<table>
<tr><td>**Chapter**</td><td rowspan="2"></td></tr>
</table>

Chapter	
1	**QuickBooks Online Test-drive**

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/qbo for additional resources.
9. Complete Exercises 1-1, 1-2 and 1-3.

> **fyi** 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/qbo > 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/qbo > System Requirements. Internet connection is required (high-speed connection recommended).

Supported Browsers

McGraw-Hill Education, *Computer Accounting with QuickBooks Online: A Cloud-Based Approach*

- 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/redir/testdrive.
   (*Hint:* Chapter 1 is online at
   www.mhhe.com/qbo > Chapter 1.)
   **Each time you start the test drive, a
   new session begins. Data is <u>not</u> 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.
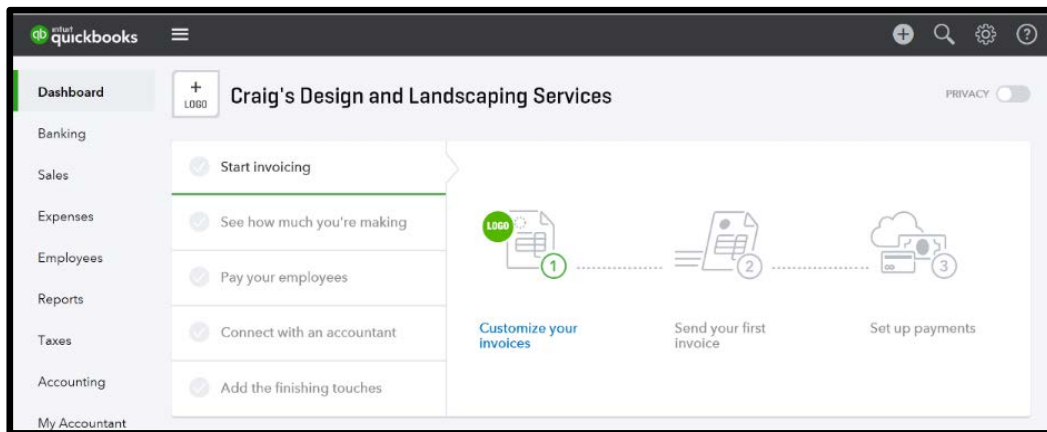
USER INTERFACE

A *user interface (UI)*[1] 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/qbo > 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.

---

[1]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

Txn no., mm/dd/yyyy, $no.

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

4. The gear for the Settings menu.

Craig's Design and Landscaping Services

Your Company	Lists	Tools	Profile
Account and Settings	All Lists	Import Data	User Profile
Manage Users	Products and Services	Export Data	Feedback
Custom Form Styles	Recurring Transactions	Reconcile	Privacy
Chart of Accounts	Attachments	Budgeting	
QuickBooks Labs		Audit Log	🔒 Sign Out
		Order Checks ↗	

> **fyi** 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.

Help

What do you need help with?   🔍

See answers we chose for you

Align checks to print
Get started with inventory
How to create budgets and how does budgeting work?
Create a journal entry
Print checks

Have an accountant?
Find one | Add yours
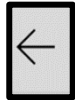
Need support?
Contact us for help

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.
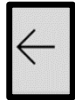
3. Click on the back-arrow [←] .

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

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

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

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

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 $75.00 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 $228.75 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 $87.50 Pye's Cakes	$87.50	
04/24/2017	undefined	Freeman Sporting Goods:55 Twin Lane	MATCH Payment 04/24/2017 $50.00 Freeman Sporting Goods:55 Twin Lane		$50.00
04/24/2017	Squeaky Kleen Car	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 $75.00 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	
04/21/2017	Dylan Sollfrank	Dylan Sollfrank	MATCH Sales Receipt 10264 04/21/2017 $337.50 Dylan Sollfrank		$337.50

