

## Case Problem

# 3

## Convert QuickBooks Desktop to QuickBooks Online

The Online Learning Center (OLC) at [www.mhhe.com/qbo2e](http://www.mhhe.com/qbo2e) > Student Edition > CP3 includes the QuickBooks Desktop company file, Your Name Accounting.qbw. Company files that end in the extension .qbw can be opened with QuickBooks Desktop. *To complete the OLC's version of Case Problem 3 (CP3), you need the desktop version of QuickBooks 2015 or later.*

Before you start the conversion process, you should do the following.

- Sign out of QB Online.
- Make sure you are using an updated version of QuickBooks 2015 (or higher). QuickBooks Desktop (QBD) needs to be installed on your computer. When you start QBD, if an update screen appears, select Install Now.

**FYI:** When opening the Your Name Accounting.qbw file with QuickBooks Desktop 2015 (or higher), you may need to type this password **Dog12cy**. If necessary, select City where you went to high school and type **Phoenix**.

Converting is the only way to import data from another version of QuickBooks into QuickBooks Online. After converting the data from QBD to QBO, you record service company transactions and print reports. Case Problem 3 gives you an opportunity to compare QBO with QBD.

CP3 includes the following activities:

- Copy the company file, Your Name Accounting.qbw, to your computer's desktop. A PC is needed to use QB Desktop 2015 (page 2).

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- If needed, install QuickBooks Desktop 2015 (steps 1-3, pages 2-3).
- Set up a new QuickBooks Online Plus company. Use *either* the 30-day free trial version (pages 7-9) *or* the Intuit Education Program website (page 9).
- Convert QB Desktop to QuickBooks Online (pages 9-14).

### **COPY THE COMPANY FILE AND QUICKBOOKS DESKTOP 2015 INSTALLATION**

To convert a QuickBooks Desktop company file to QuickBooks Online, follow these steps.

#### **Copy Company File**

Use QuickBooks Desktop 2015 to open the company file, Your Name Accounting.qbw. The .qbw file is located at [www.mhhe.com/qbo2e](http://www.mhhe.com/qbo2e) > Student Edition > CP3. Copy the .qbw file to your desktop.

#### **Install QuickBooks Desktop 2015 (QBD 2015)**

If you do not have QuickBooks Desktop 2015 or higher installed on your computer, follow these steps to install it. Once you have a copy of QB Desktop 2015, you can convert a QB Desktop company file to QB Online. The steps below are for PCs only. The CP3 company file is for PCs not a Macintosh computer. *If you have QB Desktop software installed on your PC, skip these steps. Go to the next section, Set Up a QuickBooks Online Company, pages 6-9.*

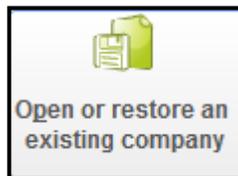
1. Go online to [www.intuiteducationprogram.com](http://www.intuiteducationprogram.com) > select Students > QuickBooks Desktop Free > Register.



2. Complete the Sign up for free QuickBooks Desktop form. In the QuickBooks Desktop field, select QuickBooks Desktop 2015.

