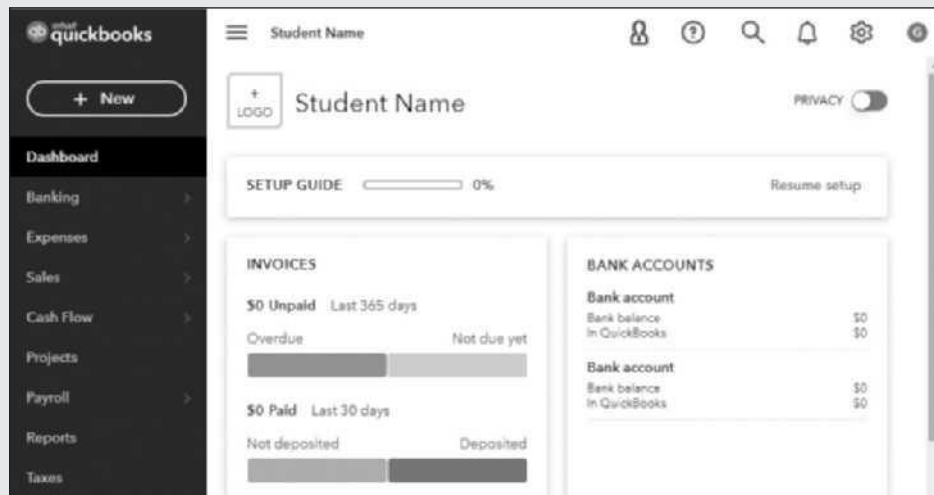
- 8 Click the **Gear** icon, click **Account and settings**, click the **Pencil** icon  in the Company name section, type your name in the Company name text box, and then click **Save**.
- 9 Click **Done** to exit Account and settings, and then click **Hide** to hide the Setup Guide. You should now see the Dashboard shown in Figure 1.5. Your screen will reflect your name as the company name, which you'll change later. (Note: Your window may reflect more items depending on its size. Resize the window to see how your screen appears.)

Figure 1.5
Dashboard (partial view)



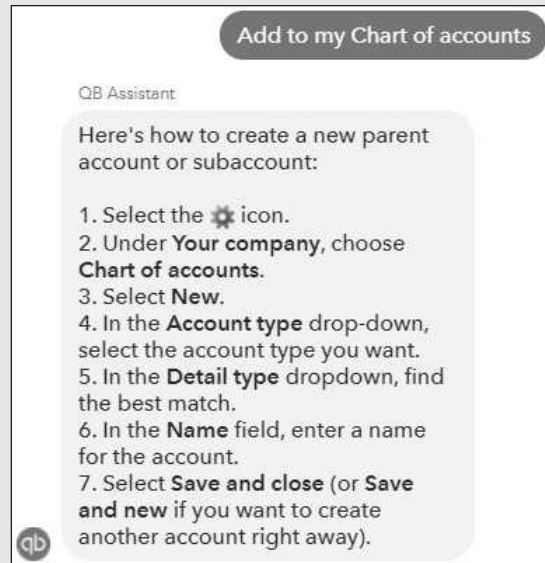
"Navigate QuickBooks Online: Menus, Transactions, and Set Up"

Navigating QBO

The Dashboard provides links to various tasks and resources. Clicking **Banking** in the navigation bar will let you set up a new checking account and view checking transactions. Clicking **Sales** in the navigation bar provides access to adding invoices and new customers, viewing existing balances, and highlighting overdue accounts. Clicking **Expenses** provides access to adding new expenses, new vendors, viewing existing balances, and highlighting overdue accounts. Clicking **Workers** provides access to adding new employees and viewing payroll information. The Transactions and Reports links will be addressed later in this text. To begin, you should access QBO's help features.

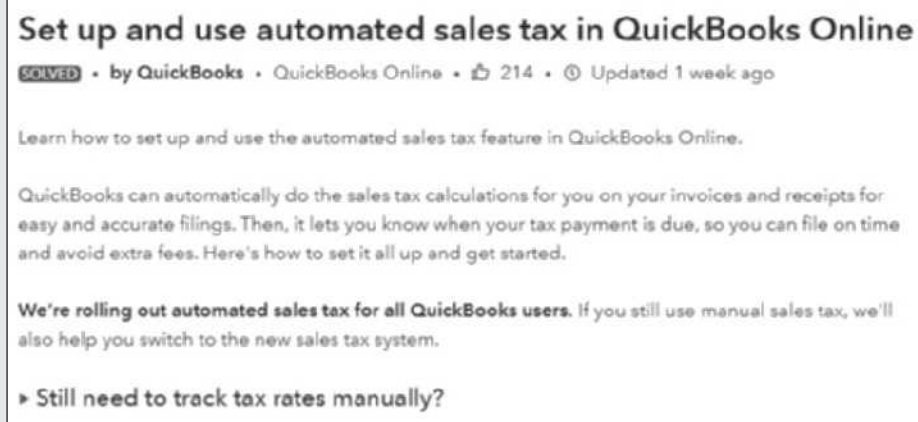
To use QBO help:

- 1 Click the **?** **Help** button located in the upper-right portion of your window. Type **Add an account** in the Type something text box, then press **[Enter]** to view QB Assistance's response, and then click **Add to my Chart of accounts** to view QB Assistance's response shown in Figure 1.6.

**Figure 1.6**

Using QuickBooks Online help to add an account

- 2 Type **sales** in the Type something text box, then press [Enter], and then click **Set up and use automated sales tax in QuickBooks Online** to view QB Assistance's response shown in Figure 1.7. (Note: This will send you to a new web page. When you are done viewing it, return to the QBO web page for your company and then close the QB Assistant window.)

**Figure 1.7**

Help to add a customer


To navigate QBO:

QuickBooks help is, to be frank, not very helpful. Most of what you need to be effective using QBO is outlined in this text. Now let's learn how to navigate QBO.

- 1 Click the button at the top of the Dashboard to view the menu items available as shown in Figure 1.8.

Figure 1.8

The + New menu

CUSTOMERS	VENDORS	EMPLOYEES	OTHER
Invoice	Expense	Payroll 	Bank deposit
Receive payment	Check	Single time activity	Transfer
Estimate	Bill	Weekly timesheet	Journal entry
Credit memo	Pay bills		Statement
Sales receipt	Purchase order		Inventory qty adjustment
Refund receipt	Vendor credit		Pay down credit card
Delayed credit	Credit card credit		
Delayed charge	Print checks		

Show less

- 2 Click outside the + New menu to close the + New menu, then click **Sales** from the navigation bar, then click **Customers**, and then click **Add customer manually** to view Figure 1.9. As you have not yet entered any customers, QBO will ask you to add your first customer. You will do this later in Chapter 3. Remember QBO is an online application, and Intuit will change it often. Thus, the figures in this text may differ from what you see in QBO online.

Figure 1.9

Customer information window

Customer information

Title

First name

Middle name

Last name

Suffix

Email

Separate multiple emails with commas

Company

Phone

Mobile

Fax

*Display name as

Other

Website

Print on check as ☒ Use display name

☐ Is sub-customer

Enter parent customer

Bill with parent

Address

Notes

Tax info

Payment and billing

Language

Attachments

Additional info

Billing address map

Shipping address map ☒ Same as billing address

Street

City/Town

State/Province

ZIP code

Country

Street

City/Town

State/Province

ZIP code

Country

Cancel

Privacy

Save

- 3 Click **Cancel** from the Customer information window, then click **Expenses** from the navigation bar, then click **Vendors**, and then click **Add vendor manually** to view Figure 1.10.

Vendor Information

Title First name Middle name Last name Suffix Email
 Separate multiple emails with commas

Company Phone Mobile Fax

* Display name as Other Website

Print on check as ☒ Use display name Billing rate (/hr)

Address map Terms
 Street

City/Town State/Province Opening balance as of
 11/09/2020

ZIP code Country Account no.

Notes Business ID No. / Social Security No.

Attachments Maximum size: 20MB ☐ Track payments for 1099

Cancel Make inactive Privacy Save

Figure 1.10

Vendor Information window

- 4 Click **Cancel** from the Vendor Information window, then click **Payroll** from the navigation bar, and then click **Employees** to view Figure 1.11.

**Conquer payroll.
Empower your team.**

- Run payroll automatically and let us handle your payroll taxes.
- Manage your time and money with same-day direct deposit.
- Access health benefits, workers' comp, and HR services.

