

COMPUTER ACCOUNTING

with

# QuickBooks Online

A Cloud-Based Approach

Second Edition

Includes 12  
months of access to  
**QuickBooks  
Online.**

**Mc  
Graw  
Hill**  
Education

Carol Yacht  
Susan V. Crosson

# **Computer Accounting with QuickBooks<sup>®</sup> Online: A Cloud-Based Approach**

## **Second Edition**

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COMPUTER ACCOUNTING WITH QUICKBOOKS ONLINE: A CLOUD-BASED APPROACH, SECOND EDITION

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The Timetable for Completion is a guideline for lecture/discussion/ demonstration and hands-on work. In most Accounting classes, students can expect to spend approximately two hours outside of class for every hour in class.

A typical 3-credit course is 45 hours (15 weeks X 3 hours per week). Forty-five hours is the approximate time to complete the textbook within the classroom hours. Work not completed within the hours shown is homework.

| <b>TIMETABLE FOR COMPLETION</b> |   | <b>Hours</b> |
|---------------------------------|---|--------------|
| Chapter 1                       | QuickBooks Online Test-drive                        | 3.0          |
| Chapter 2                       | New Company Setup and Chart of Accounts             | 3.0          |
| Chapter 3                       | Beginning Balances and October Transaction Register | 3.0          |
| Chapter 4                       | Vendors and Inventory                               | 3.0          |
| Chapter 5                       | Customers and Sales                                 | 3.0          |
| Chapter 6                       | December Source Documents                           | 3.0          |
| Chapter 7                       | Analysis and Reports—End of Fourth Quarter and Year | 3.0          |
| Chapter 8                       | January Source Documents                            | 4.0          |
| Chapter 9                       | February Source Documents                           | 4.0          |
| Chapter 10                      | March Source Documents and End of First Quarter     | 4.0          |
| Chapter 11                      | Certification, Report Customization and QB Labs     | 2.0          |
| Chapter 12                      | Apps, Updates, QB Blog and Tips                     | 2.0          |
| Case Problem 1                  | Payroll and Importing Excel Data                    | 2.0          |
| Case Problem 2                  | Budgeting   | 2.0          |
| Case Problem 3                  | Your Name Accounting                                | 4.0          |
| <b>TOTAL HOURS</b>              |   | <b>45.0</b>  |





# Preface

*Computer Accounting with QuickBooks Online: A Cloud-Based Approach, Second Edition*, teaches you how to use QuickBooks Online (**QBO**<sup>1</sup>) software which is accessed via an internet connection. Using the sign-on information provided in this textbook, QBO can be used for 12 months.

Being “in the cloud” means data is stored on web servers instead of your computer. Cloud software is *always* accessible, up-to-date and has similar features to QuickBooks desktop or other accounting software installed locally on computers. QB desktop files can be converted to QB Online.

Join over 2.2 million small business owners who use QuickBooks Online. Globally, 4.3 million customers use QuickBooks products. QuickBooks Online is the **number one cloud-based accounting software** for small businesses. QuickBooks Online is available from Intuit.

At Intuit, we believe we are in a unique position to use technology to tip the odds in favor of entrepreneurs. With more than two million subscribers, QuickBooks Online is the largest global platform for small businesses and the self-employed. It is their global village, the community where they come together with trusted advisors and partners to unlock their collective power. *More new customers choose QuickBooks Online than QuickBooks desktop.*

QBO provides an easy-to-understand interface for students to grasp accounting concepts while honing cloud computing skills.

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<sup>1</sup>Words that are boldfaced and italicized are defined in Appendix B, Glossary.

**NEW** With this textbook, students use the Access Card's license and product numbers for **12** months of use with QuickBooks Online Plus. Educators register for unlimited use. To learn more, go online to [www.mhhe.com/qbo2e](http://www.mhhe.com/qbo2e) > Access Card.

When customers buy QBO, they pay monthly or yearly subscription fees. QuickBooks Online includes full use of the version's features, secure storage of data, automatic upgrades and support at no extra cost. At any time, features can be added for additional fees (<http://quickbooks.intuit.com/online/> > Pricing.)

As of this writing, subscription costs for customers are:

- QuickBooks Online Simple Start, \$10 per month
- QuickBooks Online Essentials, \$21 per month
- QuickBooks Online Plus, \$35 per month

**NEW** *Students receive 12 months of QuickBooks Online Plus access. Chapter 2 includes sign-in information for setting up a products and services company. Educators receive unlimited use.*

With the **cloud**, you are a click away from seeing your work. Information is available wherever you are and with whatever device you use – smart phones, tablets, desktop or laptop computers. All you need is an internet connection. Here is why businesses use QuickBooks Online for their accounting needs.

**NEW** *Computer Accounting with QuickBooks Online: A Cloud-Based Approach, 2e, includes **access to the software for 12 months.***

**NEW** There are three exercises at the end of each chapter. Two end-of-chapter exercises focus on transactions and reports. The **new third exercise** is a problem-solving activity. Using the result of business processes, transactions,

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or financial reporting, students explain why and how the result occurred. The goal of the problem-solving exercise is to improve critical thinking skills.

**NEW** Using Spreadsheet Compare, compare two versions of Excel files. Requires Microsoft Office 2016 Professional. (Refer to Appendix A, Troubleshooting.)

- **Always up-to-date:** The cloud automatically updates to the latest version so you always have the most current features.
- **Always secure:** The cloud uses the same encryption as leading financial institutions so your data is safe. For example, QBO uses the same technology used by banks and brokerage firms to transmit your private data over the internet. Intuit trusts the same system to submit millions of TurboTax returns every year.
- **Always backed up:** The cloud keeps your data backed on Intuit's web server. This means even if your computer has problems, your data is still there. All you need to do is start an internet browser to access your company.
- **Always accessible:** The cloud lets you sign in from any place at any time so you can define your own schedule.
- **No software installation hassles:** Simply sign in and get to work.