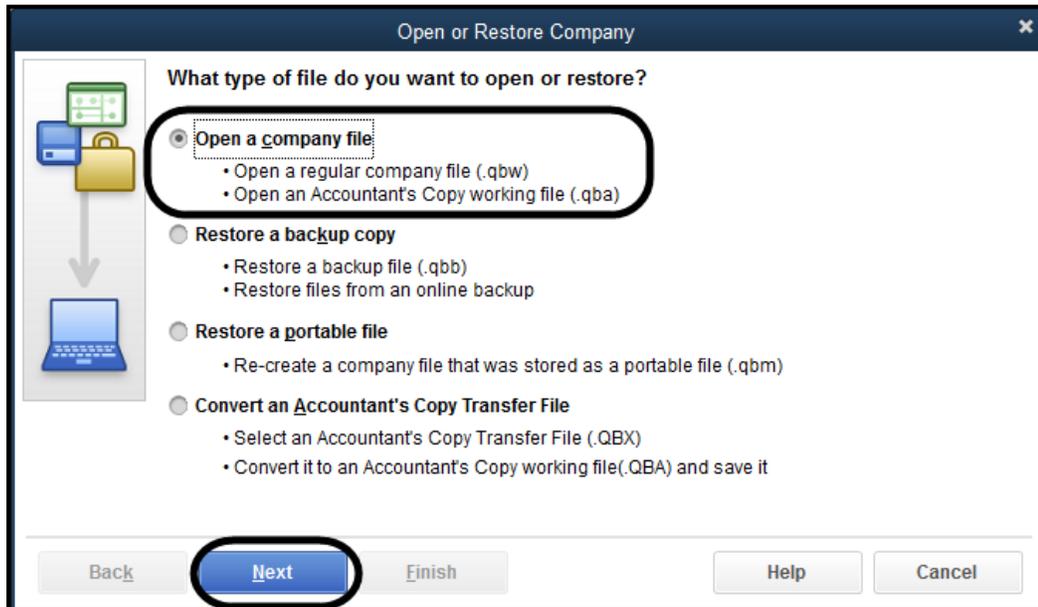


3. After completing the form, submit it. In **3 business days**, you will receive an email to download QuickBooks Desktop 2015 software. Follow the screen prompts to install. You can use QBD 2015 for 5 months.
4. After starting QBD 2015, select Open or restore an existing company file.



5. The Open or Restore Company screen appears. If necessary, select Open a company file > Next.

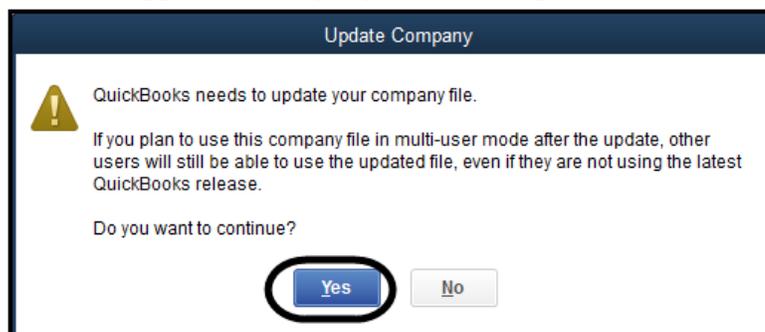
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6. Go to the location of the Your Name Accounting.qbw file > click Open.



**Note:** If a screen appears, asking if you want to update, click <Yes>.



7. If the Sensitive Data Protection Setup screen appears, complete these fields:

New Password and Confirm Password: type **Dog12cy**

Select Challenge question: City where you went to High School, type **Phoenix**

**Sensitive Data Protection Setup**

Create Complex QuickBooks Password

To complete sensitive data protection setup, create a new complex QuickBooks password.

**All Fields required**

User Name: Admin

New Password: Dog12cy  
Requires at least 7 characters, including one number and one uppercase letter

Confirm New Password: Dog12cy  
Example: coMp1ex

**Set Up Password Reset**

Select a challenge question and enter answer. [How will this help me reset my password?](#)