6. Select Savings.

Savings

$200.00
BANK BALANCE   Moments ago

$800.00
IN QUICKBOOKS   1

	For Review	In QuickBooks	Excluded			Go to Register
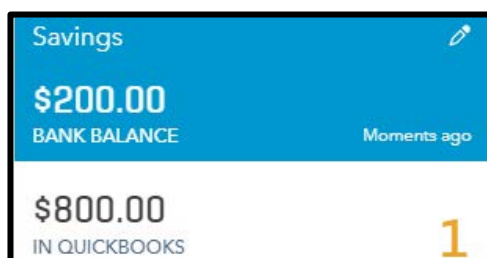
	Batch actions ▾	All (1)	Recognized (1)			
	DATE ▾	DESCRIPTION	PAYEE	CATEGORY OR MATCH	SPENT	RECEIVED	ACTION
☐	01/25/2017	undefined		MATCH Deposit 01/25/2017 $200.00		$200.00	Match

Profit and Loss

To see the ***Profit and Loss*** statement for Craig's Design and Landscaping Services, go to the Dashboard.

1. The Profit and Loss area includes Net Profit for Last month. If not, click on the down-arrow > select Last month.


2. Click on the Income bar. A Customize reports instantly pop-up message appears. Read the information, click <Next> to read the pages. When through, click I'm done.

   Another way to go to the P&L is to select <Reports> from the Navigation bar > type **Profit and Loss** in the Search field > press <Enter>. For the Report period, select This month > click <Run report>. Since the author's current month/year is January 2017, that month is shown. A partial P&L is shown on the next page.

   The Profit and Loss report shows money you earned (income) and money you spent (expenses) so you can see how profitable you are. The P&L is also called an income statement. The P&L includes income and expense accounts, also called temporary accounts.

Craig's Design and Landscaping Services

PROFIT AND LOSS
January 2017

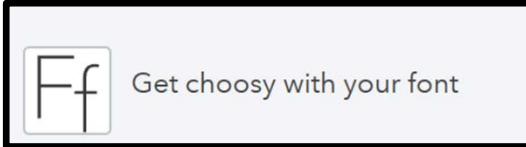|	TOTAL
INCOME	
Design income	1,275.00
Discounts given	-89.50
Landscaping Services	797.50
Job Materials	
Fountains and Garden Lighting	1,501.50
Plants and Soil	2,220.72
Sprinklers and Drip Systems	30.00
Total Job Materials	**3,752.22**
Labor	
Installation	250.00
Total Labor	**250.00**
Total Landscaping Services	**4,799.72**
Pest Control Services	-30.00
Sales of Product Income	912.75
Services	503.55
Total Income	**$7,371.52**
COST OF GOODS SOLD	
Cost of Goods Sold	405.00
Total Cost of Goods Sold	**$405.00**

Export to Excel
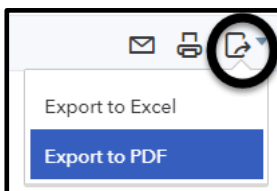
Export to PDF

Export to PDF was selected to display the partial P&L report. Your totals may differ.

QuickBooks Online updates automatically. When you sign into the test drive, the latest version of the sample company, Craig's Design and Landscaping Services, is being used. Software updates improve QBO's features and functions. Some screen images may change but differences are minor. Regularly check the Online Learning Center's Text Updates link at www.mhhe.com/qbo > Text Updates.
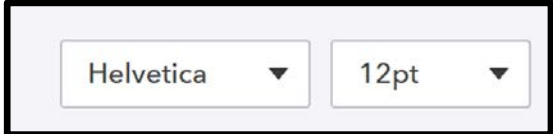
When you are through reviewing the P&L, click [quickbooks logo] logo.

Start Invoicing

1. The Dashboard includes 3 selections: Customize your invoices, Send your first invoice, Set up payments. Select Customize your invoices. To change the font, do this:

   a. Click [Get choosy with your font]

   b. Helvetica 10pt is the default. Select 12 pt. to enlarge the fonts on the invoice.