## **ACCESS THE CLOUD**

A high-speed Internet connection is recommended, such as DSL or cable modem. You can use a slower connection, but it will take longer to process data. For more information, go online to [www.mhhe.com/qbo2e](http://www.mhhe.com/qbo2e) > System Requirements.

|   |
|---|
| <b>Compatibility</b>  |
| QuickBooks Online works on your PC, Mac, tablet, and smart phone.   |
| <b><u>System Requirements</u></b>   |
| Internet connection required (high-speed connection recommended)  |
| Supported browsers: Google Chrome, Mozilla Firefox, Internet Explorer 10 and higher, Safari 6.1 and higher. |
| Also accessible via Chrome or Android on Safari iOS   |
| QuickBooks Online mobile app works with iPhone, iPad, and Android phones and tablets, Surface tablet.       |

## TEXTBOOK FEATURES

- Start your **Internet browser** to use the software. No desktop or hard-drive installation hassles.
- Use software **anywhere/anytime** from devices with Internet access.
- Complete the QuickBooks Online test-drive (Chapter 1).
- Sign in to QuickBooks Online with a unique user ID (valid email address) and password (Chapter 2).
- Set up a products and services company, chart of accounts, enter beginning balances (Chapter 3).
- Journalize and post transactions and complete the accounting cycle for the fourth quarter (Chapters 4 through 6).
- Journalize and post adjusting entries, print financial statements, and complete the closing process (Chapter 7).
- Start the New Year, analyze source documents, and complete the accounting cycle for the first quarter. (Chapters 8 through 10).
- Complete Chapter 11, Certification, Report Customization and QB Labs. Go online to [www.mhhe.com/qbo2e](http://www.mhhe.com/qbo2e) > Student Edition > Certification Multiple-Choice Test and take the practice 100-question Certification Test.

- 
- Chapter 12, Apps, Updates, QB Blog and Tips. Learn about Apps, updates, the QB Blog and 5 essential tips.
  - Complete Case Problem 1, Payroll and Importing Excel Data; CP2, Budgeting, and CP3, Your Name Accounting.
  - Appendix A, Troubleshooting, includes information about how to resolve QBO issues.
  - Appendix B, Glossary, includes definitions for words that are italicized and boldface within the chapters.

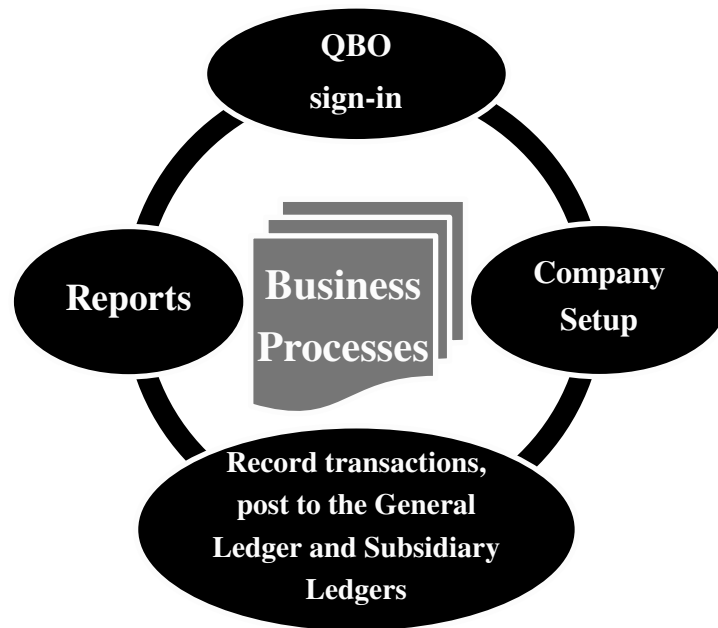
**NEW Check Your Data:** Chapters begin with Expense Transactions, Sales Transactions, and a Trial Balance so you can make sure you are starting with transactions entered and correct account balances. *Read and follow the Stop sign information.*

- **Check Your Progress** assignments review accounting processes *and* software features. These assignments can be turned in for a grade. They are available online at [www.mhhe.com/qbo2e](http://www.mhhe.com/qbo2e) > Student Edition > select the appropriate chapter > Check Your Progress.
- **Check Your Figures:** After the chapter exercises, key figures are shown to make sure you have completed the work accurately.

**NEW Third Exercise, Problem Solving:** Each chapter includes work within the chapter and **three** exercises at the end of the chapter. The third exercise is a Problem-Solving activity.

- Each chapter ends with an index with keywords and chapter sections.
- The Online Learning Center at [www.mhhe.com/qbo2e](http://www.mhhe.com/qbo2e) includes additional chapter resources, videos, interactive multiple-choice and true/false quizzes, analysis questions, going to the net exercises, check your progress assignments, narrated PowerPoints, and QBO certification.

In *Computer Accounting with QuickBooks Online: A Cloud-Based Approach, 2e*, you learn about the relationship between the software and the accounting cycle. The diagram below illustrates the QuickBooks Online accounting system.



*Business processes* are completed in this order.

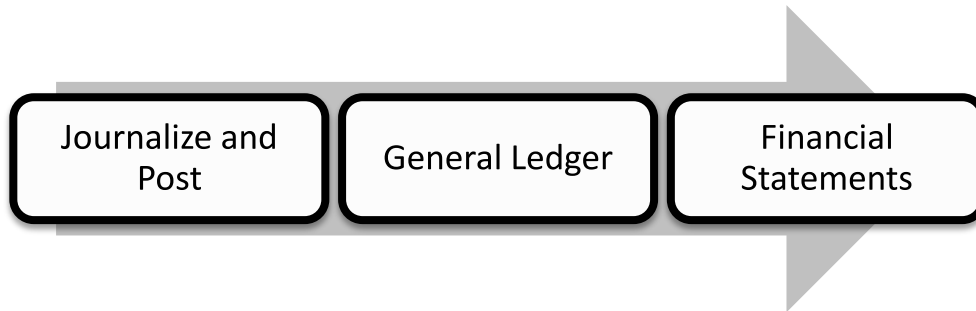
- ❖ Start your Internet browser and sign into QuickBooks Online.
- ❖ Set up the products and services company, QB Cloud\_Student Name.
- ❖ Record transactions, post to the general ledger and subsidiary ledgers, and prepare reports.
- ❖ Complete the accounting cycle for the fourth quarter and end the fiscal year. Complete the accounting cycle for the first quarter of the next year.