Challenge Question: City where you went to high school

Answer: Phoenix  
Answer is not case sensitive

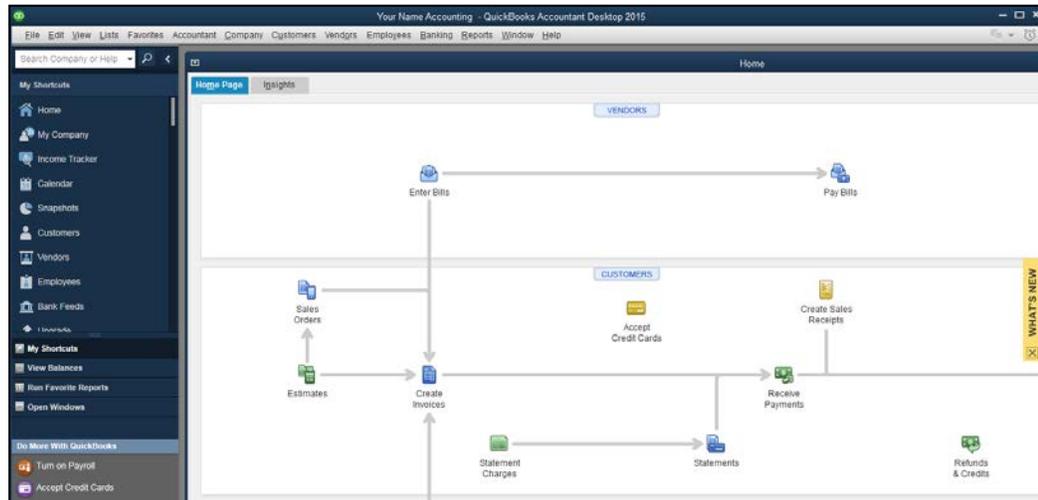
OK Cancel

Click <OK>. If a screen prompts, your QuickBooks password has been changed click <OK>.

8. After a brief wait, the Your Name Accounting - QuickBooks Accountant Desktop 2015 window appears. A partial home page is shown.

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### SET UP A QUICKBOOKS ONLINE COMPANY

To export a QuickBooks Desktop company file to QB Online, you need to set up a new QB Online account. There are two ways to do that:

1. Use the free 30-day trial version of QuickBooks Online (pages 7-9).

*Or,*

2. Go to the Intuit Education Program website and register as a student for QuickBooks Online Plus (page 9).

**NOTE:** You *must* use a different User ID and Password than the one used with QB Cloud\_Student Name. This distinguishes CP3's company, Your Name Accounting, from QB Cloud. *The author suggests using the Google Chrome browser. If you want to use an email address as your User ID, set up a new email.*

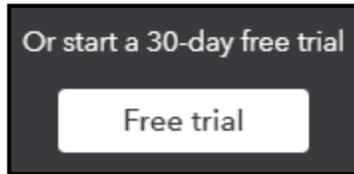
### 30-Day QB Online Plus Free Trial

Go online to the website shown below to set up a new QB Online Plus company using the free trial version. It can be used for 30 days or less and then it expires.

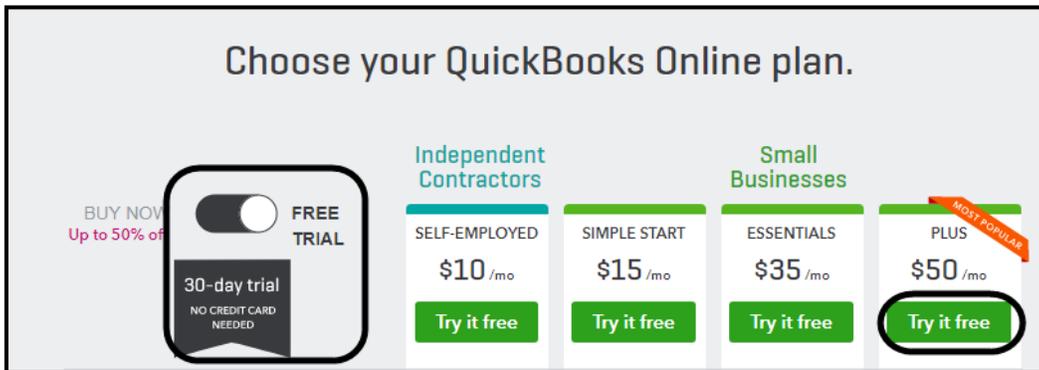
**Note:** You may want to set up another email address, for example, a Gmail or Yahoo address. In the steps below, a new User ID and Password is also set up.

