

# Preface

*Computer Accounting with QuickBooks Online: A Cloud-Based Approach* 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 five 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.

QuickBooks Online is used by **more than 1 million customers** and is the **number one cloud-based accounting software** for small business. QBO provides an easy-to-understand interface for students to grasp accounting concepts while honing cloud computing skills. Intuit’s Chief Executive Officer (CEO), Brad Smith said:

We are fully committed to winning in the cloud, **with more than 30 million Intuit customers** using these offerings anywhere, anytime across a variety of devices. The benefits are clear — online experiences are better for customers, expand the total market, and generate more predictable, recurring revenue streams. *More new customers choose QuickBooks Online* than QuickBooks desktop.

For more information about Intuit’s revenue growth, go online to <http://www.mhhe.com/QBO>, link to Intuit’s QBO. Read the article about QuickBooks Online’s subscriber growth.

**With this textbook, access to QB Online Plus includes five months of use.** This is enough time to complete Chapters 1 through 12 and Case Problems 1, 2, and 3.

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

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/>).

As of this writing, subscription costs for customers are:

- QuickBooks Online Simple Start, \$12.95 per month
- QuickBooks Online Essentials, \$26.95 per month
- QuickBooks Online Plus, \$39.95 per month

*You have five months of QuickBooks Online Plus access to complete the textbook. Chapter 2 includes sign-in information for setting up a product and services company.*

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.

- *Computer Accounting with QuickBooks Online: A Cloud-Based Approach* includes **access to the software for five months**.
- **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/QBO](http://www.mhhe.com/QBO) > System Requirements.

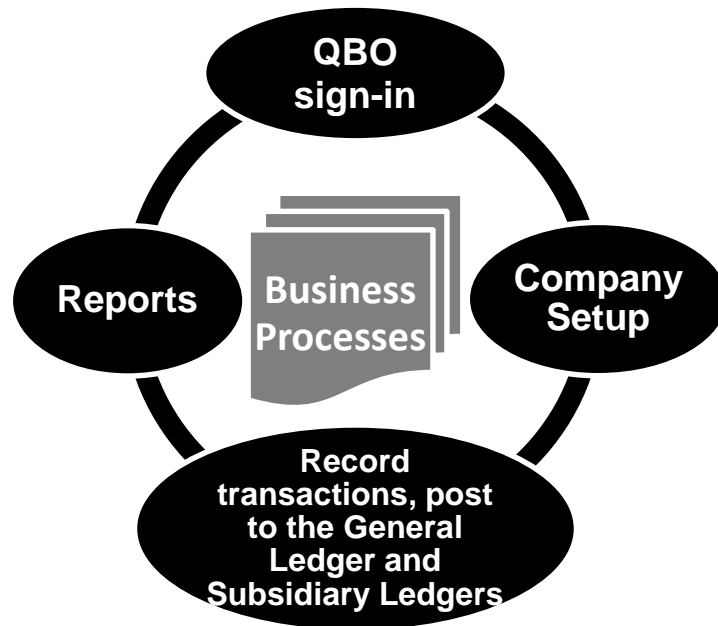
<b>Compatibility</b>
Computers: Windows 7, 8, 10; Mac OS X 10.8 (Mountain Lion), 10.9 (Mavericks), 10.10 (Yosemite); Chromebooks
Supported Browsers: Google Chrome (updates automatically), Mozilla Firefox (updates automatically), Internet Explorer 10 or later, Safari 6.2 or later
Mobile Browsers: Android, Chrome, iOS, and Safari
QuickBooks Online mobile app is available on the iPhone, iPad and Android smartphones and tablets, and 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.
- Sign in to QuickBooks Online with a unique user ID and password.
- Set up a products and services company, chart of accounts, enter beginning balances.
- Journalize and post transactions and complete the accounting cycle for the fourth quarter.
- Journalize and post adjusting entries, print financial statements, and complete the closing process.
- Start the new year, and complete the accounting cycle for the first quarter.
- **Check Your Data:** Chapters begin with a Trial Balance so you can make sure you are starting with correct account balances.

- **Check Your Progress** assignments review accounting processes *and* software features. These assignments can be turned in for a grade. They are available online at <http://www.mhhe.com/QBO> > 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.
- Each chapter includes work within the chapter and two additional exercises at the end of the chapter.
- Each chapter ends with an index with keywords and chapter sections.
- The Online Learning Center at <http://www.mhhe.com/QBO> 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*, you learn about the relationship between the software and the accounting cycle. The diagram below illustrates the QuickBooks Online accounting system.