Once entries are recorded and checked for accuracy, posting is a click of the mouse. All entries are posted to the correct accounts in the general ledger and account balances are calculated — fast, easy, and accurate. Think of it as a

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process where journalizing and posting is the first step, then ledgers and financial statements are next. The diagram below illustrates this *workflow* — the sequence of processes through which work passes from initiation to completion.



### **FAVORITE QBO FEATURES**

- ✓ Access on multiple devices
- ✓ Online access anytime, anywhere
- ✓ Backup data automatically on Intuit's web server
- ✓ Track income and expenses
- ✓ Create estimates and send invoices
- ✓ Export data to Excel; import data from Excel into QBO
- ✓ Save reports as PDF files
- ✓ Email reports.
- ✓ Access data from tablet or Smartphone
- ✓ Invite two accountants to access your data
- ✓ Manage and pay bills from vendors
- ✓ Enter bills and schedule payments
- ✓ Control what users can access
- ✓ Create and send purchase orders
- ✓ Track inventory
- ✓ Create budgets
- ✓ Categorize income and expenses
- ✓ More than 65 built-in reports



- ✓ Accept online and mobile payments
- ✓ Convert data from QB desktop to QB Online

*Computer Accounting with QuickBooks Online: A Cloud-Based Approach, 2e*, includes 12 chapters and 3 case problems. Students work with three companies.

- In Chapter 1 and Case Problems 1 and 2, the sample company, Craig's Design and Landscaping Services, is used.
- In Chapters 2 through 10, students complete work with a products and services business, QB Cloud\_Student Name.
- In Chapter 11, Certification, Report Customization and QB Labs, learn about QuickBooks Online User Certification, and how to customize reports.
- In Chapter 12, Apps, Updates, QB Blog and Tips, learn about third-party apps, automatic software updates, and 5 essential tips.
- In Case Problem 3, Your Name Accounting. There are two ways to complete CP3.
  - Use the free 30-day trial version of QBO. Textbook pages 589-605 show how to set up Your Name Accounting.
  - If you have QuickBooks Desktop software available, go online to [www.mhhe.com/qbo2e](http://www.mhhe.com/qbo2e) > Student Edition > CP3. Steps are included for converting a QuickBooks Desktop company file to QuickBooks Online.

Included with *Computer Accounting with QuickBooks Online: A Cloud-Based Approach, 2e*, is 12 months of access to the internet-delivered software, QuickBooks Online Plus. In Chapters 2 through 10, students set up a products and services company, QB Cloud\_Student Name (students use their first and last name).

---

After the company is set up and beginning balances are entered, the accounting cycle is completed for the fourth-quarter and first quarter of the next year. Source documents are used for real-world accounting practice. For 12 months, students can sign in to their company from any device with Internet access.

For QuickBooks Online retail versions, monthly or yearly subscription fees are paid for access to one company. No additional fee is required for accountant access to their clients' QBO companies.

**NEW SCENARIOS:** Each chapter begins with a scenario. The chapter scenarios are descriptions of the work that is completed. The Chapter 2 scenario is shown as an example.

**Scenario:** In Chapter 2, you set up a new company, QB Cloud\_Student Name. After changing QB Online's settings or preferences, you complete a chart of accounts, save your work, and learn how to provide your professor access to your QBO company. To see the work accomplished, you display an Audit Log. The objectives specify the work that is completed in Chapter 2.

## **CHAPTERS, CASE PROBLEMS AND APPENDICES**

**NEW** Each chapter includes a third exercise which emphasizes problem-solving skills.

### **Chapter 1: QuickBooks Online Test-drive**

In Chapter 1, you take a QBO test-drive. The sample company, Craig's Design and Landscaping Services, is used to show you the QuickBooks Online

interface. To start the sample company, go online to <https://qbo.intuit.com/redirect/testdrive>.

Using the sample company, you complete company settings, add account numbers to the chart of accounts, use Quick Links to record entries, and look at reports.

The sample company is used to explore the software rather than to test accounting knowledge. The subsequent chapters in the book show you how to set up a products and services company called QB Cloud\_Student Name: use your first and last name after QB\_Cloud.

## **Chapter 2: New Company Setup and the Chart of Accounts**

To begin, you go online to <https://quickbooks.intuit.com/signup/retail/>. After setting up your account and completing information about your company, you start using QuickBooks Online.

**NEW** In Chapter 2, you set up a products and services company called QB Cloud\_Student Name (type your first and last name after QB Cloud). After navigating the Dashboard (or Home page) and learning about its features, you complete company settings and a Chart of Accounts. The Chart of Accounts is saved as a PDF file and exported to Excel.

## **Chapter 3: Beginning Balances and October Transaction Register**

In Chapter 3, you continue using QB Cloud. After entering beginning balances, you record cash sales, write checks, and display reports, financial statements, and the audit log. Reports are saved as PDF files and exported to Excel.

**Chapter 4: Vendors and Inventory**

In Chapter 4, you add vendors and inventory and complete accounts payable transactions for November. You record vendor purchases of inventory on account, make vendor payments, display accounts payable reports, display financial statements, filter the audit log, and complete account reconciliation. Reports are saved as PDF files and exported to Excel.

**Chapter 5: Customers and Sales**

In Chapter 5, you add customers and complete accounts receivable transactions. You record customer sales on account, receive payments from customers, display accounts receivable reports and financial statements, and complete account reconciliation. Reports are saved as PDF files and exported to Excel.

**NEW** Use Advanced Search to search by date, transaction and amount.

**Chapter 6: December Source Documents**

In Chapter 6, you analyze source documents, then record transactions. The source documents trigger transaction analysis for accounts payable (vendors), inventory, accounts receivable (customers), cash and credit card sales, checks for expenses, and account reconciliation. Reports are saved as PDF files and exported to Excel.

**NEW** Comparative financial reports: Custom Balance Sheet and Profit and Loss by month.

### **Chapter 7: Analysis and Reports -- End-of-Fourth Quarter and Year**

In Chapter 7, you complete transactions for the end of the fourth quarter and the end of the year. At the end of December, you complete adjusting entries, print financial statements, and close the fiscal year. Reports are saved as PDF files and exported to Excel.