      [Helvetica   12pt]

      Observe that the fonts on the Invoice increased. Depending on the day you logged in, your Invoice may differ.

Craig's Design and Landscaping Services
123 Sierra Way
San Pablo, CA 87999
noreply@quickbooks.com

INVOICE

BILL TO   **INVOICE #** 12345
Hilltop Dry Goods, Inc.   **DATE** 03/01/2015
123 Main Street   **DUE DATE** 03/15/2015
City, CA 12345   **TERMS** Net 30
Tax Registration No.
T123456789

CREW #   **PMT METHOD**
CUSTOM-1   CHECK

ACTIVITY	QTY	RATE	AMOUNT
Product name Description of the product	2	225.00	450.00
Service name Description of the service	1	225.00	225.00

Thank you for your business and have a great day!

|	
SUBTOTAL	675.00
TAX 8.25%	55.69
TOTAL	730.69
DEPOSIT	10.00
BALANCE DUE	**$720.69**

c.   To close, click **Done** .

2.   There are two more selections on the Start invoicing page – Send your first
     invoice and Set up payments. Link to both to review the information. To
     move between pages, click on the back arrow. When necessary, click <X>
     to close pages.

Connect with an accountant

In Chapter 2, you set up a new company, QB Cloud_Student Name. Once your company is set up, you can invite your professor as your accountant. As of this writing, your checklist includes Connect with an accountant. Click on it.
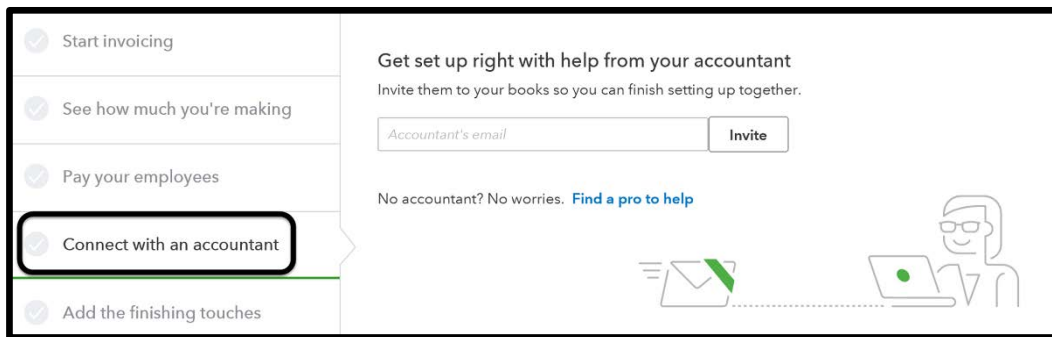
Connect with an accountant is a feature that allows you and your professor to collaborate. In QuickBooks Online, you can invite an accountant as a user in your company allowing him or her to access your QBO account. Connect with an accountant will be shown in Chapter 2.

Troubleshooting: If a sign-in screen appears, what should I do?

If QBO is not being used, you are automatically signed out. The default is one hour. If that happens, restart the sample company by going online to https://qbo.intuit.com/redir/testdrive. Each time you start the sample company, it is a new session. Data is not saved.

ACCOUNT AND SETTINGS

The gear icon at the top right includes settings and preferences for your company. This is where you can change your Settings, Manage Your Account, Import Data, access lists, import data, reconcile accounts, and go to the audit log.

1. Click ⚙ > Account and Settings.

2. The Account and Settings page shows | Company | as the default. This includes the Company name, Company type, Contact info, Address, and Communications with Intuit.

3. Click | Advanced |. Review the information about the company.

4. In the Chart of accounts area, select the pencil icon ✎. To include account numbers, put a checkmark in the Enable account numbers and Show account numbers boxes. Observe that On is shown.