*You must use a valid email address.*

1. Go online to <http://quickbooks.intuit.com>. The author recommends Google Chrome.



2. Select Free trial. As of this writing, toggle to FREE TRIAL > Most Popular PLUS > Try it free.



**Tip:** Steps for obtaining the 30-day free trial version change. You may need to make different selections. Make sure when you select the Plus version,

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that Try it free is displayed. You should not enter credit card information. If that page appears, start step 1 again.

3. The Try QuickBooks for free for 30 days page appears. Type a valid email address and password.

**IMPORTANT:** Do not use the same email or password that you used with QB Cloud\_Student Name in Chapters 2 through 10. Write down your User ID and Password.

User ID \_\_\_\_\_

Password \_\_\_\_\_

4. After completing the Try QuickBooks for free for 30 days page, click <Create account>. When the Ready to buy now? page appears, click <Continue with trial>.
5. As of this writing, complete fields for the name of the business and length of time for the business. (Field names may differ.)
  - What's your business called: **Your Name Accounting** (use your first and last name Accounting)
  - How long have you been in business: select Less than 1 year.

Do not put a checkmark next to I've been using QuickBooks Desktop and want to bring in my data.

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6. Click  to go to the next page. Read the information. If  appears, select it (or select the button on your page).



You can access the free Trial Version for **30 days**, then it will expire. If you do not complete Your Name Accounting within 30 days, monthly subscription fees apply in order to continue.

### QBO from the Intuit Education Program Website

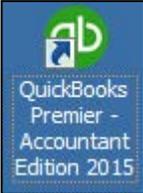
Do not follow these steps if you completed the 30-day free trial on pages 7-9.

- Go online to [www.intuiteducationprogram.com](http://www.intuiteducationprogram.com) > Student Registration > QuickBooks Online.
- Complete the form and submit.
- It takes **3 business days** to receive an Intuit Education email for QuickBooks Online Plus access.
- Follow steps 5 and 6 to set up Your Name Accounting.

### CONVERT QB DESKTOP TO QB ONLINE

Follow these steps to start QuickBooks Desktop and convert the company file to QuickBooks Online.



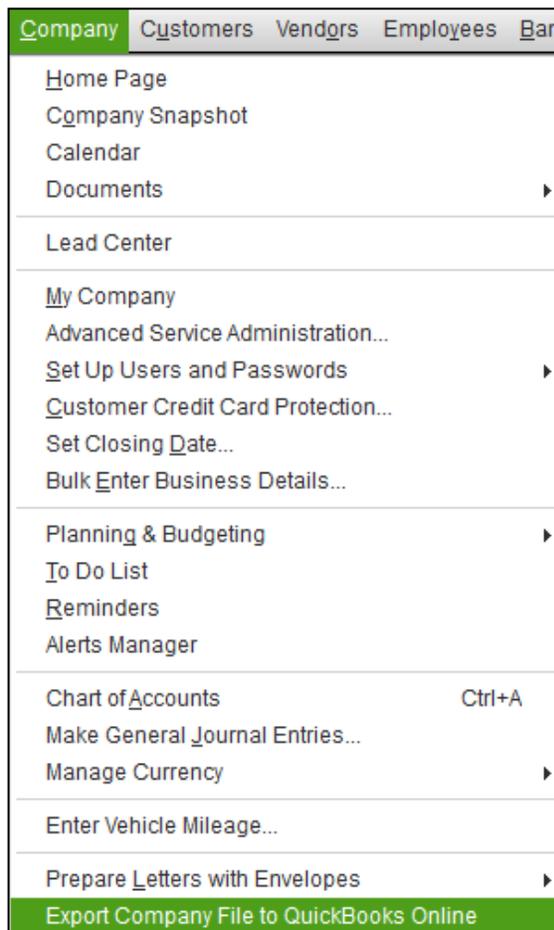
1. To start QuickBooks Desktop, click . If a password is needed to open the Your Name Accounting.qbw file, type **Dog12cy** > click OK.