Get started

Want to track employees but don't need payroll yet? [Add an employee](#)

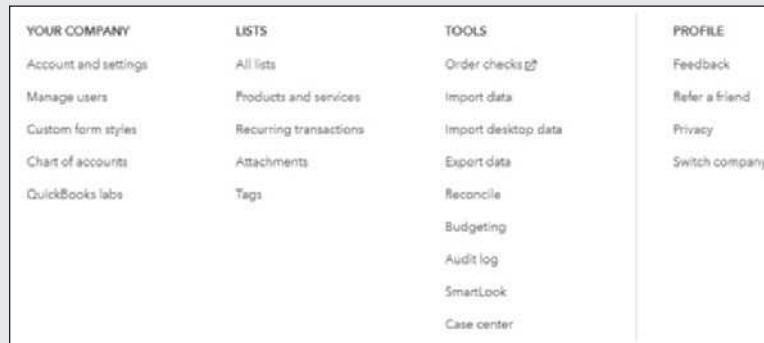
Figure 1.11

Employees window

- 5 Click the **Gear** icon located in the upper-right corner to view Figure 1.12.

Figure 1.12

Gear window



- 6 Click the **Gear** icon to close the Gear menu and then click **Dashboard**.



"How to Give Your Accountant Access to Your QuickBooks"

Assigning an Instructor as the Company's "Accountant"

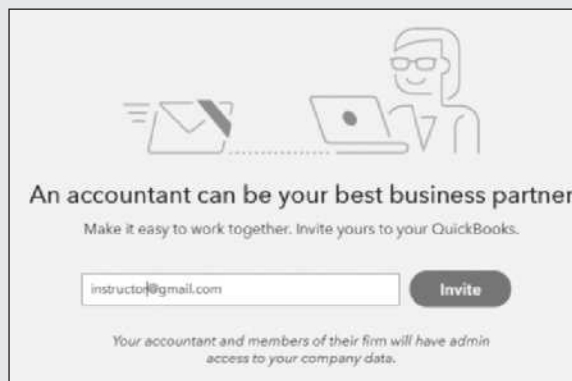
Your instructor may require you to assign them as your company's accountant. You do this so they, as your accountant, will always have access to your company files for grading and evaluation purposes. This will also assist the instructor in answering questions you may have about your company. The process of assigning an accountant to your company involves a brief interview in which you will provide your instructor's email address and name. Make sure you have that information before beginning this process. Your instructor will receive an email inviting them to be your accountant. Once the instructor accepts your invitation, they will have access to your company and the instructor's name will appear in the Accounting Firms section of the Manage Users page.

To assign an accountant to your company, do the following:

- 1 Click **My Accountant** from the navigation bar.
- 2 Type your instructor's email address in the space provided as shown in Figure 1.13.

Figure 1.13

Inviting your instructor to be your accountant



- 3 Click the **Invite** button.
- 4 Once your instructor accepts your QuickBooks invitation, you'll be good to go.

Video Tutorials for QuickBooks Online (Developed and Maintained by Intuit)

Intuit, the developer of QBO, has made available video tutorials on youtube.com. The tutorials are step-by-step videos to learn your way around QuickBooks. The videos are organized into the following categories:

- Get started
- Account management
- Banking
- Expenses and vendors
- QuickBooks Commerce
- Sales and customers
- Reports
- Taxes

Throughout this text, the author will reference videos in the appropriate chapters. To view all tutorials, navigate your browser to <https://quickbooks.intuit.com/learn-support/en-us/tutorials?product=QuickBooks%20Online&tutorial=get-started>.

The author has also provided a matrix of all video tutorials referenced in the text with specific web addresses that were active when this text was written. This matrix can be found in the Preface to this text on page xi.

To view two videos on QuickBooks Online, do the following:

- 1 Navigate your browser to the web address given earlier.
- 2 Type **navigate menus** into the Search for anything text box and then press **[Enter]** as shown in Figure 1.14.

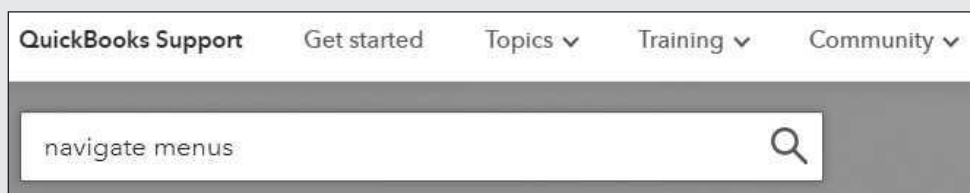


Figure 1.14

Accessing a video tutorial on navigating QuickBooks

- 3 Click **Navigate QuickBooks Online: Menus, Transactions & Set Up** and then click the **Play** arrow (in the middle of the screen) to begin the video as shown in Figure 1.15.

Figure 1.15

Navigating QuickBooks
Online video



- 4 When you're done viewing the navigating video, return your browser to the previous page that lists the Getting Started videos.
- 5 Type **inventory** in the Search for anything text box.
- 6 Click the text **Set up and track your inventory in QuickBooks Online** and then click the **Play** arrow (in the middle of the screen) to begin the video as shown in Figure 1.16.

Figure 1.16

Managing inventory video



End Note

You have now been introduced to QBO, its basic features, and how it is similar to but not the same as QBDT. You created your Intuit account and provided basic information about your company and learned how to navigate around the QBO application. After assigning your instructor as your accountant, learning more about the help features in QBO, and exploring Intuit's video tutorials, you are ready to learn more about the application by exploring a sample company provided by Intuit in Chapter 2. Don't worry because you will be back to your company in Chapter 3.


practice

1

Chapter 1 Questions

- 1** How are QBO and QBDT different in the number of companies they can manage per license?
- 2** Does QBO work offline, without an Internet connection?
- 3** Do you need to back up QBO files?
- 4** How are QBO and QBDT similar?
- 5** What information do you need to supply to assign your instructor as the company's accountant?

Chapter 1 Matching

- | | | |
|---|-------|--|
| a. QBO | _____ | Click to access help |
| b. QBDT | _____ | Click to find past transactions |
| c. Gear icon | _____ | Click to access QBO employee information |
| d. Payroll | _____ | Online version of QuickBooks |
| e. Navigation bar | _____ | Click to add your instructor as your accountant |
| f.  icon | _____ | Provides links to QBO tasks and resources |
| g. Magnifying glass | _____ | Windows desktop version of QuickBooks |
| h. Help (?) icon | _____ | Click to add any transaction |
| i. Manage Users | _____ | Click to manage your subscription, users, and settings |
| j. Dashboard | _____ | On the left of the Dashboard, it shows a menu of items |

Sample Company Walkthrough

Student Learning Outcomes

Upon completion of this chapter, the student will be able to do the following:

- Open the Sample Company provided by Intuit to explore QBO
- Access customer, vendor, and employee information
- Explore banking transactions
- Explore sales and expense transactions
- Explore the chart of accounts
- Explore lists
- Access reports
- Use the Gear icon to view company settings

Overview

Intuit has provided a Sample Company online to provide new users a test-drive of its QBO product. You will open this Sample Company and explore various features of QBO. In this chapter, you will be viewing the Sample Company looking at customer, vendor, and employee information. You will also be viewing banking, sales, and expense transactions and will be looking at the chart of accounts, lists, reports, and company settings. You will not be making any changes, such as adding a customer, invoice, check, and so on. That will occur in the next chapter.

The author has no control over the dates used by Intuit, and those dates may change, depending on when you are accessing the file online. The dates that appear in the figures supplied by the author in this text may not be the dates that appear on your screen.

Begin Your Sample Company Walkthrough

You can use this Sample Company to explore QBO as often as you like. No matter what you do to modify this Sample Company, you will be unable to save it. When you leave and later return, it will look the same as it did initially. Each time you open this Sample Company, it will retrieve your current system date (the actual date you are working on your computer) and place that date under the company name on the home page.

To open the Sample Company, do the following:

- 1 Open your Internet browser.
- 2 Type <https://qbo.intuit.com/redir/testdrive> into your browser’s address text box, press [Enter], and then click **Hide** to view the Sample Company Dashboard shown in Figure 2.1. Transaction dates may differ on your screen from the figures shown throughout this text.

Figure 2.1
Sample Company Dashboard



In Chapter 1, you were introduced to the **+ New** icon that provided you a menu of items you could create, which is shown in Figure 2.2 as a reminder.

Figure 2.2
Create menu

CUSTOMERS	VENDORS	EMPLOYEES	OTHER
Invoice	Expense	Payroll	Bank deposit
Receive payment	Check	Single time activity	Transfer
Estimate	Bill	Weekly timesheet	Journal entry
Credit memo	Pay bills		Statement
Sales receipt	Purchase order		Inventory qty adjustment
Refund receipt	Vendor credit		Pay down credit card
Delayed credit	Credit card credit		
Delayed charge	Print checks		

Customers, Vendors, and Employees

QBO provides easy access to customer information using the navigation bar. In this section, you will open the Customers section in a new tab and drill down to a specific customer and specific transactions related to that customer.

To access customer information, do the following:

- 1 Click Sales and then click Customers as shown in Figure 2.3.