### **Chapter 8: January Source Documents**

January source documents are analyzed for transaction entry. The source documents prompt transaction analysis for issuing checks, accounts payable, inventory, accounts receivable and cash and credit card sales. You also use the January 31 bank statement to reconcile Account 101 Checking. The general ledger accounting cycle is completed for the first month of the new year.

### **Chapter 9: February Source Documents**

After analyzing source documents, you complete transactions. You also use February's bank statement to reconcile the checking account.

### **Chapter 10: March Source Documents and End of First Quarter**

Using March's source documents, you analyze source documents, complete account reconciliation, record first-quarter adjusting entries, and prepare financial statements. You also use March's bank statement to reconcile the Account 101 Checking.

## **Chapter 11: Certification, Report Customization and QB Labs**

In this chapter, QBO User Certification and the Online Learning Center's practice tests are explained. Students learn about report customization and learn how to send feedback to Intuit.

## **Chapter 12: Apps, Updates, QB Blog and Tips**

Students learn about additional applications for QuickBooks Online, software updates. Using the QB Blog and tips.

*Computer Accounting in the Cloud with QuickBooks Online: A Cloud-Based Approach, 2e*, ends with three case problems:

- **Case Problem 1: Payroll and Importing Excel Data.** Using the sample company, Craig's Design and Landscaping Services, payroll settings and employee transactions are shown. Case Problem 1 also includes importing data from an Excel file to QBO.
- **Case Problem 2: Budgeting.** Using the sample company, Craig's Design and Landscaping Services, QBO's budgeting feature is shown.
- **Case Problem 3: Your Name Accounting.** You can complete CP3 either using the free trial version (textbook pages 589-605), *or* convert a QB Desktop company file to QBO. Conversion steps are at [www.mhhe.com/qbo2e](http://www.mhhe.com/qbo2e) > Student Edition > CP3.

Appendix A: Troubleshooting – Tips and suggestions for workarounds are shown in the Troubleshooting appendix.

Appendix B: Glossary – Words that are italicized and boldfaced in the textbook are defined in the glossary.

Index: At the end of each chapter as well as at the end of the textbook.

**ONLINE LEARNING CENTER:** [www.mhhe.com/qbo2e](http://www.mhhe.com/qbo2e)

**NEW** Each chapter includes additional resources at [www.mhhe.com/qbo2e](http://www.mhhe.com/qbo2e). These resources include:

- ❖ Narrated PowerPoints
- ❖ Going to the Net Exercises
- ❖ Interactive multiple-choice and true or false questions
- ❖ Analysis questions
- ❖ Videos
- ❖ Glossary of terms
- ❖ **NEW:** Problem Solving
- ❖ QuickBooks Online Support at <https://help.quickbooks.intuit.com/>

### **QUICKBOOKS ONLINE UPDATES**

Each time you sign into QBO, the most recently updated version of the software displays. To read about What's New in QBO, go to <http://quickbooks.intuit.com/blog/>. When changes are being made, messages appear on the QBO screen. For example, if a message appears that says "Alert. Your navigation is getting a refresh to help you run your business more efficiently. Link to Take Action." Follow the link and read the information.

The Online Learning Center at [www.mhhe.com/qbo2e](http://www.mhhe.com/qbo2e) also includes Text Updates for checking major QB Online updates. Remember, as you work through the textbook, screen images may not match exactly. Changes are part of internet-delivered software.

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## CONVENTIONS USED

As you work through *Computer Accounting in the Cloud with QuickBooks Online: A Cloud-Based Approach, 2e*, you should read and follow the step-by-step instructions.

Numerous screen illustrations help you to check your work. The following conventions are used in this textbook.

1. Dates are shown with XXs, for example, 10/1/20XX. Substitute the current year for the XXs.
2. Information that you type appears in boldface; for example, Type **Prepaid Insurance** in the ACCOUNT field.
3. Keys on the keyboard that should be pressed appear in angle brackets, for example, <Tab>.
4. Buttons and icons are shown as they appear.

Examples:



Gear icon to go to company settings



Create transactions



Search transactions *and* recent transactions



Help




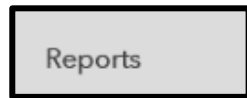


Navigation bar selection for Dashboard or Home page

5. Step sequences are separated by a greater-than sign. Examples:



Click  > Chart of Accounts



Go to  > All Reports > in the Search field, type Account List > press <Enter>.

6. To remind you to check data, a cloud icon is used. Make sure you are starting with the correct trial balance amounts.



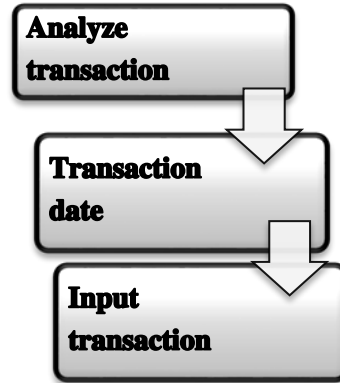
7. Read the information next to the stop sign. For example, in Chapter 4, the stop sign information says the following:

Make sure your Expense and Sales transactions match what is shown. Work accumulates in Chapters 2, 3 and 4. You need to check your work so far. The Expenses and Sales shown help you check the data stored to this point.

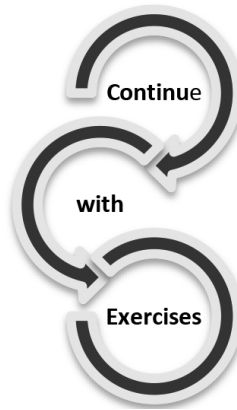


8. When inputting data for a transaction, this image is shown next to the date and description.

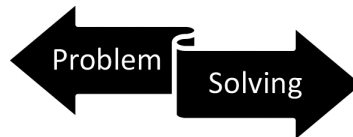
| <i>Date</i> | <i>Description of Transaction</i>   |
|-------------|---|
| 10/1/20XX   | The owner invested \$50,000 cash along with \$10,000 in computer equipment in the company in exchange for common stock. |



9. Continue work completed in the chapter with the end-of-chapter exercises. This image is shown next to the first end-of-chapter exercise.