Chart of accounts	✔ Enable account numbers ⑦	On
	✔ Show account numbers ⑦	
	Discount account ⑦	Discounts given
	Billable expense income account ⑦	Billable Expense Income
	Cancel **Save**	

5. Click **Save**.

6. Select ⟨Advanced⟩. In the Other preferences area, you can increase the number of hours your company is active. The default is one hour.

7. Click on the pencil icon to edit ⟨✎⟩. In the Sign me out if inactive for field, select 3 hours.

Other preferences		
Date format		MM/dd/yyyy ▾
Number format		123,456.00 ▾
Customer label		Customers ▾ ⊙
☑ Warn if duplicate check number is used		On
☐ Warn if duplicate bill number is used		Off
Sign me out if inactive for		3 hours ▾

Comment: If you plan to spend time working on Chapter 1, make this selection. Otherwise, you are automatically signed out. Each time you sign into the sample company, the populated data starts fresh. Data is not saved between sign ins.

8. Click ⟨**Save**⟩ > then click ⟨**Done**⟩.

CHART OF ACCOUNTS

The *chart of accounts* is a complete list of a business's accounts and their balances. The chart of accounts includes two categories of accounts:

- *Balance Sheet* accounts: In QBO, these types of accounts reflect what you own and what you owe, like Bank, Credit Card, Assets, Liabilities, Accounts Receivable, Accounts Payable and Equity. The Balance Sheet includes permanent accounts.

- *Income and expense accounts*: These are categories for tracking how money flows in and out of your company. QBO's Profit and Loss statement (also called the Income Statement) includes income and expense accounts. Temporary accounts appear on QBO's P&L.

In accounting textbooks, the term Chart of Accounts is defined as a list of all the accounts used in the General Ledger. Accounts are used to classify transaction information for reporting purposes. QBO includes the Account name, Type (for financial statement classification), Detail Type, QuickBooks Balance, and Bank Balance. The Chart of Accounts usually includes account numbers using the following system:

Numbers	Type
1000s	Assets
2000s	Liabilities
3000s	Equity
4000s	Income
5000s	Cost of Sales
6000s	Expenses

1. Click ⚙ > Chart of Accounts. A Take a peek under the hood page appears, click **See your Chart of Accounts**. The Chart of Accounts page appears. The Chart of Accounts should have a Number column.

Troubleshooting: Refer to Settings, steps 3 and 4. ⚙ > Account and

Settings > Advanced > Chart of Accounts > [✎] > Enable account
numbers and Show account numbers should be selected > Save.)

There are two balance columns – QuickBooks Balance and Bank Balance.
What is the difference between the QuickBooks Balance and the Bank
Balance? The QuickBooks Balance represents the check register balance.
The Bank Balance shows the balance at the bank that is linked to your QBO
account. For example, if you entered a check for $100 and the checking
account balance is $1,000, $900 will be shown as the QuickBooks Balance
on the Chart of Accounts. The Bank Balance will continue to be $1,000 since
the $100 check has not cleared the bank. In other words, the QuickBooks
Balance represents all transactions entered. The Bank Balance is different
because not every bank account transaction has cleared the bank.

2. To add the account numbers shown on the table, select the pencil icon to

   batch edit [✎]. A Number column appears on the Chart of Accounts
   page. Add account numbers to the accounts shown in the chart on the next
   page. Boldface indicates what you type. Save each Account number.

Number	Name	Category Type	Detail Type
1000	Checking	Bank	Checking
1010	Savings	Bank	Savings
1020	Accounts Receivable	Accounts receivable (A/R)	Accounts Receivable (A/R)
1025	Inventory Asset	Other Current Assets	Inventory
1030	Prepaid Expenses	Other Current Assets	Prepaid Expenses
1035	Uncategorized Asset	Other Current Assets	Other Current Assets
1040	Undeposited Funds	Other Current Assets	Undeposited Funds
1050	Truck	Fixed Assets	Vehicles
1051	Depreciation	Fixed Assets	Accumulated Depreciated
1052	Original Cost	Fixed Assets	Vehicles
2000	Accounts Payable	Accounts payable (A/P)	Accounts Payable (A/P)
2005	Mastercard	Credit Card	Credit Card
2010	Visa	Credit Card	Credit Card
2013	Board of Equalization Payable	Other Current Liabilities	Sales Tax Payable
2015	Loan Payable	Other Current Liabilities	Other Current Liabilities
2200	Notes Payable	Long Term Liabilities	Other Long Term Liabilities
3000	Opening balance equity	Equity	Opening Balance Equity