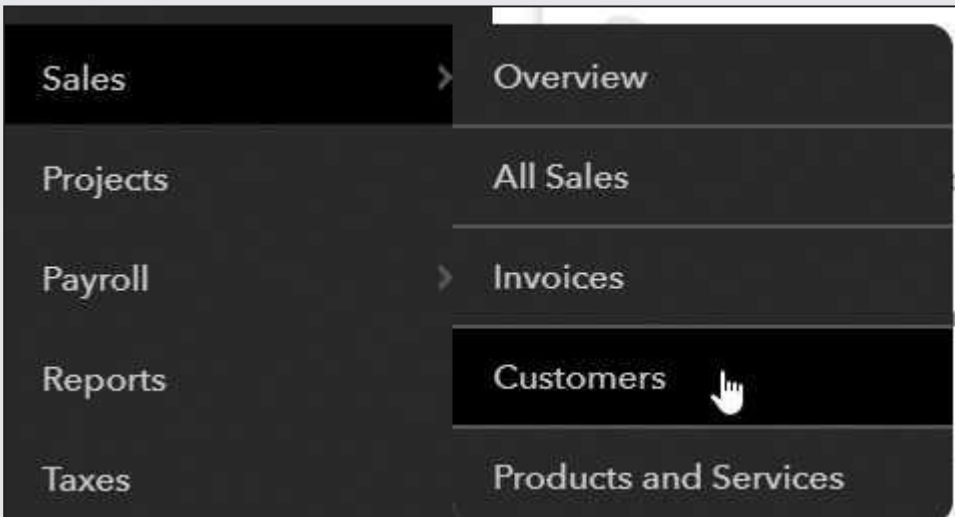


Figure 2.3
Accessing the Customers window

- 2 The resulting Customers window is then revealed as shown in Figure 2.4.

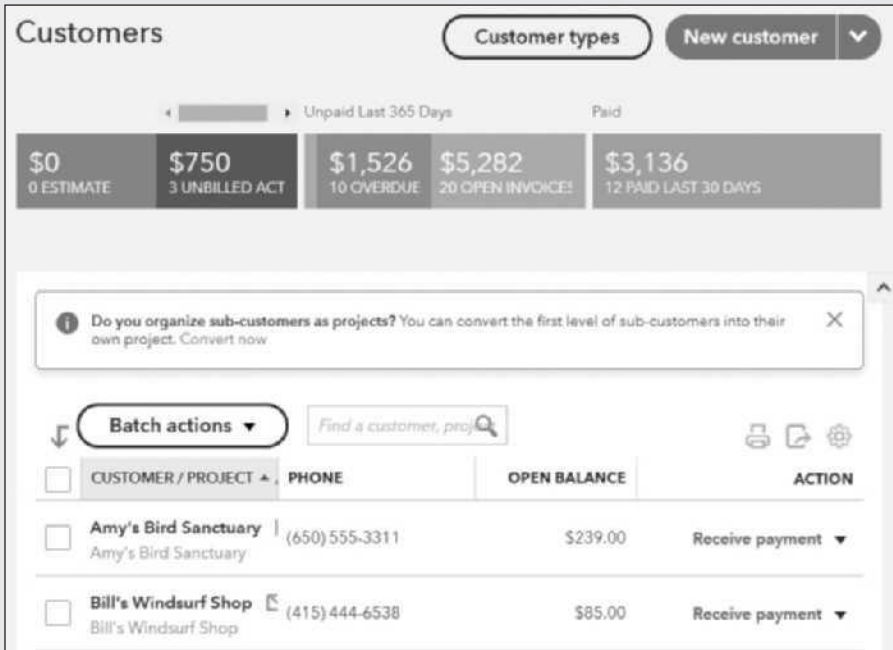
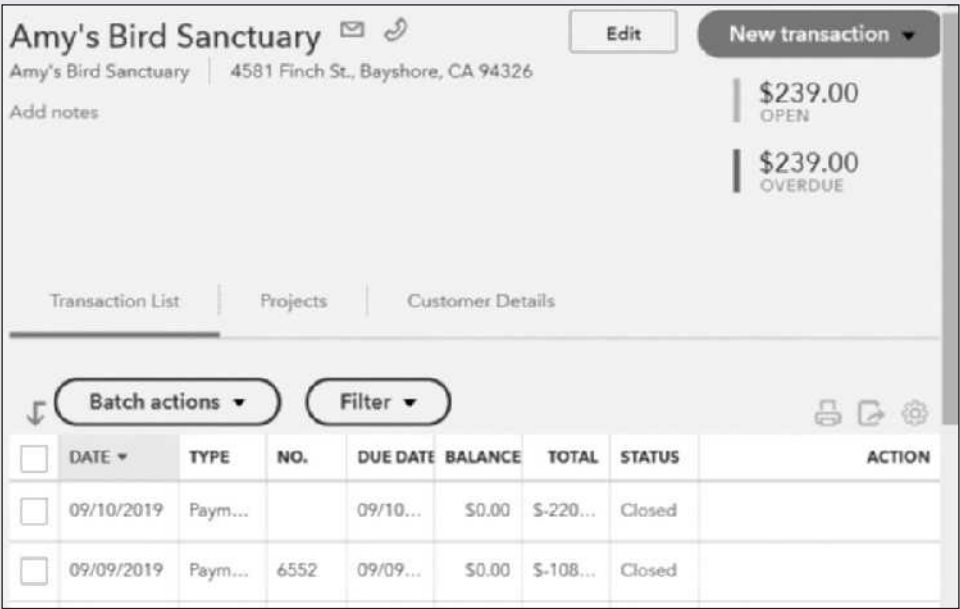


Figure 2.4
Customers window

- 3 Click on the Amy’s Bird Sanctuary text to view detailed transactions related to that particular customer shown in Figure 2.5.

Figure 2.5
Amy’s Bird Sanctuary



The \$239.00 overdue balance noted at the top of the window correlates to invoice 1021 shown near the bottom of the list. To view it, scroll down the transactions list for Amy’s Bird Sanctuary. (The author has no control over the dates used by Intuit, and those dates may change depending on when you are accessing the file online. The dates, which appear in the figures supplied by the author in this text, may not match the dates that appear on your screen.)

QBO provides easy access to vendor information using the navigation bar. In this section, you will open the Vendors section in a new tab and drill down to a specific vendor and specific transactions related to that vendor.

To access vendor information, do the following:

- 1 Click **Expenses** and then click **Vendors** (in a manner similar to what you just did for Sales and Customers previously).
- 2 A vendor listing as shown in Figure 2.6 should appear.

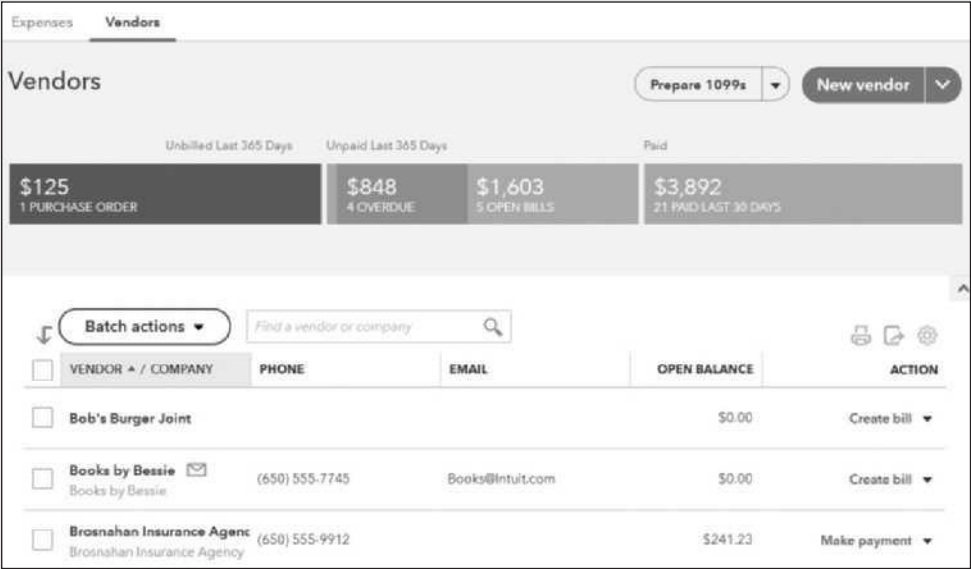


Figure 2.6
Vendors information

3 Click on the **Brosnahan Insurance Agency** text to view detailed transactions related to that particular vendor shown in Figure 2.7.