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2. If screens appear, close them. From the menu bar, select Company > Export Company File to QuickBooks Online.



3. The Export to QuickBooks Online screen appears. Type the email or User ID and Password that you set up on page 8 for CP3's QB Online company > check Remember me > Sign in.

Export to QuickBooks Online

**Sign in to QuickBooks Online Accountant**

Email or user ID

Password

Remember me

**Sign In**

By clicking Sign In, you agree to our [License Agreement](#).

[I forgot my user ID or password](#)

4. A Let's make sure it's you page appears > click Continue. Go to your email account to retrieve the Confirmation code. When completing this step, do not close your browser.
5. Type the Confirmation code > Continue. The Export to QuickBooks Online page appears. In the Start by choosing your existing QuickBooks Online company field, click on the down-arrow to select Your Name Accounting.

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Read the Let's export a copy of Your Name Accounting information > click on the down-arrow to select your company name > Continue.

Export to QuickBooks Online

Let's export a copy of Your Name Accounting

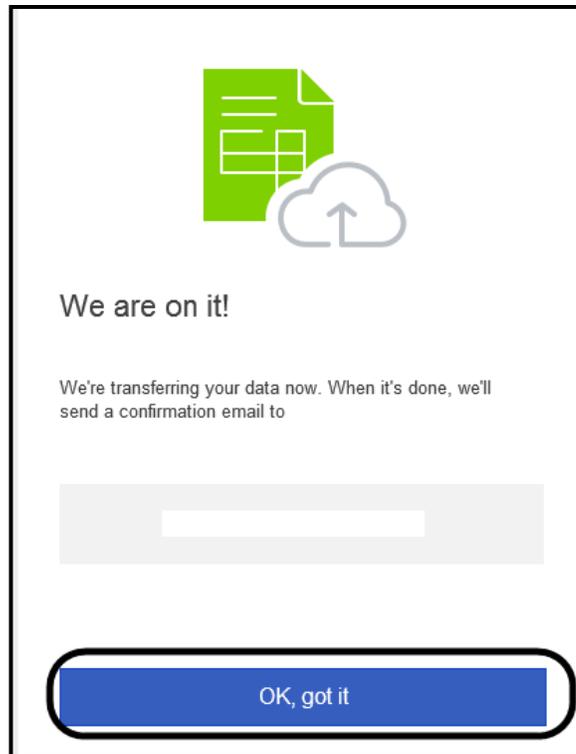
Start by choosing your existing QuickBooks Online company.

Your Name Accounting

Start fresh instead?  
[Create new QuickBooks Online company](#)

Continue Cancel

6. After clicking <Continue>, the We are on it! page appears > click OK, got it.



7. After selecting OK, exit QuickBooks Desktop (File > Exit).
8. Go to your QuickBooks Online account. (If you signed out of QBO, go to <http://quickbooks.intuit.com> and sign in with your User ID and password.)
9. From the Navigation bar, select Reports > Balance Sheet > Custom > the dates are 12/1/17 to 12/1/17 > Run Report. Compare your Balance Sheet with the one shown on the next page.

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<b>Your Name Accounting</b>	
<b>Balance Sheet</b>	
As of December 1, 2017	
	Total
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Bank Accounts</b>	
10000 Glendale Bank	50,000.00
<b>Total Bank Accounts</b>	\$ 50,000.00
<b>Other Current Assets</b>	
14000 Prepaid Rent	2,000.00
14500 Supplies	2,500.00
<b>Total Other Current Assets</b>	\$ 4,500.00
<b>Total Current Assets</b>	\$ 54,500.00
<b>Fixed Assets</b>	
15000 Furniture and Equipment	4,000.00
15500 Computer Equipment	1,000.00
<b>Total Fixed Assets</b>	\$ 5,000.00
<b>TOTAL ASSETS</b>	\$ 59,500.00
<b>LIABILITIES AND EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Other Current Liabilities</b>	
25000 Notes Payable	20,000.00
<b>Total Other Current Liabilities</b>	\$ 20,000.00
<b>Total Current Liabilities</b>	\$ 20,000.00
<b>Total Liabilities</b>	\$ 20,000.00
<b>Equity</b>	
30000 Student Name, Capital	39,500.00
32000 Owner's Equity	
<b>Net Income</b>	
<b>Total Equity</b>	\$ 39,500.00
<b>TOTAL LIABILITIES AND EQUITY</b>	\$ 59,500.00

10. Export the December 1 Balance Sheet to Excel and save as a PDF file. Use the file name **CP3\_December 1 Balance Sheet**.