3900	Retained Earnings	Equity	Retained Earnings

3. Scroll down to the bottom of the page, click **Save** .

   Examine the chart of accounts:

   a. The account number is shown in the first column.
   b. The account number is shown next to the Name.
   c. The account Type is shown. The Type column categories the accounts for the Balance Sheet or Profit and Loss (also called the *Income Statement*).
   d. The Detail Type assigns the account into a subcategory in order to have it appear in the correct place according to the *Generally Accepted Accounting Principles (GAAP)*. For example, all cash or cash equivalents are grouped together on the Balance Sheet under assets, and subcategorized as Current Assets. Choosing the correct categories places the accounts in the correct positions on the Balance Sheet or Profit & Loss Statement.

What is the difference between the View register accounts and Run report accounts? The View register accounts show their Chart of Accounts balances. They are also called permanent accounts and appear on the Balance Sheet. The Run report accounts do <u>not</u> show balances and are called temporary accounts. Temporary accounts appear on the Profit and Loss statement. The Run report accounts are closed at the end of the year. The chart of accounts appears with account numbers next to the name of each account.

Chart of Accounts

Craig's Design and Landscaping Services

Chart of Accounts

Number	Name	Type	Detail Type	Balance	Bank Balance
1000	1000 Checking	Bank	Checking	1,201.00	-3,621.93
1010	1010 Savings	Bank	Savings	800.00	200.00
1020	1020 Accounts Receivable (A/R)	Accounts receivable (A/R)	Accounts Receivable (A/R)	5,281.52	
1025	1025 Inventory Asset	Other Current Assets	Inventory	596.25	
1030	1030 Prepaid Expenses	Other Current Assets	Prepaid Expenses	0.00	
1035	1035 Uncategorized Asset	Other Current Assets	Other Current Assets	0.00	
1040	1040 Undeposited Funds	Other Current Assets	Undeposited Funds	2,062.52	
1050	1050 Truck	Fixed Assets	Vehicles	13,495.00	
1051	1051 Depreciation	Fixed Assets	Accumulated Depreciation	0.00	
1052	1052 Original Cost	Fixed Assets	Vehicles	13,495.00	
2000	2000 Accounts Payable (A/P)	Accounts payable (A/P)	Accounts Payable (A/P)	1,602.67	
2005	2005 Mastercard	Credit Card	Credit Card	157.72	-304.96
2010	2010 Visa	Credit Card	Credit Card	0.00	
2013	2013 Board of Equalization Payable	Other Current Liabilities	Sales Tax Payable	370.94	
2015	2015 Loan Payable	Other Current Liabilities	Other Current Liabilities	4,000.00	
	Arizona Dept. of Revenue Payable	Other Current Liabilities	Sales Tax Payable	0.00	
2200	2200 Notes Payable	Long Term Liabilities	Other Long Term Liabilities	25,000.00	
3000	3000 Opening Balance Equity	Equity	Opening Balance Equity	-9,337.50	
3900	3900 Retained Earnings	Equity	Retained Earnings	0.00	

Export the Chart of Accounts to Excel

To export Craig's Design and Landscaping Services to Excel, follow these steps.