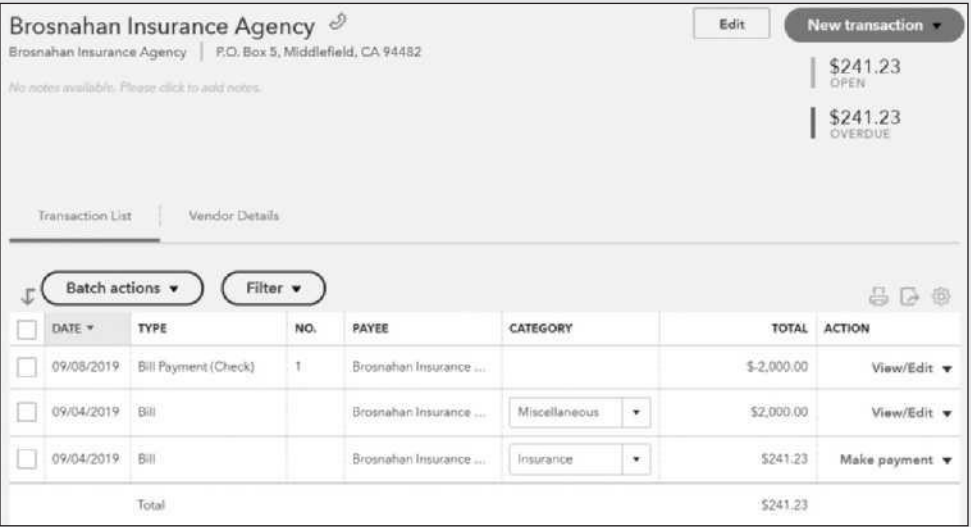


Figure 2.7
Brosnahan Insurance Agency

4 Click on the **\$241.23** balance to view the bill received as shown in Figure 2.8.

Figure 2.8
Bill from Brosnahan Insurance Agency

Bill

Help

BALANCE DUE

\$241.23

Schedule online payment

Mark as paid

Vendor

Brosnahan Insurance Agency

Mailing address

Nick Brosnahan
Brosnahan Insurance Agency
P.O. Box 5
Middlefield, CA 94482

Terms

Net 10

Bill date

10/08/2020

Due date

10/18/2020

Bill no.

Category details

#	CATEGORY	DESCRIPTION	AMOUNT	BILLABLE	TAX	CUSTOMER
1	Insurance		241.23			
2						

Add lines

Cancel all lines

Cancel

Make recurring

More

Save

Save and schedule payment

The \$241.23 overdue balance noted at the top of the window correlates to a bill received from an earlier month.

QBO provides easy access to employee information using the navigation bar. In this section, you will open the Employees section in a new tab and drill down to a specific employee and specific transactions related to that employee.

To access employee information, do the following:

- 1 Click the X in the upper-right corner of the Bill to close it.
- 2 Click **Payroll** and then select **Employees** to reveal an employee listing as shown in Figure 2.9.

Figure 2.9
Employees information

Employees

Set up payroll

Create paychecks in minutes

Get payroll taxes done

Need to pay your employees?

Run payroll quickly and accurately. File and pay taxes or let our experts do it for you.

Get started

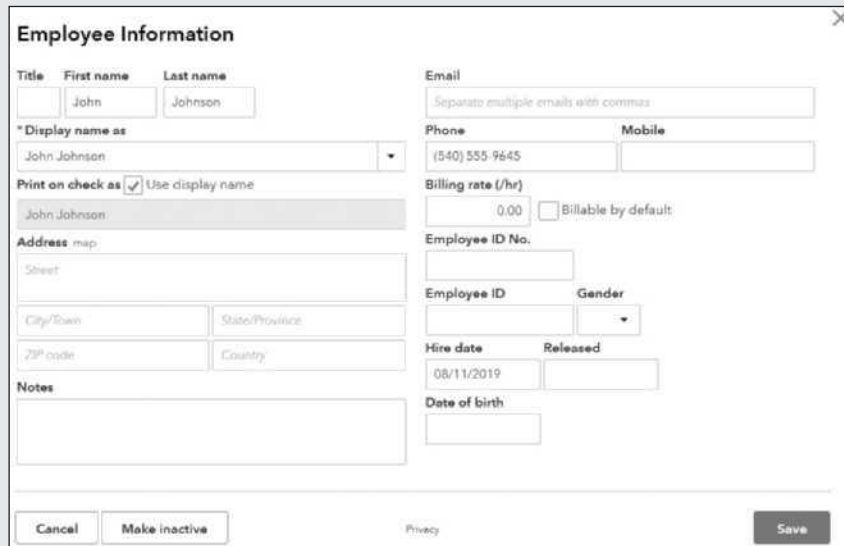
Questions? Call 844-832-2909

Add an employee

Filter by name

NAME	PHONE NUMBER	EMAIL ADDRESS	ACTION
Emily Platt			Edit
John Johnson	(540) 555-9645		Edit

- 3 Click **Edit** for John Johnson to view employee information for John Johnson as shown in Figure 2.10.



The form is titled "Employee Information" and contains the following fields and sections:

- Title:** A dropdown menu.
- First name:** Text box with "John".
- Last name:** Text box with "Johnson".
- Email:** Text box with placeholder "Separate multiple emails with commas".
- *Display name as:** A dropdown menu showing "John Johnson".
- Print on check as:** A checkbox labeled "Use display name" which is checked.
- Address map:** A section with text boxes for "Street", "City/Town", "State/Province", "ZIP code", and "Country".
- Notes:** A large text area.
- Phone:** Text box with "(540) 555-9645".
- Mobile:** Text box.
- Billing rate (/hr):** Text box with "0.00".
- Billable by default:** A checkbox.
- Employee ID No.:** Text box.
- Employee ID:** Text box.
- Gender:** A dropdown menu.
- Hire date:** Text box with "08/11/2019".
- Released:** Text box.
- Date of birth:** Text box.
- Buttons:** "Cancel", "Make inactive", "Privacy", and "Save".

Figure 2.10

Employee Information for John Johnson

- 4 Click **Cancel** to close this window.
- 5 Click the **Gear** icon and then click **Sign Out** to close the Sample Company.

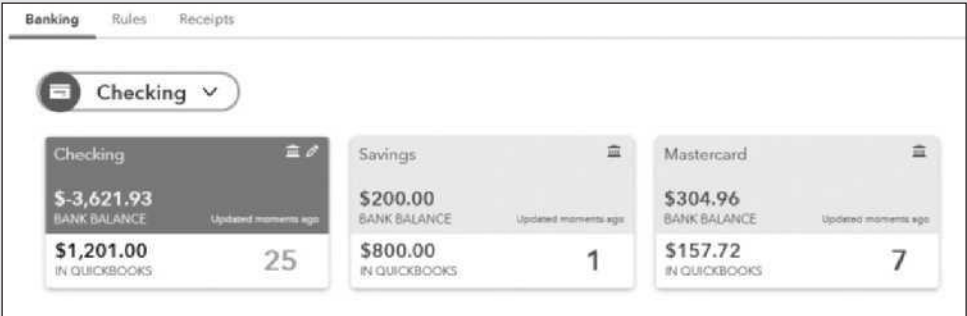
Banking Transactions

QBO has an online banking feature that lets you automatically connect to your bank and download banking-related transactions. The application automatically matches the banking transaction with a previously recorded QBO transaction. QBO calls this "Recognizing." This feature is briefly reviewed as this text is academically based and no "real" bank account is linked to this sample, and no "real" bank account will be linked to your student company.

To view banking transactions, do the following:

- 1 Open your Internet browser.
- 2 Type <https://qbo.intuit.com/redir/testdrive> into your browser's address text box and then press [Enter] to view the Sample Company home page shown in Figure 2.1. You may be asked to provide security information before proceeding. Click **Continue**.
- 3 Click **Banking** from the navigation bar and then click the **X** in the Your bank connection is all set window to view the Checking page as shown in Figure 2.11.

Figure 2.11
Checking (partial view)



4 Scroll down the Checking page to view banking transactions as shown in Figure 2.12.

Figure 2.12
Checking transactions (partial view)

	DATE ▼	DESCRIPTION	PAYEE	CATEGORY OR MA	SPENT	RECEIVED	ACTION
<input type="checkbox"/>	12/10/2020	Books By Bessie	Books by Bessie	Uncategorized Inco		\$55.00	Add
<input type="checkbox"/>	11/10/2020	A Rental		Uncategorized Inco		\$200.00	Add
<input type="checkbox"/>	11/10/2020	A Rental		Uncategorized Expi	\$1,200.00		Add
<input type="checkbox"/>	10/18/2020	A Rental		Uncategorized Expi	\$800.00		Add
<input type="checkbox"/>	10/15/2020	Pam Seitz	Pam Seitz	2 records found	\$75.00		View

5 Scroll back up the Checking page and then click **Go to bank register** on the right to view the traditional checking account register listing each QBO-recorded check, deposit, or cash transaction affecting the checking account shown in Figure 2.13. Close any messages that may appear. You may have to enlarge your window to view the Deposit and Balance columns.