10. Indicates the third end-of-chapter exercise, Problem Solving activities.



## FYI, COMMENTS, AND TROUBLESHOOTING

In each chapter, there are FYI boxes, comments and troubleshooting tips. The end-of-chapter index includes the page numbers where FYIs, comments and troubleshooting appear within the chapter. An example of an FYI box follows. Read the information.

|   |   |
|---|---|
|  | <b>CLEARING TEMPORARY INTERNET FILES/CACHE</b><br>Deleting temporary internet files or clearing the browser cache is a good way to start the browser with a clean slate. The steps are different depending on which browser is being used. Go online to <a href="http://www.mhhe.com/qbo2e">www.mhhe.com/qbo2e</a> > Troubleshooting. Clearing temporary internet files/cache is included for these browsers: Internet Explorer, Firefox, Google Chrome, Safari, Safari (for iPad/iPhone) and the QuickBooks Windows App. |
|---|---|

## KEYBOARD SHORTCUTS

You can use the keyboard instead of a mouse or trackpad to save time. To help speed you through common tasks and workflows, QBO has many **keyboard shortcuts**. To see the keyboard shortcuts, from any QBO page, press <Ctrl>+<Alt>+</>.

One of the first decisions is whether to use the mouse or keyboard. The instructions in this book assume that you are using a mouse. When the word click or select is used, it means to use the mouse, but you can also use the keyboard.

**Go To:**

| To quickly go to...        | Press            |
|----------------------------|------------------|
| *Customers page            | <Ctrl + Alt + C> |
| *Vendors page              | <Ctrl + Alt + V> |
| *Lists page                | <Ctrl + Alt + L> |
| *Chart of Accounts page    | <Ctrl + Alt + A> |
| *Search transaction window | <Ctrl + Alt + F> |
| *Help window               | <Ctrl + Alt + H> |

**Work with forms:**

| To...                                  | Press            |
|--|------------------|
| *Start a new invoice                   | <Ctrl + Alt + I> |
| *Start a new check                     | <Ctrl + Alt + W> |
| *Start a new estimate                  | <Ctrl + Alt + E> |
| *Start a new expense                   | <Ctrl + Alt + X> |
| *Receive a payment                     | <Ctrl + Alt + R> |
| *Save current form and start a new one | <Ctrl + Alt + S> |
| Save current form and send it          | <Ctrl + Alt + M> |

\*Unavailable when a form is onscreen (any form from the Create (+) menu)

**Move between fields:**

1. Press <Tab> to move forward from one field to the next.
  2. Press <Shift-Tab> to move backward through fields.
- Mac users: You can control whether the Tab key lets you move through text boxes and lists only or through all controls.

**To change this setting:**

- a) From the Apple menu, click System Preferences.
- b) Choose Keyboard, and then click the Keyboard Shortcuts tab.
- c) At the bottom of the dialog box, in the Full Keyboard Access section, choose All controls.

**Enter dates in fields:**

| To Change the Date to... | Press         |
|--------------------------|---------------|
| Next day                 | + (plus key)  |
| Previous day             | - (minus key) |
| Today                    | T             |
| First day of the week    | W             |
| Last day of the week     | K             |
| First day of the month   | M             |
| Last day of the month    | H             |
| First day of the year    | Y             |
| Last day of the year     | R             |

You can also Press <Alt + down arrow> to open the popup calendar icon at the right of a Date field.

**Change dates in a calendar:**

| To Change the Date to... | Press                            |
|--------------------------|----------------------------------|
| Any surrounding date     | Left, Right, Up, Down arrow keys |
| Same day next month      | Page Down                        |
| Same day previous month  | Page Up                          |
| Same day next year       | <Ctrl + Page Down>               |
| Same day previous year   | <Ctrl + Page Up>                 |

---

|                               |         |
|-------------------------------|---------|
| First day of the <b>month</b> | M       |
| Last day of the <b>month</b>  | H       |
| First day of the <b>week</b>  | W       |
| Last day of the <b>week</b>   | K       |
| First day of the <b>year</b>  | Y       |
| Last day of the <b>year</b>   | R       |
| Select data                   | <Enter> |

### Calculate amounts and rates:

In any Amount or Rate field, you can enter a calculation. When you press <Tab>, QuickBooks calculates the result.

| You can... | Using | Example           |
|------------|-------|-------------------|
| Add        | +     | 1256.94+356.50    |
| Subtract   | -     | 48.95-15          |
| Multiply   | *     | 108*1.085         |
| Divide     | /     | 89.95/.33         |
| Group      | ()    | 13.95+(25.95*.75) |

### Choose items in drop-down lists

1. Press <Tab> until you reach the field.
2. Press <Alt + down arrow> to open the list.
3. Press <up arrow> or <down arrow> to move through the items in the list.
4. Press <Tab> to select the item you want and move to the next field.

If you don't want to open the whole list, but just want to scroll through the items in the text box, press <Ctrl + down arrow> or <Ctrl + up arrow>.

**If the list has sub-items:**

1. Type the first few characters of the parent item until it is selected.
2. Then you can:
  - Type **:** (colon) to jump to the list of sub-items, and then type the first few characters of the sub-item until it is selected.
  - Press <Alt + down arrow> to open the list of sub-items, and then press <down arrow> or <up arrow> to scroll through the sub-items.
3. Press **Tab** to select the item you want and move to the next field.

**Respond to messages:**

When a message pops up and the button names have underlined letters, type the letter to select the button you want.

**Enter transactions in an account register:**

To select a transaction type:

1. In a new, yellow transaction row, press <Shift + Tab> to select the transaction type field.
2. Press <Alt + down arrow> to open the list.
3. Press <up arrow> or <down arrow> to move through the list, or type the first letter of the transaction type you want.

If there are two types that start with the same letter, you can type the letter twice to select the second one. For example, type **C** once to select Check, and type **C** the second time to select Cash Purchase.

4. Press <Tab> to select the type you want and move to the next field.

Once you're familiar with the transaction types available, you can tab to the field and type the first letter to select the one you want without opening the list.

When the Ref No. field is selected:

- Press + to increase the Ref No.
- Press - to decrease the Ref No.
- Type **T** to enter To Print in the Ref No. field for a bill payment (from a checking account), check, or paycheck.