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## Billing & Subscription

To see when your subscription to QB Online Plus's free trial ends, do this:

1. Select Gear > Account and Settings > Billing & Subscription. These fields appear:

Subscription status: Trial ends in 30 days! Subscribe now or Cancel trial.

Plan details: QuickBooks Plus

Next Charge: Free through – date is shown

2. Click <X> to sign out of the Billing & Subscription page.

## COMPANY SETTINGS

To change the name of the company from Your Name Accounting to yours, do this.

1. Select Gear > Account and Settings > Company.
2. In the Company name field, select the pencil icon to edit. In the Company Name field, add your first and last name.
3. Edit the Address information with your name and address.
4. In the Company type field Choose a method, select Sole proprietor (Form 1040) > Save > Done.
5. Go to Advanced > edit the Customer label field. Select Clients

A screenshot of a software interface showing a dropdown menu. The text "Customer label" is on the left. To its right is a dropdown box with "Clients" selected and a small downward-pointing arrow on the right side of the box.

> Save > Done.

You may want to read screen prompts. For example, if a QuickBooks Online looks different from Desktop version page appears, click <Next> to read the information.

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## EDIT THE CHART OF ACCOUNTS

When you converted the QuickBooks Desktop file to QuickBooks Online, some of the accounts differ from what you use with CP3's Your Name Accounting. QuickBooks Desktop Chart of Accounts does not include a Detail Type selection; QB Online does. For that reason, accounts need to be edited.

The accounts that need to be edited are shown below and on the next page. Select the appropriate Detail Type. **Boldface** indicates what you should type; *italics* indicates the Detail Type to select. The table includes accounts that need to be edited. Not all accounts or balances are shown.

Number	Name	Category Type	Detail Type	QuickBooks Balance
10000	<b>Glendale Bank</b>	Bank	Checking	50,000.00
14000	Prepaid Rent	Other Current Assets	<i>Prepaid Expenses</i>	2,000.00
17000	Accum Depr-Furn&Eq	Fixed Assets	<i>Accumulated Depreciation</i>	0.00
17500	Accum Depr-Computer Equip	Fixed Assets	<i>Accumulated Depreciation</i>	0.00
24000	<b>Payroll Tax Payable</b>	Other Current Liabilities	<i>Other Current Liabilities</i>	0.00
30000	<b>Your first and last name, Capital</b>	Equity	Opening Balance Equity	39,500.00
30800	<b>Your first and last name, Draw</b>	Equity	Owner's Equity	0.00
41000	Accounting Services Income	Income	<i>Service/Fee Income</i>	0.00
42700	Consulting Income	Income	<i>Service/Fee Income</i>	0.00