Figure 2.13
Bank Register (partial view)

Bank Register						ENDING BALANCE	Reconcile
Checking						\$-3,621.93	\$1,201.00
Go to: 1 of 1 < First Previous 1-44 of 44 Next Last >							
DATE ▼	REF NO. TYPE	PAYEE ACCOUNT	MEMO	PAYMENT	DEPOSIT	✓	
Add check ▼							
09/25/2019	CC-Credit	Mastercard		\$900.00			
09/14/2019	Cash Purch	Tania's Nursery		\$23.50			
09/11/2019	76	Pam Seitz	Job Expenses:Job Materials:Plants a...	\$75.00			

Bank deposits, which have not been recorded in QBO, are not recognized and are temporarily classified as Uncategorized Income. Bank charges that have not been recorded in QBO are not recognized and are temporarily classified as Uncategorized Expense.

The Bank Register seen in Figure 2.13 is similar to the general ledger account concept seen in traditional accounting without the debits and credits. The balance is shown after every increase or decrease in the account. In a bank account, increases are deposits and decreases are payments. Registers exist for all assets, liabilities, and equity accounts, and they are a great way to identify and/or correct errors if they occur.

Sales and Expense Transactions

The next two choices in the navigation bar are sales and expense transactions. The Sales Transactions section provides a listing of recent sales invoices and payments: Some are closed and others are open, meaning payment has not been received. Thus, the action item of receiving payment is listed for all open invoices. This screen also highlights unbilled activity, open balances, overdue balances, and those invoices paid in the last 30 days across the top. You can decide to drill down to view a particular invoice.

To view sales and expenses transactions, do the following:

- 1 Click **Sales** and then click **All Sales** from the navigation bar to view the Sales section shown in Figure 2.14.

DATE	TYPE	NO.	CUSTOMER	DUE DATE	BALANCE	TOTAL	STATUS	ACTION
09/11/2019	Payment		Cool Cars	09/11/2019	\$0.00	\$-1,675.52	Closed	
09/11/2019	Invoice	1036	Freeman S...	10/11/2019	\$477.50	\$477.50	Open	Receive payment
09/11/2019	Invoice	1037	Sonnensch...	10/11/2019	\$362.07	\$362.07	Open	Receive payment

Figure 2.14

Sales Transactions (partial view)

- 2 Double-click on Invoice No. 1036 to reveal the invoice shown in Figure 2.15.

Figure 2.15
Invoice #1036

Invoice #1036

Take a tour | Settings | Help | X

Customer ⓘ

Customer email ⓘ

Freeman Sporting Goods:0969 G | Sporting_goods@intuit.com

☐ Send later ⓘ | Cancel

Billing address

Terms ⓘ

Invoice date

Due date

Sesha Tilou
Freeman Sporting Goods
370 Easy St.
Middlefield, CA 94082

Net 30 |

09/11/2019 |

10/11/2019 |

Crew #

105 |

BALANCE DUE

\$477.50

Receive payment

#	PRODUCT/SERVICE ⓘ	DESCRIPTION	QTY	RATE	AMOUNT	TAX	
1	Landscaping:Sod	Sod	5	10	50.00	✓	
2	Landscaping:Soil	2 cubic ft. bag	5	10	50.00	✓	
3	Landscaping:Gardening	Weekly Gardening Service	3.5	25	87.50		

- 3 Click **Cancel** to close Invoice No. 1036.

The Expense Transactions section will provide a listing of recent credit card transactions, bills, expenses, purchase orders, checks, bill payments, and cash transactions. You can decide to drill down to view a particular credit card transaction.

- 4 Click **Expenses** and then click **Expenses** again from the navigation bar to view the Expense Transactions section shown in Figure 2.16.

Figure 2.16
Expense Transactions (partial view)

Expenses | Vendors

Expense Transactions

Print Checks | New transaction

Tired of manually logging payments?

Pay your bills in seconds, right from QuickBooks. Try it today!

Learn more

Filter | Last 365 Days

Batch actions

	DATE	TYPE	NO.	PAYEE	CATEGORY	TOTAL	ACTION
<input type="checkbox"/>	10/06/2019	Credit Card Expense			Automobile	\$34.00	
<input type="checkbox"/>	09/25/2019	Credit Card Credit			Checking	\$-900.00	
<input type="checkbox"/>	09/23/2019	Credit Card Expense		Squeaky Klean Car ...	Automobile	\$19.99	
<input type="checkbox"/>	09/17/2019	Credit Card Expense		Hicks Hardware	Job Expenses	\$42.40	

5 Click **Squeaky Kleen Car Wash** to reveal the charge as shown in Figure 2.17.

The Expense window displays the following information:

- Payee:** Squeaky Kleen Car Wash
- Bank/Credit account:** Mastercard
- Balance:** \$157.72
- AMOUNT:** \$19.99
- Mailing address:** Squeaky Kleen Car Wash
- Payment date:** 09/23/2019
- Payment method:** Choose payment method
- Ref no.:**

Category details

#	CATEGORY	DESCRIPTION	AMOUNT	BILLABLE	TAX	CUSTOMER
1	Automobile		19.99			
2						

Item details

Total: \$19.99

Figure 2.17
Expense window (credit card charge for \$19.99)

6 Click **Cancel** to close the credit card charge window.

Chart of Accounts

A chart of accounts is a listing of all accounts available. Each account is assigned a type and a detailed type. The Sample Company’s chart of accounts has been modified from the default chart of accounts and tailored to this company’s needs. Not all companies need these particular accounts, and some will need additional accounts.

To view the Sample Company’s chart of accounts, do the following:

- 1 Click the **Gear** icon and then click **Chart of Accounts** to view the Chart of Accounts section. Then click **See your Chart of Accounts** to view the Sample Company’s chart of accounts as shown in Figure 2.18.

Figure 2.18

Chart of Accounts (partial view)

Chart of Accounts Reconcile

Chart of Accounts

Run Report New

All Lists

You're using 44 of 250 accounts included in your plan. Find out how to manage your usage or upgrade to Advanced

Filter by name All

NAME	TYPE	DETAIL TYPE	QUICKBOOKS BALAN	BANK BALANCE	ACTION
Checking	Bank	Checking	1,201.00	-3,621.93	View register
Savings	Bank	Savings	800.00	200.00	View register
Accounts Receivable	Accounts receiva...	Accounts Receiv...	5,281.52		View register

- 2
- Scroll down the chart of accounts. Each asset, liability, and equity account has a View register action item listed.
- 3
- As you scroll down, you will see that the balance in the chart of accounts for accounts payable (A/P) is \$1,602.67.
- 4
- Click **View register** on the Accounts Payable line of the chart of accounts to view the register for accounts payable shown in Figure 2.19. The ending balance in the A/P Register matches the \$1,602.67 balance specified in the chart of accounts listing. (Remember to ignore dates in this Sample Company problem.)

Figure 2.19

A/P Register

Back to Chart of Accounts

A/P Register Accounts Payable (A/P)

ENDING BALANCE

\$1,602.67

Go to: 1 of 1 First Previous 1-25 of 25 Next Last

All

DATE	REF NO. TYPE	PAYEE ACCOUNT	MEMO	DUE DATE	
09/11/2019		Norton Lumber and Building Materials		09/11/2019	\$:
	Bill	-Split-			
09/11/2019	1	Norton Lumber and Building Materials			
	Bill Payment	Mastercard			
09/11/2019	1	Cal Telephone			
	Bill Payment	Mastercard			
09/11/2019		Robertson & Associates		09/11/2019	\$:
	Bill	Legal & Professional Fees:Accounting			

- 5
- Click **Back to Chart of Accounts** located at the top of the A/P Register.
- 6
- Scroll down the chart of accounts to see that each revenue and expense account has a Run Report action item listed. Click **Run Report** on the Landscaping Service account line to view an Account QuickReport for the Landscaping Service account.
- 7
- Scroll to the top of this Account QuickReport report. Select This **Year-to-date** from Report period drop-down list, and then click **Run report** to view the report shown in Figure 2.20.