To save or edit the selected transaction:

- Press <Shift + Alt + S> to save.
- Press <Ctrl + S> to save.
- Press <Shift + Alt + E> to edit a saved transaction. This opens the transaction form.
- Press <Ctrl + E> to edit a saved transaction. This opens the transaction form.

To move between transactions within the register, selecting the Date field as you go:

- Press <up arrow> to select the transaction above.
- Press <down arrow> to select the transaction below



**Adjust print alignment:**

When aligning checks, invoices, deposit slips, payroll forms, or 1099-MISC forms (QuickBooks Plus only):

- Select the Vertical or Horizontal field and press **+** to raise the number and **-** to lower it. (You must use the keys on the numeric keypad instead of the regular **+** and **-** keys.)

**Move around in journal entries:**

In a Journal Entry, press **<up arrow>** to move to the distribution line above and **<down arrow>** to move to the one below.

---

**Carol Yacht**, [carol@carolyacht.com](mailto:carol@carolyacht.com), is an educator and author of technology-based accounting textbooks. Carol authors QuickBooks Online (2/e), QuickBooks Desktop (9/e), and Sage Peachtree (20/e), textbooks. Carol taught on the faculties of California State University-Los Angeles, West Los Angeles College, Yavapai College, and Beverly Hills High School. She started using accounting software in her classes in 1980. Carol's teaching career includes first and second year accounting courses, accounting information systems, and computer accounting.

Since 1989, Carol's textbooks have been published by McGraw-Hill. She contributes regularly to professional journals and is the Editor of the American Accounting Association's Teaching, Learning, and Curriculum section's *The Accounting Educator*.

Carol Yacht was an officer of AAA's Two-Year College section and recipient of its Lifetime Achievement Award. She is a board member of the Microsoft Dynamics Academic Alliance; worked for IBM Corporation as an education instruction specialist; serves on AAA's Teaching, Learning, and Curriculum section's research, instructional, and hall of honor award committees; and works for Intuit and Sage as a consultant. Carol earned her MA degree from California State University-Los Angeles, BS degree from the University of New Mexico, and AS degree from Temple University.

**Susan V. Crosson** is an Adjunct Senior Lecturer at Emory University and the Director of the Center for Advancing Accounting Education for the American Accounting Association. Previously she was a Professor and Coordinator of Accounting at Santa Fe College in Gainesville, FL. She has also taught on the faculties of University of Florida, Washington University in St. Louis, University of Oklahoma, Johnson County Community College, and Kansas City Kansas Community College.

Susan continues to be guided by her mission to create a learning process as individual as each student requires to master the course content and actively apply with confidence what's learned. She is pleased to be able to speak and write on the effective use of technology throughout the accounting curriculum. In addition to her over 300 YouTube videos, she has co-authored several accounting textbooks including the *Computer Accounting Essentials* series. Susan earned her Master of Science in Accounting from Texas Tech University and her undergraduate degree in accounting and economics from Southern Methodist University. She is a CPA.



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# Chapter

# 1

# QuickBooks Online Test-drive

**Scenario:** In Chapter 1, you use the test drive's sample company, Craig's Design and Landscaping Services. The test drive company sells landscaping products, purchases inventory from vendors, and provides customers with landscaping services. In this chapter, you learn how to navigate the QuickBooks Online user interface, enter journal transactions, and display and save reports. The objectives that follow specify the work completed.

## OBJECTIVES

1. Start the sample company, Craig's Design and Landscaping Services.
2. Tour QuickBooks Online (QBO).
3. Explore the User Interface.
4. Export the Chart of Accounts to Excel.
5. View recent transactions and reports.
6. Create an invoice, sales receipt, bill, and write check.
7. Complete Check Your Progress.
8. Go to the Online Learning Center at [www.mhhe.com/qbo2e](http://www.mhhe.com/qbo2e) for additional resources.
9. Complete Exercises 1-1, 1-2 and 1-3.



The screens that are shown in the textbook may differ from what you see. Each time you sign into QBO, the software is the most current version. If you notice updates to Chapter 1, go online to [www.mhhe.com/qbo2e](http://www.mhhe.com/qbo2e) > Text Updates. Updates occur on a regular basis. That is the nature of internet-delivered software.

**SYSTEM REQUIREMENTS:** <https://community.intuit.com/articles/1145516-system-requirements-for-quickbooks-online>

To use QuickBooks Online (QBO), sign in with a web browser. You can access QBO from any PC or Mac with an Internet connection. For more information, go online to [www.mhhe.com/qbo2e](http://www.mhhe.com/qbo2e) > System Requirements. Internet connection is required (high-speed connection recommended).

### **Supported Browsers**

- Google Chrome, recommended (updates automatically), Mozilla Firefox (updates automatically), Internet Explorer 10 or 11, Apple Safari 6.1 or later
- Also accessible via Chrome on Android and Safari on iOS
- QuickBooks Online mobile app works with the iPhone, iPad and Android phones and tablets, Surface tablet
- Not all features are available on mobile devices

### **Other**

For exporting reports to Excel, Microsoft Excel 97 or later. The author used Excel 2007 and 2013. Adobe for saving PDF files. The free Adobe Acrobat Reader is available at <https://get.adobe.com/reader/>

## **GETTING STARTED**

To access the sample company, Craig's Design and Landscaping Services, follow these steps.

### **Sample Company Sign In**

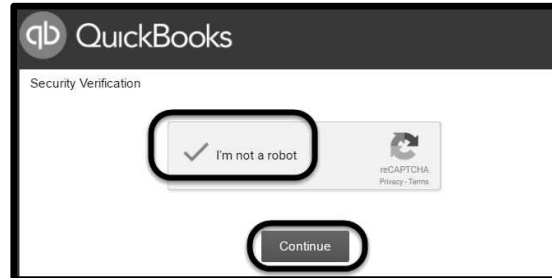
In Chapter 1, you use the sample company, Craig's Design and Landscaping Services. Follow these steps to start the sample company.

---

1. Start your Internet browser. Refer to Supported Browsers on the previous page.
2. Go online to <https://qbo.intuit.com/redirect/testdrive>.