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<b>Number</b>	<b>Name</b>	<b>Category Type</b>	<b>Detail Type</b>	<b>QuickBooks Balance</b>
60000	Advertising Expense	Expenses	<i>Advertising/Promotional</i>	0.00
60400	Bank Service Charges	Expenses	Bank Charges	0.00
61550	Wages Expense-Adm Asst	Expenses	<i>Office/General Administrative Expenses</i>	0.00
61600	Wages Expense-Acctg Tech	Expenses	<i>Office/General Administrative Expenses</i>	0.00
62400	Depr Exp-Furn&Eq	Expenses	<i>Office/General Administrative Expenses</i>	0.00
62450	Depr Exp-Computer Equip	Expenses	<i>Office/General Administrative Expenses</i>	0.00
62500	Subscriptions Expense	Expenses	<i>Dues &amp; subscriptions</i>	0.00
63400	Interest Expense	Expenses	<i>Interest Paid</i>	0.00
64900	Supplies Expense	Expenses	<i>Supplies &amp; Materials</i>	0.00
67100	Rent Expense	Expenses	<i>Rent or Lease of Buildings</i>	0.00
67200	Repairs & Maintenance	Expenses	<i>Repair &amp; Maintenance</i>	0.00
68100	Telephone Expense	Expenses	<i>Office/General Administrative Expenses</i>	0.00
68600	Utilities Expense	Expenses	<i>Utilities</i>	0.00

Optional, delete these accounts:

15600 Automobile

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17600 Accum Depr-Automobile  
49400 Tax Preparation Services  
50500 Contracted Services  
60200 Automobile Expense  
61000 Business Licenses and Permits  
61700 Internet Expense  
62000 Continuing Education  
62460 Depr Exp-Automobile  
63300 Insurance Expense  
64300 Meals and Entertainment  
66000 Payroll Expenses  
68400 Travel Expense

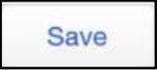
3. Export the Chart of Accounts to Excel and save as a PDF file. Use the file name **CP3\_Chart of Accounts**.

### **DECEMBER 2017 TRANSACTIONS**

In CP3, complete the accounting cycle for your accounting company. You employ two independent contractors: an Accounting Technician and an Administrative Assistant. They are paid at the end of the month. (*Hint: You may use the current year, or 2017. For CP3, the author used 2017.*)

Use the Transaction Register on the next page to complete December 2017 entries. When recording checks, add vendors. For deposits, see the information below.

**Deposits:** From the Add a transaction list (+), select Bank Deposit (in the Other list). Make deposits to Account 10000 Glendale Bank. In the RECEIVED

FROM field, click the down-arrow  > in the name field, type **clients** > . The payment method is check. Leave the REF NO. field blank.

## Transaction Register

Check No.	Date	Description of Transaction	Debit (-)	Credit (+)	Balance
	11/30	Balance			\$50,000.00
	12/1	Deposit (accounting services)		4,000.00	54,000.00
9001	12/1	Second Bank (Notes Payable)	2,000.00		51,915.00
		Interest Expense	85.00		
9002	12/12	Office Staples; Account 14500 Supplies	259.75		51,655.25
	12/16	Deposit (accounting services)		5,500.00	57,155.25
9003	12/17	Southwest Telephone	109.35		57,045.90
9004	12/17	U.S. Post Office	49.00		56,996.90
9005	12/17	Accounting Online Journal	125.00		56,871.90
9006	12/20	Rosa's Repairs	75.00		56,796.90
	12/22	Deposit (consulting)		2,500.00	59,296.90
9007	12/24	Moss Advertising	120.00		59,176.90
	12/24	Deposit (accounting services)		4,800.00	63,976.90
9008	12/24	City Utilities	63.23		63,913.67
	12/24	Deposit (consulting)		4,500.00	68,413.67
9009	12/27	Wages: Admin Asst	1,500.00		66,913.97
9010	12/27	Wages: Acctg Tech	1,200.00		65,713.67
9011	12/27	Owner's Draw	5,000.00		60,713.67

### **UNADJUSTED TRIAL BALANCE AND JOURNAL**

Export the Trial Balance to Excel and save as a PDF file. Use the file name **CP3\_Unadjusted Trial Balance**. (*Hint: Use the date range shown on the Transaction Register.*)

### **END-OF-YEAR ADJUSTING ENTRIES**

The author completed December 2017 transactions.