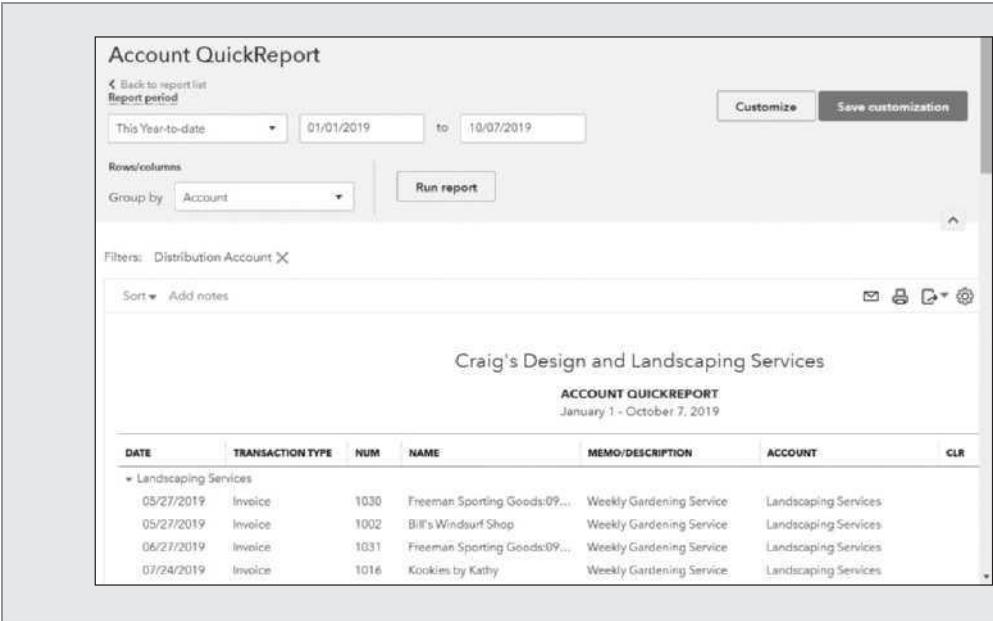


Figure 2.20
Account QuickReport

Lists

Lists in QBO provide you with an easy and quick way to view a collection of common items. Some of the more common lists include the chart of accounts, products and services, and terms. You can decide to view a summary of all the lists available in QBO and explore the list of terms.

To view a list of lists and the list of terms, do the following:

- 1 Click the **Gear** icon and then click **All Lists** to view a list of lists shown in Figure 2.21.

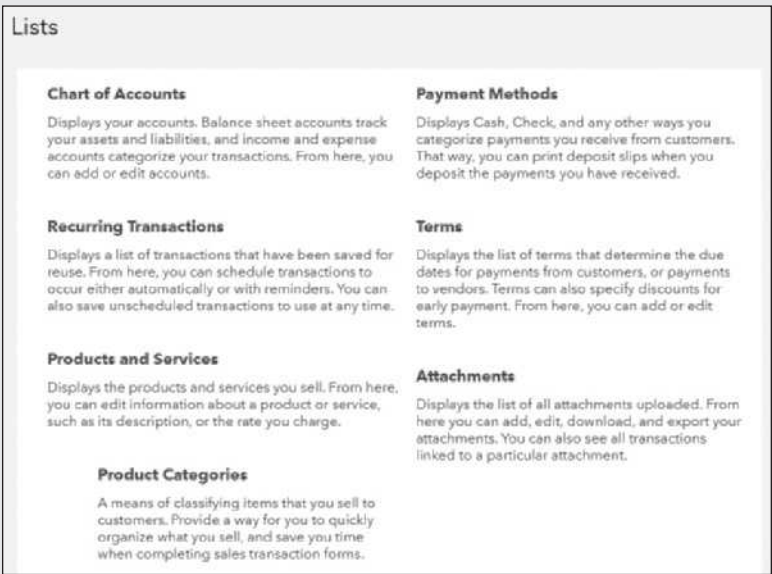


Figure 2.21
Lists

- 2 Click **Terms** to view the list shown in Figure 2.22.

Figure 2.22

Terms

Terms

Run ReportNew

< All Lists

Filter by name

NAME	ACTION
Due on receipt	Run report
Net 10	Run report
Net 15	Run report
Net 30	Run report
Net 60	Run report

Reports

QBO comes with many predesigned reports for use in business, all of which you can customize for your particular needs. For instance, you can decide to focus on the common financial statement reports: the Income Statement (known in QBO as the Profit and Loss report), Balance Sheet, and Statement of Cash Flows.

- 1 Click **Reports** from the navigation bar.
- 2 Click **Standard**.
- 3 Scroll down the page to see Business overview report options shown in Figure 2.23.

Figure 2.23

Business overview reports

Reports

Find report by

StandardCustom reportsManagement reports

Business overview

Audit Log	
Balance Sheet Comparison	☆
Balance Sheet Detail	☆
Balance Sheet Summary	☆
Balance Sheet	★
Business Snapshot	☆
Profit and Loss as % of total income	☆

- 4 Scroll down the page and then click **Profit and Loss**. Click **Collapse** and then scroll to the top of the report to view the top part of the Profit and Loss Report shown in Figure 2.24. (If you view the entire report, you would note that clicking the **Collapse** text summarizes details under a heading. For example, Landscaping Services is shown as one number when Collapse is selected. Clicking **Expand** would show more detail. You will learn more about customizing and creating other reports in Chapter 10. Remember, the dates on your screen may differ from those shown in the figure.)

Craig's Design and Landscaping Services	
PROFIT AND LOSS	
January 1 - October 7, 2019	
	TOTAL
Income	
Design Income	2,250.00
Discounts given	-89.50
Landscaping Services	6,513.97
Pest Control Services	110.00
Sales of Product Income	912.75

Figure 2.24

Profit and Loss Report (partial view)

- 5 Click **Reports**, then scroll down to find and click **Balance Sheet**, and then scroll to the top of the report to view the top part of the Balance Sheet Report shown in Figure 2.25.

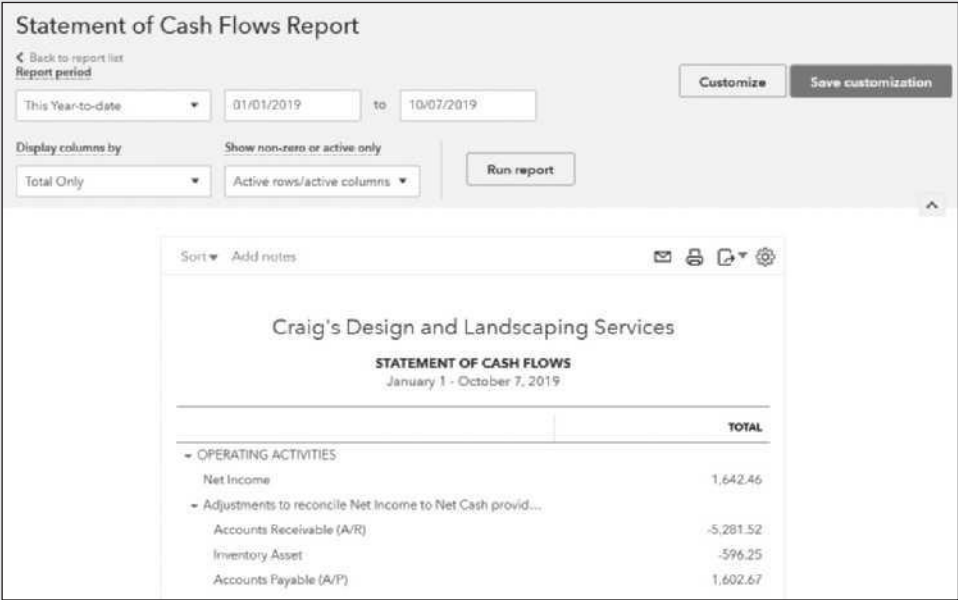
Craig's Design and Landscaping Services	
BALANCE SHEET	
As of October 7, 2019	
	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Checking	1,201.00
Savings	800.00
Total Bank Accounts	2,001.00

Figure 2.25

Balance Sheet Report (partial view)

- 6 Click **Reports**, then scroll down to find and click **Statement of Cash Flows**, and then scroll to the top of the report to view the top part of the Statement of Cash Flows Report shown in Figure 2.26.

Figure 2.26
Statement of Cash Flows Report



Alternatively, you can easily find a report if you know its name or part of its name. For example, if you wanted to access a report dealing with accounts receivable (A/R), you would type Accounts receivable into the report search box located in the Reports section.

To find a report related to accounts receivable, do the following:

- 1 Click **Reports** and type **Accounts receivable** in the Find report by name search box. Note the two reports that match your search as shown in Figure 2.27.

Figure 2.27
Reports



Company Settings

Five tabs are in the Settings section of QBO: Company, Usage, Sales, Expenses, and Advanced. You can edit these by clicking on the Pencil icon to the right of each section. The settings for the Sample Company have been modified from the default settings provided when QBO first creates a company. These options in the Settings section change the way QBO appears to the user. For

example, in the Advanced section, if time tracking is turned off, no time tracking features will be available in QBO. Also, if purchase orders are turned off in the Expenses section, no purchase orders will be available in QBO. You can decide to view each of these sections to learn more about what options you are given in QBO.

- 1 Click the **Gear** icon and then click **Account and settings**, and click the **Company** tab to view the Company Settings section shown in Figure 2.28.