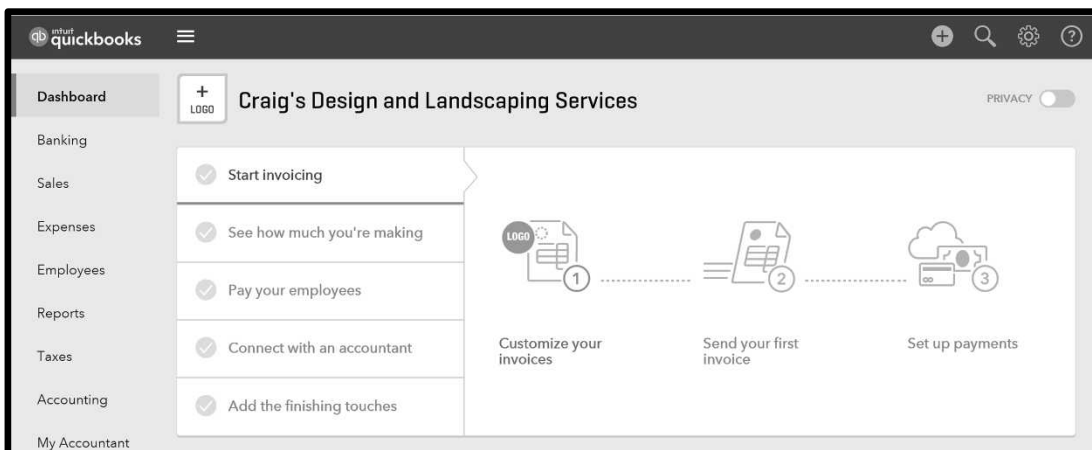
(Hint: Chapter 1 is online at [www.mhhe.com/qbo2e](http://www.mhhe.com/qbo2e) > Chapter 1.)

**Each time you start the test drive, a new session begins. Data is not saved.**



3. Complete the Security Verification I'm not a robot > click <Continue>. Select images and verify.
4. The **Dashboard**, also called the **Home page**, appears for the sample company, Craig's Design and Landscaping Services. Depending on what day you signed in your screen may differ. As of this writing, the author's Dashboard looks like the one below.

The Dashboard shows profit and loss, how much was spent, the income and sales summary, and bank accounts for Craig's Design and Landscaping Services. The dashboard is a current snapshot of the business as of the day you signed in. A partial Dashboard is shown.





## USER INTERFACE

A *user interface (UI)*<sup>1</sup> is the link between a user and the software. On the left side, QuickBooks Online includes a *Navigation bar*. The Dashboard is the *default*. Defaults are automatic settings. The Navigation bar lists QBO's main features.

When QuickBooks Online updates, the Navigation bar may change. As of this writing, the test drive's Navigation bar includes these selections—Dashboard, Banking, Sales, Expenses, Employees, Reports, Taxes, Accounting, and My Accountant.

Regularly check QBO changes at [www.mhhe.com/qbo2e](http://www.mhhe.com/qbo2e) > Text Updates. Another way to learn about updates is the QuickBooks blog at <http://quickbooks.intuit.com/blog/> > What's New in QBO.

### QBO Navigation

1. Use the Navigation bar to access pages within QBO.

2. Use the plus sign  to create transactions.

---

<sup>1</sup>Words that are boldfaced and italicized are defined in the Glossary, Appendix B.

---

**Create**

| 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      |                      |                          |
| Delayed Credit  | Credit Card Credit |                      |                          |
| Delayed Charge  | Print Checks       |                      |                          |

▶ Show less



3. The magnifying-glass for Search and Recent Transactions.

**Search Transactions**

🔍

Advanced Search

---

**Recent Transactions**

|                     |            |          |                 |
|---------------------|------------|----------|-----------------|
| Credit Card Expense | 02/19/2017 | \$34.00  |                 |
| Credit Card Expense | 01/31/2017 | \$42.40  | Hicks Hardw...  |
| Credit Card Expense | 02/06/2017 | \$19.99  | Squeaky Kle...  |
| Credit Card Expense | 01/30/2017 | \$19.99  | Squeaky Kle...  |
| Credit Card Expense | 01/30/2017 | \$18.97  | Bob's Burger... |
| Credit Card Credit  | 02/08/2017 | \$900.00 |                 |
| Check No. Debit     | 01/23/2017 | \$19.99  | Squeaky Kle...  |
| Cash Expense        | 01/21/2017 | \$3.86   | Bob's Burger... |
| Cash Expense        | 01/16/2017 | \$19.99  | Squeaky Kle...  |
| Cash Expense        | 01/16/2017 | \$5.66   | Bob's Burger... |


View More


## 6 Chapter 1

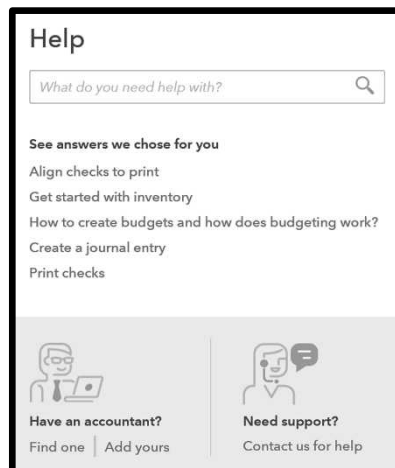
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4. The gear  for the Settings menu.



 The screens that are shown in the textbook may differ from what you see. Each time you sign into QBO, the most recently updated version of the software displays.

5. The question mark  is for QBO self-help. Your links (words in blue) may differ.



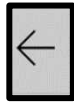
## DASHBOARD

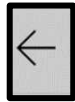
When you sign into QuickBooks Online, the Dashboard appears. The Dashboard provides a starting point that allows you to access all the features of QBO. The Dashboard includes a picture of the current status of Profit and Loss, Expenses, Income, Sales, Banking activities and Tips. When you enter transactions, the values change, displaying a real-time overview of your company.

The Dashboard includes information about Craig's Design and Landscaping Services. In the steps that follow, you link to various parts of the Dashboard.

### Checklist

1. On the top of the page, the dashboard shows a checklist: Start invoicing, See how much you're making, Pay your employees, Connect with an accountant.
2. Click on Customize your invoices (if available). The Create invoices that turn heads and open wallets page appears. Design is the default. You may want to click on a few links: Content, Emails, Payments.