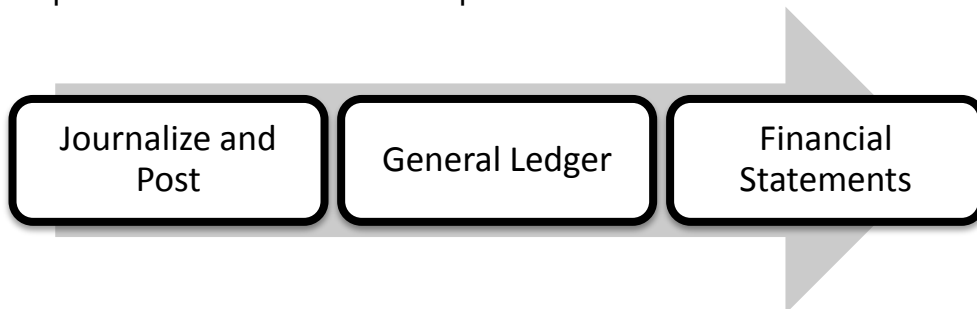


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**Business processes** are completed in this order.

- ❖ Start your Internet browser and sign into QuickBooks Online.
- ❖ Set up the products and services company, Cloud\_Ware 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 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

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- ✓ Invite two accountants to access your data
- ✓ Manage and pay bills from vendors
- ✓ Enter bills and schedule payments
- ✓ Compare sales and profitability with industry trends
- ✓ 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* 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, Cloud\_Ware Student Name.
- In Chapter 11, Certification, QuickBooks Labs and Report Customization, learn about QuickBooks Online User Certification, QB Labs, and how to customize reports.
- In Chapter 12, Apps, Updates and QB Blog, learn about third-party apps and automatic software updates.
- In Case Problem 3, students convert data from a QuickBooks desktop company file to QuickBooks Online and complete work with a service business, The Accounting Company. For CP3, QuickBooks 2014 or 2015 desktop software is required in the classroom or on students' computers. The Online Learning Center includes Your Name Accounting, which can be completed *without* QB 2014 (or higher) desktop software.

Included with *Computer Accounting with QuickBooks Online: A Cloud-Based Approach* is five months of access to the Internet-delivered software, QuickBooks Online Plus. In Chapters 2 through 10, students set up a products and services company, Cloud\_Ware 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 five 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.

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

### **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 Cloud\_Ware Student Name — use your first and last name after Cloud\_Ware.

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

To begin, you go online to [https://quickbooks.intuit.com/start/retail\\_sui](https://quickbooks.intuit.com/start/retail_sui). After setting up your account and completing information about your company, you start using QuickBooks Online.

In Chapter 2, you set up a products and services company called Cloud\_Ware Student Name (type your first and last name after Cloud\_Ware). After navigating the 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 Cloud\_Ware. 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.

### **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.

### **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, QuickBooks Labs and Report Customization**

In this chapter, QBO User Certification and the Online Learning Center's practice tests are explained. Students access QuickBooks Labs to use several plug-ins, complete report customization, and learn how to send feedback to Intuit.

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

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

*Computer Accounting in the Cloud with QuickBooks Online: A Cloud-Based Approach* 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:** Convert a QuickBooks desktop company to QuickBooks Online. You start by restoring a QB file from the Online Learning Center at <http://www.mhhe.com/QBO>.

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 the textbook, the end-of-chapter indexes are organized into one index.

**ONLINE LEARNING CENTER:** <http://www.mhhe.com/QBO>

Each chapter includes additional resources at <http://www.mhhe.com/QBO>. These resources include:

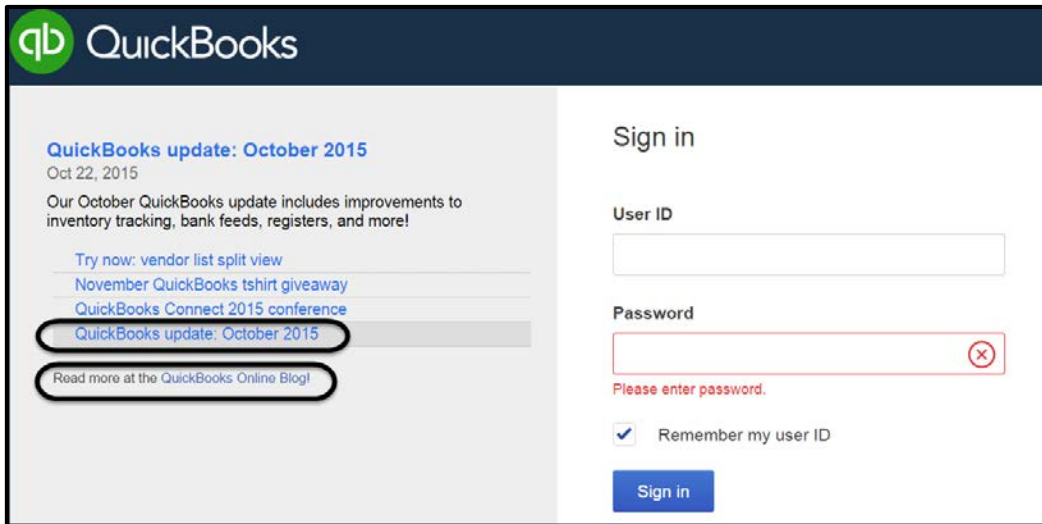
- ❖ Narrated PowerPoints
- ❖ Going to the Net Exercises
- ❖ Interactive multiple-choice and true or false questions
- ❖ Analysis questions
- ❖ Videos
- ❖ Glossary of terms
- ❖ QuickBooks Online Support at <https://help.quickbooks.intuit.com/>
- ❖ QuickBooks Certification and ProAdvisor Program at <http://accountants.intuit.com/accounting/cloud-proadvisor/>