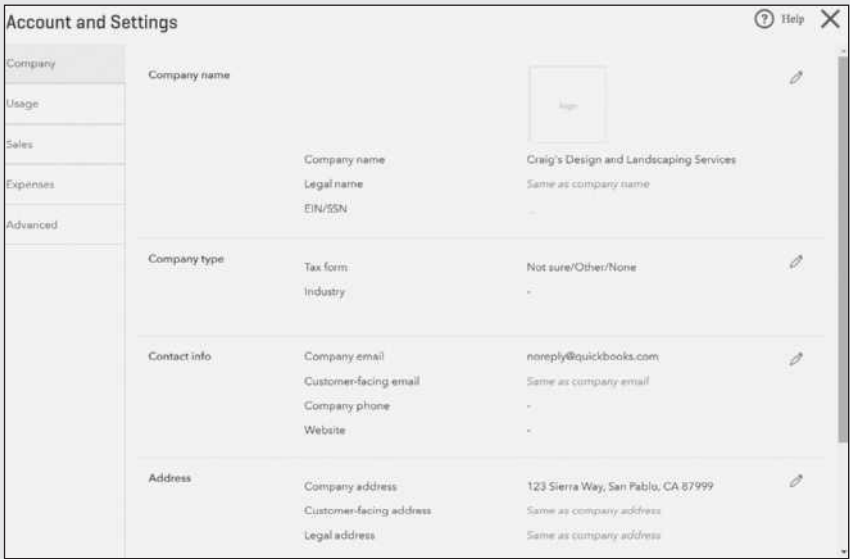


Figure 2.28
Company settings

- 2 Click the **Sales** tab in the Account and Settings window to view options provided as shown in Figure 2.29.

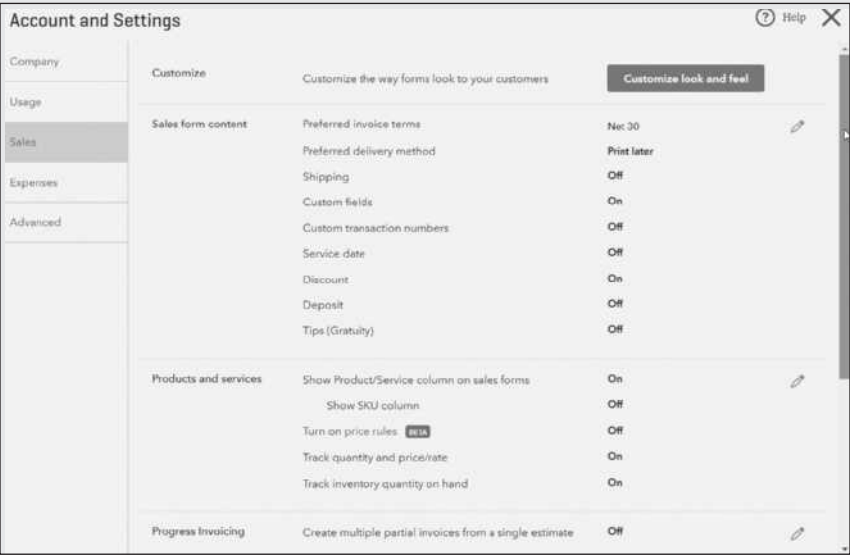
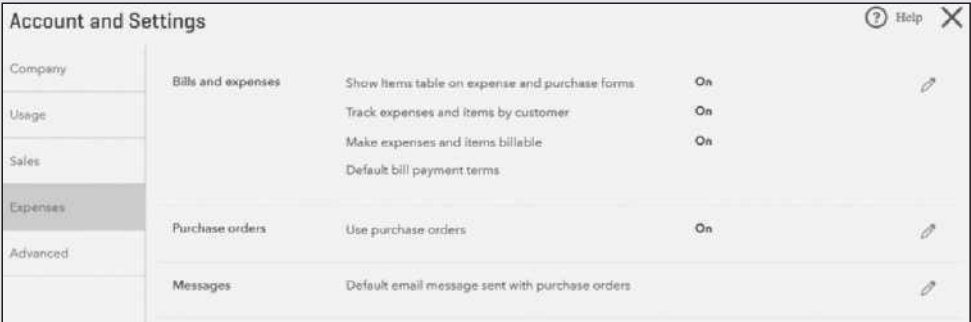


Figure 2.29
Sales settings

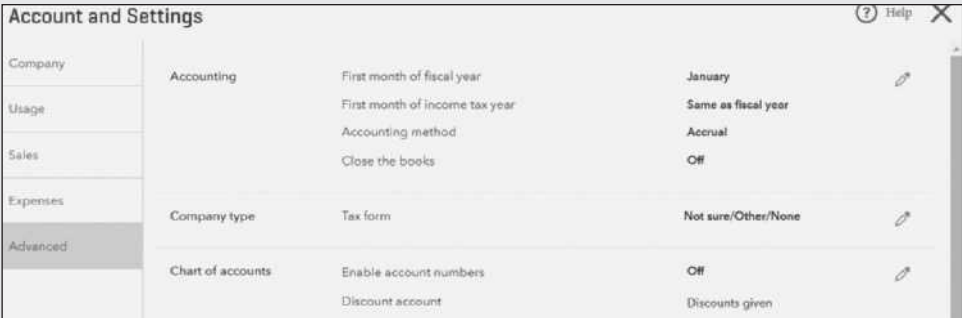
3 Click the **Expenses** tab in the Account and Settings window to view options provided as shown in Figure 2.30.

Figure 2.30
Expenses settings



4 Click the **Advanced** tab in the Account and Settings window to view options provided as shown in Figure 2.31.

Figure 2.31
Advanced settings



5 Click **Done** to close the Settings window.

End Note

In this chapter, you have used Intuit’s Sample Company to practice navigating QBO. You have accessed customer, vendor, and employee information; viewed various transactions; and viewed the chart of accounts, lists, reports, and company settings. In Chapters 4 through 10, you will use the same Sample Company to learn how to add operating, investing, and financing activities; reconcile a bank account; create a budget; add adjusting entries; and prepare financial statements and reports. In Chapter 3, you will return to your company and modify default settings; add new accounts and beginning balances; and add customers, vendors, products, and services.

Chapter 2 Questions

- 1 What steps do you take to view customer information?
- 2 What steps do you take to view detail transactions related to a particular customer?
- 3 What steps do you take to view a specific bill from a specific vendor?
- 4 What steps do you take to view a specific employee's information?
- 5 How are bank deposits, which have not been recorded in QBO, classified?
- 6 How are bank charges, which have not been recorded in QBO, classified?
- 7 Opening the Sales Transaction section of QBO will provide a listing of ____.
- 8 Opening the Expense Transaction section of QBO will provide a listing of ____.
- 9 What lists are available in QBO?
- 10 What steps do you take to view all reports related to accounts payable (A/P)?

Chapter 2 Matching

- | | | |
|-------------------------------|-------|---|
| a. Navigation bar | _____ | An employee in the Sample Company |
| b. Amy's Bird Sanctuary | _____ | Bank deposits not yet recognized |
| c. Brosnahan Insurance Agency | _____ | Exist for all asset, liability, and equity accounts |
| d. Recognizing | _____ | Specify due dates for payment to/from vendors/customers |
| e. Uncategorized Income | _____ | Used to access a list of sales and expense transactions |
| f. Uncategorized Expense | _____ | A vendor in the Sample Company |
| g. Registers | _____ | A listing of all accounts available |
| h. John Johnson | _____ | Bank charges not yet recognized |
| i. Terms | _____ | A customer in the Sample Company |
| j. Chart of accounts | _____ | Matching a banking transaction with a QBO transaction |

Setting Up a New Company

Student Learning Outcomes

Upon completion of this chapter, the student will be able to do the following:

- Log into their account
- Change company settings
- Modify the chart of accounts; establish beginning balances; and create new customers, vendors, products, and services
- Close Opening Balance Equity and create a Balance Sheet
- Create, print, and export a Transaction Detail by Account report

Overview

You began this process in Chapter 1 when you created your account and provided basic information about your company, including the company name, address, industry, type, and so on. Now it's time to continue that process.

First off, however, you're going to revisit the Sample Company you worked on in Chapter 2. Each of the following chapters will work the same way. To begin, you will navigate your browser to the Intuit Sample Company. The text will demonstrate how to do certain tasks, such as modify defaults, add a new account, add a new transaction, and so on. These demonstrations will occur in the Sample Company. Remember, you can modify the Sample Company throughout each session, but once you close your browser window, QBO will not remember any of your activity in the Sample Company. When you navigate your browser back to the Sample Company, it will appear as it first did.

Each section of every chapter will begin with a demonstration using the Sample Company. That is followed by you logging back into QBO with the user name and password you created in Chapter 1 to complete an end-of-chapter case. In the case, you will be asked to perform tasks similar to those demonstrated in the Sample Company but now in your company. The tasks you accomplish on your company, named "Student Name (ID Number)," are permanent and will be there even after you close your QBO browser window. There is no Save File or Save File As command in QBO. Everything is saved for you.