1. At the end of December, the supplies on hand are \$1,550.00.
2. Depreciation for Computer Equipment: \$41.67. (*Hint: Straight-line, two-years; purchased 12/1/2017.*)
3. Depreciation for Furniture and Fixtures: \$66.67. (*Hint: Straight-line, five years; purchased 12/1/2017.*)
4. Adjust one month's rent. Refer to the December 1 Balance Sheet. (*Hint: Two months' rent was prepaid on December 1.*)
5. Export the Journal to Excel and save as a PDF file. Use the file name **CP3\_Journal**. (*Hint: From 12/1/2017 to 12/31/2017.*)

### **ADJUSTED TRIAL BALANCE AND DECEMBER BANK STATEMENT**

1. Export the Adjusted Trial Balance to Excel and save as a PDF file. Use the file name **CP3\_Adjusted Trial Balance**.
2. Reconcile the December 31 bank statement. The bank statement is shown on the next page.

Statement of Account		Your Name Accounting	
Glendale Bank		Your address	
December 1 - 31, 2017	Account No. 980-33-1122	Your City, State, Zip	
REGULAR CHECKING			
Previous Balance	11/30	\$50,000.00	
5 Deposits (+)		21,300.00	
11 checks (-)		10,586.33	
Service Charge		18.00	
<b>Ending Balance</b>	12/31	<b>\$60,695.67</b>	
DEPOSITS			
	12/2	4,000.00	
	12/17	5,500.00	
	12/23	2,500.00	
	12/26	4,800.00	
	12/27	4,500.00	
CHECKS (Asterisk * indicates break in check number sequence)			
	9001	12/3	2,085.00
	9002	12/14	259.75
	9003	12/19	109.35
	9004	12/20	49.00
	9005	12/20	125.00
	9006	12/22	75.00
	9007	12/24	120.00
	9008	12/26	63.23
	9009	12/28	1,500.00
	9010	12/28	1,200.00
	9011	12/28	5,000.00

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3. Save the Reconciliation report as a PDF file. Use the file name **CP3\_Reconciliation Report**.

### FINANCIAL STATEMENTS

1. Export the Profit and Loss to Excel and save as a PDF file. Use the file name **CP3\_Profit and Loss**.
2. Export the Balance Sheet to Excel and save as a PDF file. Use the file name **CP3\_Balance Sheet**.
3. Export the Statement of Cash Flows to Excel and save as a PDF file. Use the file name **CP3\_Statement of Cash Flows**.

### CLOSE THE BOOKS

1. On December 31, 2017, close the balance in the drawing account to capital. Record this journal entry.

Account	Description	Debit	Credit
Your Name, Capital	Close the drawing account	5,000.00	
Your Name, Draw	Close the drawing account		5,000.00

2. Export the January 1, 2018 Balance Sheet to Excel and save as a PDF file. Use the file name **CP3\_January 1 Balance Sheet**.
3. Export the January 1, 2018 Trial Balance to Excel and save as a PDF file. Use the file name **CP3\_Postclosing Trial Balance**.
4. Export the December 1, 2017 to January 1, 2018 Transaction Detail by Account to Excel and save as a PDF file. Use the file name **CP3\_Transaction Detail by Account**.

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**CHECK YOUR PROGRESS: CP3**

1. What are the total debit and credit balances on the unadjusted trial balance? \_\_\_\_\_
2. What are the total debit and credit balances on your Adjusted trial balance? \_\_\_\_\_
3. What is the Statement Ending Balance on the reconciliation report? \_\_\_\_\_
4. What is the rent expense balance? \_\_\_\_\_
5. What is the depreciation expense for computer equipment? \_\_\_\_\_
6. What is the depreciation expense for furniture and equipment? \_\_\_\_\_
7. What is the amount of total income? \_\_\_\_\_
8. How much net income (or net loss) is reported on December 31? \_\_\_\_\_
9. What is the account balance in the Notes Payable account? \_\_\_\_\_
10. What is the total assets balance on December 31? \_\_\_\_\_

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11. Is there an increase or decrease in  
Cash for the month of December? \_\_\_\_\_
12. What is the balance in the Owner's  
Equity account? \_\_\_\_\_