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## QUICKBOOKS ONLINE UPDATES

Each time you start QBO, the latest version is used. QuickBooks Online updates automatically. This is similar to other websites that you may be using. Automatic updates are a built-in feature and cannot be changed.

When learning how to use QBO, what does this mean? Updates can be checked each time you go to <http://qbo.intuit.com> to Sign in. The Sign in window includes links to QuickBooks updates and the QuickBooks Online blog. On the blog, an update archive is included.



The Online Learning Center at [www.mhhe.com/QBO](http://www.mhhe.com/QBO) also includes a Text Updates link for checking major QB Online updates. Remember, as you work through the textbook, screen images may not match exactly. Usually these changes are insignificant. If you want to review updates, link to QuickBooks updates on the Sign in window.

## CONVENTIONS USED

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

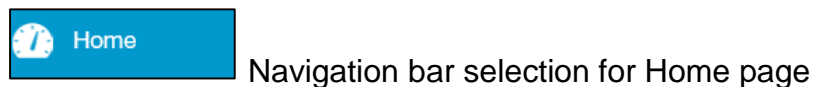
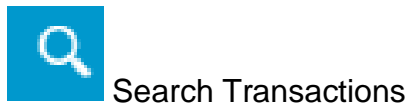
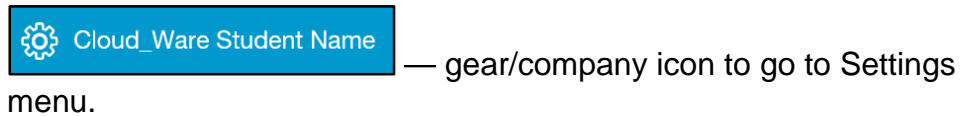
Numerous screen illustrations help you to check your work. The following conventions are used in this textbook.

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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:



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

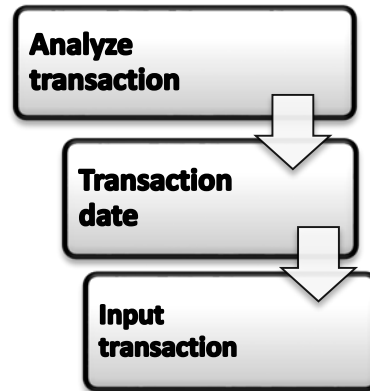


6. To remind you to check data, a cloud icon is used. Make sure you are starting with the correct trial balance amounts.

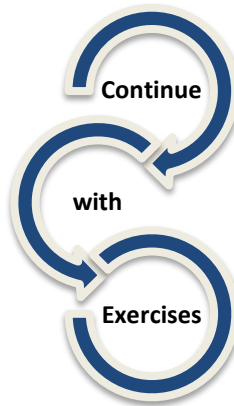


7. When inputting data for a transaction, this image is shown next to the date and description.

<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.



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



## 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 <b>w</b> eek	W
Last day of the <b>w</b> eek	K
First day of the <b>m</b> onth	M
Last day of the <b>m</b> onth	H
First day of the <b>y</b> ear	Y
Last day of the <b>y</b> ear	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>m</b> onth	M
Last day of the <b>m</b> onth	H
First day of the <b>w</b> eek	W
Last day of the <b>w</b> eek	K
First day of the <b>y</b> ear	Y
Last day of the <b>y</b> ear	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

You can...	Using	Example
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.

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- 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.





### **GLOBAL USE**

To learn more about the countries where QuickBooks Online is used, go to <http://global.intuit.com/choose-country.jsp> and choose a country.

Choose your country





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Americas

 Brasil (Português)     Canada (English)     Canada (Français)     United States

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Asia Pacific

 Australia     Hong Kong (English)     香港 (繁體中文)     India

 Malaysia     Philippines     Singapore


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Europe

 France (Français)     United Kingdom


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Middle East and Africa

 United Arab Emirates

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International

 International

*About the Authors:*

**Carol Yacht** is an accounting educator and textbook author. Carol authors QuickBooks Online, QuickBooks Desktop, and Sage Peachtree 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 specialist, served on the AAA Commons Editorial Board, and works for Intuit and Sage as a consultant. She is a frequent speaker at state, regional, and national conventions.

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.