The dates used in this text for the Sample Company (Craig's Design and Landscaping Services) coincide with the dates this edition was written (November/December 2019/2020). When you access this Sample Company (e.g., in September of 2021), the transaction dates will be different. Thus the figures in this text and the instructions given specifying dates (like 9/30/19) will be different than what

you see on your screen. The transactions themselves will be the same, but their corresponding dates will be different.

Company Settings

You can use this Sample Company to explore QBO as often as you would like. No matter what you do to modify this Sample Company, you will not be able to save it. When you leave and later return, it will look the same as it did initially.

To modify Sample Company settings, do the following:

- 1 Open your Internet browser.
- 2 Type <https://qbo.intuit.com/redir/testdrive> into your browser's address text box, and press [Enter] to view the Sample Company Dashboard.
- 3 From the Sample Company home page, click the **Gear** icon to manage your settings shown in Figure 3.1.

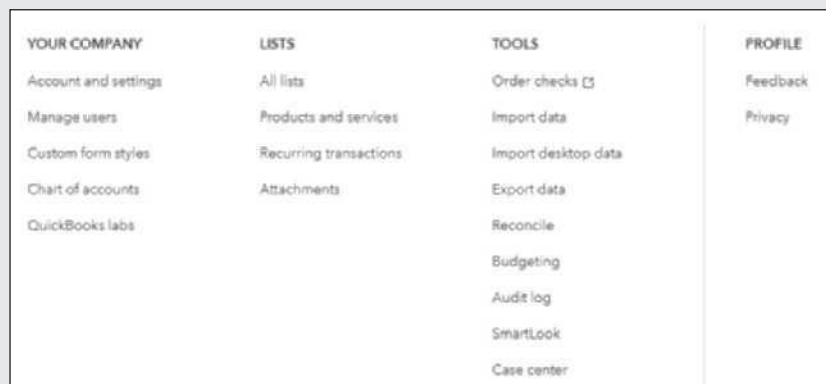


Figure 3.1

Settings

- 4 Click **Account and settings**. The first screen is the Sample Company information shown in Figure 3.2. Scroll down this page to view information provided and then close this window.

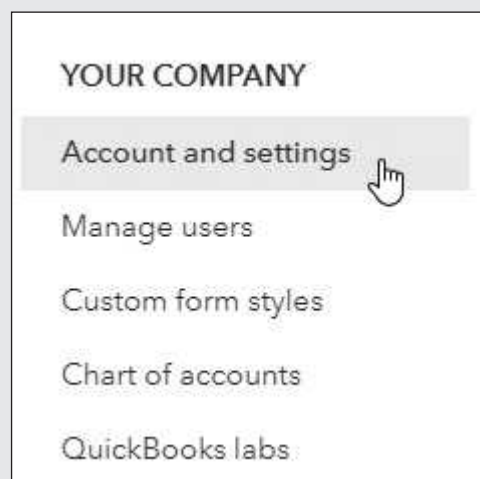


Figure 3.2

Company settings

When you modify the settings of your company, you will visit this section of QBO to make changes and start by selecting the Pencil icon to edit each individual section. You reviewed the four sections of the Company settings window: Company, Sales, Expenses, and Advanced in Chapter 2. The most common changes to company settings involve turning on inventory, tracking of quantities on hand, tracking expenses by customer, making expenses and items billable, establishing default bill payment terms, using purchase orders, and tracking time.

Once you have modified the company settings, it is time to modify the chart of accounts.



"How to Set Up Your Chart of Accounts: Understanding the Basics." See the video matrix in the Preface to view the specific web address for this and all video tutorials developed and maintained by Intuit.

Modify the Chart of Accounts and Establish Beginning Balances

You will continue your use of the Sample Company to learn the process of creating, modifying, and deleting accounts and of establishing beginning balances. If you are continuing from above, you will not need to open the Sample Company again. If not, follow the steps above to view the Sample Company. You should complete this entire section in one sitting so you do not lose your work. If you do leave and return, the cumulative balances will be inaccurate as your work will not have been saved while working in the Sample Company.

Creating accounts and related beginning balances only occurs when you are utilizing QBO for the first time and your business has been in operation for some time. The transition to QBO from a previous accounting system will indicate business events and balances that occurred prior to the first date of QBO use.

In this section, you will be adding new checking, inventory, prepaid rent, long-term debt, and common stock accounts to the Sample Company. You will also be establishing beginning balances for checking, accounts receivable, prepaid rent, inventory, and accounts payable. Every time you add a beginning balance, an equal and opposite amount is recorded to the Opening Balance Equity account (to keep debits and credits in balance).

QBO lets you establish a beginning amount for all of these accounts using basic journal entries. We will do that for some accounts, such as accounts receivable and accounts payable. For the other accounts, such as checking, inventory, prepaid rent, long-term debt, and common stock, you will set some beginning balances when you set up a new account.

When a new account is added, its account type needs to be specified. Asset account types include the following: bank, accounts receivable, other current assets, fixed assets, and other assets. Liability account types include the following: accounts payable, credit cards, other current liabilities, and long-term liabilities. Equity is its own account type. Income account types include sales of product income and services. Expense account types include cost of goods sold, expenses, and other expense. Every account needs to be assigned to one of these account types. This will dictate where the account appears in all reports, especially the income statement, balance sheet, and statement of cash flows. The detail type will further define where the account appears under its account type. Examples of bank account detail types include cash on hand, checking, money market, and savings.

To begin, let's add a new checking account with a beginning balance of \$20,000.00.

To add a new checking account to the chart of accounts and establish a beginning balance, do the following:

- 1 Click the **Gear** icon and then click **Chart of Accounts**.
- 2 Click the **See your Chart of Accounts** button.
- 3 Click the **New** button in the upper-right corner of the chart of accounts.
- 4 Click anywhere in the Account Type text box, and select **Bank** as shown in Figure 3.3.

Figure 3.3

Account (adding a new bank account)

- 5 Select **Checking** from the Detail Type list and type **Checking BOA** in the Name text box.
- 6 Select **Other**, then type **11/01/2020** in the Select a date text box, then type **20000** as the account balance, and then press [Tab] as shown in Figure 3.4.

Figure 3.4

Account (completing the addition of a new checking account)

- 7 Click the **Save and Close** button to view the modified chart of accounts shown in Figure 3.5, which now includes a new checking account with a balance of \$20,000.00.

Figure 3.5

Chart of Accounts (modified with the new checking BOA account)

NAME	TYPE	DETAIL TYPE	QUICKBOOKS BAL	BANK BALANCE	ACTION
Checking	Bank	Checking	1,201.00	-3,621.93	View register
Checking BOA	Bank	Checking	20,000.00		View register
Savings	Bank	Savings	800.00	200.00	View register



"How to Create an Inventory Product."
See the video matrix in the Preface to view the specific web address for this and all video tutorials developed and maintained by Intuit.

So far, we have added a \$20,000 increase to the assets to the Sample Company as of 11/1/20. The Opening Balance Equity account has also increased as the result of this adjustment. To continue, let's add a new product. In QBO, products are merchandise a company purchases from a vendor, maintains in inventory, and then sells to customers. Services are efforts made by a company to add value to a customer. In the Sample Company, an inventory account exists. If you create a new company, an inventory account may not exist. However, when you add a new product, a new inventory account, called inventory asset, will automatically be created.

To add a new product and service, do the following:

- 1 View the chart of accounts and note the Inventory Asset account with a QuickBooks balance of \$596.25.
- 2 Click the **Gear** icon and click **Products and Services** from the Lists column.
- 3 Click **New**.
- 4 Select **Inventory** from the Select a Type list.
- 5 Type **Stone Tile** as the new product in the Name text box.
- 6 Select **Landscaping** from the Category drop-down list.
- 7 Type **500** in the Initial quantity on hand text box and **11/01/2020** in the As of date text box.
- 8 Leave **Inventory Asset** as the Inventory asset account.
- 9 Type **Stone Tile** in the Description text box.
- 10 Type **2.50** in the Sales price/rate text box and **1.25** in the Cost text box.
- 11 Leave **Sales of Product Income** as the Income account and **Cost of Goods Sold** as the Expense account.

- 12** Select **Taxable - standard rate** from the Sales tax category text box drop-down list. Note it may already have been selected. Your window should look like Figure 3.6.

Figure 3.6

Partial view of Product/Service information window

- 13** Click the down arrow in the Save and close button and then select **Save and New**.
- 14** Click on **Change type** next to the word Inventory at the top of the window. Click **Service**.
- 15** Type **Estimates** as the name of a new service.
- 16** Check the **I sell this product/service to my customers** check box and then uncheck the **I purchase this product/service from a vendor** check box.
- 17** Type **Estimates** as the Description on sales forms text box and then select **Design** from the Category drop-down list.
- 18** Type **50** in the Sales price/rate text box.
- 19** Select **Nontaxable** from the Sales tax category text box drop-down list.
- 20** Click the **Save and Close** button.