3. Click on the back-arrow .

**Comment:** Since QBO regularly updates, some sections of the Dashboard may change. For example, the author's Dashboard has a link that says "Your navigation is getting a refresh to help run your business more efficiently." To read about the QBO changes, link to Learn more .

4. If necessary, click <Dashboard>. Review the Bank accounts section. Mastercard, checking, savings, Visa and the number of QuickBooks

## 8 Chapter 1

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transactions to review. (*Hint:* This information reflects the day the author signed in. Your amounts may differ.)

| Bank accounts   |             |             |
|---|-------------|-------------|
| Mastercard <span style="float: right;">7 to review</span> |             |             |
| Bank balance  | \$304.96    | Updated     |
| In QuickBooks   | \$157.72    | moments ago |
|   |             |             |
| Checking <span style="float: right;">25 to review</span>  |             |             |
| Bank balance  | \$-3,621.93 | Updated     |
| In QuickBooks   | \$1,201.00  | moments ago |
|   |             |             |
| Savings <span style="float: right;">1 to review</span>    |             |             |
| Bank balance  | \$200.00    | Updated     |
| In QuickBooks   | \$800.00    | moments ago |
|   |             |             |
| Visa  |             |             |
| In QuickBooks   |             | \$0         |

5. In the Bank accounts section of the Dashboard, click Checking

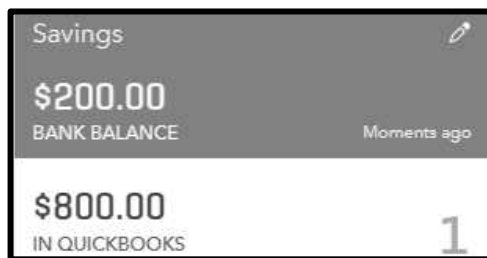
|               |             |              |
|---------------|-------------|--------------|
| Checking      |             | 25 to review |
| Bank balance  | \$-3,621.93 | Updated      |
| In QuickBooks | \$1,201.00  | moments ago  |

The Bank and Credit Cards | Checking page appears. (*Hint:* Your amounts may differ.)

| Bank and Credit Cards     |                             | Checking ▾                |
|---------------------------|-----------------------------|---------------------------|
| Mastercard                | Checking                    | Savings                   |
| \$304.96<br>BANK BALANCE  | \$-3,621.93<br>BANK BALANCE | \$200.00<br>BANK BALANCE  |
| Moments ago               | Moments ago                 | Moments ago               |
| \$157.72<br>IN QUICKBOOKS | \$1,201.00<br>IN QUICKBOOKS | \$800.00<br>IN QUICKBOOKS |
| 7                         | 25                          | 1                         |

| Craig's Design and Landscaping Services |                            |                                     |   |            |            |
|---|----------------------------|-------------------------------------|---|------------|------------|
| For Review                              |                            |                                     |   |            |            |
| Date                                    | Description                | Payee                               | Category or match   | Spent      | Received   |
| 06/21/2017                              | Books By Bessie            | Books by Bessie                     | Uncategorized Income  |            | \$55.00    |
| 05/22/2017                              | A Rental                   |                                     | Uncategorized Income  |            | \$200.00   |
| 05/22/2017                              | A Rental                   |                                     | Uncategorized Expense   | \$1,200.00 |            |
| 04/29/2017                              | A Rental                   |                                     | Uncategorized Expense   | \$800.00   |            |
| 04/26/2017                              | Pam Seitz                  | Pam Seitz                           | MATCH Expense 76 04/26/2017 Pam Seitz                                 | \$75.00    |            |
| 04/26/2017                              | undefined                  |                                     | MATCH Deposit 04/26/2017  | \$868.15   | \$868.15   |
| 04/26/2017                              | Hicks Hardware             | Hicks Hardware                      | MATCH Check 75 04/26/2017 Hicks Hardware                              | \$228.75   |            |
| 04/25/2017                              | Pg E                       | PG&E                                | MATCH Bill Payment 6 04/25/2017 \$114.09 PG&E                         | \$114.09   |            |
| 04/25/2017                              | undefined                  |                                     | MATCH Deposit 04/25/2017  | \$408.00   | \$408.00   |
| 04/24/2017                              | Travis Waldron             | Travis Waldron                      | MATCH Payment 2064 04/24/2017 \$103.55 Travis Waldron                 |            | \$103.55   |
| 04/24/2017                              | Pye's Cakes                | Pye's Cakes                         | MATCH Refund 04/24/2017 Pye's Cakes                                   | \$87.50    |            |
| 04/24/2017                              | undefined                  | Freeman Sporting Goods:55 Twin Lane | MATCH Payment 04/24/2017 Freeman Sporting Goods:55 Twin Lane          | \$50.00    | \$50.00    |
| 04/24/2017                              | Squeaky Kleen Car Wash     | Squeaky Kleen Car Wash              | MATCH Check Debit 04/24/2017 \$19.99 Squeaky Kleen Car Wash           | \$19.99    |            |
| 04/24/2017                              | undefined                  |                                     | MATCH Deposit 04/24/2017  | \$218.75   | \$218.75   |
| 04/24/2017                              | Books By Bessie            | Pam Seitz                           | MATCH Expense 76 04/26/2017 Pam Seitz                                 | \$75.00    |            |
| 04/23/2017                              | Brosnahan Insurance Agency | Brosnahan Insurance Agency          | MATCH Bill Payment 1 04/23/2017 \$2,000.00 Brosnahan Insurance Agency | \$2,000.00 | \$2,000.00 |
| 04/21/2017                              | Dylan Sollfrank            | Dylan Sollfrank                     | MATCH Sales Receipt 10264 04/21/2017 \$337.50 Dylan Sollfrank         |            | \$337.50   |

6. Select Savings.



| For Review |             |       | In QuickBooks                     | Excluded | Go to Register |        |
|------------|-------------|-------|-----------------------------------|----------|----------------|--------|
| DATE       | DESCRIPTION | PAYEE | CATEGORY OR MATCH                 | SPENT    | RECEIVED       | ACTION |
| 01/25/2017 | undefined   |       | MATCH Deposit 01/25/2017 \$200.00 |          | \$200.00       | Match  |