1. Go to **Reports** > in the Search field, type **Account List**. (*Hint:* There are a couple ways to display the Account List: Gear > Chart of Accounts (which is also the Account List) > Run Report.)
2. Craig's Design and Landscaping Services Account List page appears. Click on the down-arrow next to the Export icon > Export to Excel.
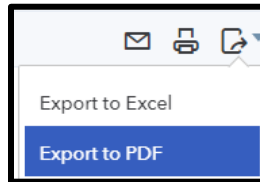
Export to Excel

Export to PDF
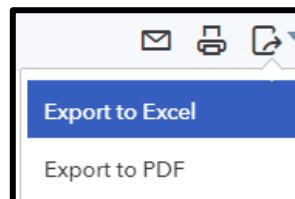
3. On the taskbar at the bottom of the screen, double-click on the Excel button.

4. If necessary, select Enable Editing. Save as **Chapter 1_CofA_sample company_Student Name** (use your first and last name). A partial Account List is shown as an Excel file.
5. Exit Excel.

Save the Chart of Accounts as a PDF file

1. The Account List should be displayed. If necessary, go to Reports > type **Account List** in the Search field. Select the Export icon, Export to PDF.


If a page appears that says Couldn't open PDF, click to close it. Another way to save Adobe PDFs, is to Export to Excel, then save as a PDF file. Refer to Appendix A, Troubleshooting, or go to www.mhhe.com/qbo > Troubleshooting.

2. The Print, email, or save as PDF page appears. Select .
3. On the taskbar at the bottom of your screen, double-click AccountList.pdf
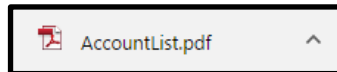
4. Click on the download icon (right side of AccountList.pdf title bar). Go to the location where you want to save. Use the file name **Chapter 1_CofA_sample company_Student Name** (use your first and last name).

5. On title bar, click <x> on the qb Craig's Design and Landscaping tab
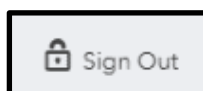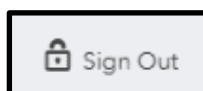
    .
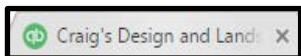
6. On the Print, email, or save as PDF page, click <X>.

    The Account List page displays.

SIGN OUT

To sign out, click > . The numbers added to the Chart of Accounts are *not* saved. If you want to continue your work without losing data, do not sign out at this time. When you sign out, a Sign In page appears. Close your browser.

RECENT TRANSACTIONS

If you signed out, go online to https://qbo.intuit.com/redir/testdrive to start the sample company. Type the security verification to begin. At the top of the

Dashboard, there are four icons — .

 The plus icon allows you to add transactions and complete typical Customer, Vendor, Employee, and Other tasks. You have the option to Show More or Show Less depending on your preference.

 Search transactions and view recent transactions.

⚙️ The Gear icon takes you to settings for Your Company, Lists, Tools, and Profile.

⑦ QuickBooks Online self-help. Complete help searches online, submit questions to the QuickBooks Community, or contact Intuit.

Follow these steps to view recent transactions.

1. Click 🔍. Recent Transactions appear. Depending on when you selected Recent Transactions, yours may differ from the ones shown on the next page.

   In the example that follows, on 2/07/2017 (your date may differ), a $19.99 Squeaky Kleen Car Wash credit card expense transaction is shown. The dates on the sample company pages default to the month/year you are using QBO. For example, if you are using the sample company, Craig's Design and Landscaping Services, during the month of February 2017, the pages will default to that month and year.

   The purpose of using the sample company is to explore QB Online. Setting up a company, journalizing and posting transactions, account reconciliation, viewing financial reports, completing the accounting cycle, and starting a new fiscal year is done in Chapters 2 through 10.

   To see how a credit card transaction is entered, double-click on Credit Card Expense.

2. In this example, Credit Card Expense is shown for 02/07/2017 (your date will differ), Squeaky Kleen Car Wash. The Expense page on the next page shows that the vendor, Squeaky Kleen Car Wash (**1**) was paid with a Mastercard (**2**). The vendor's balance is $157.72 (**3**). The account debited is Automobile (**4**). The total amount is $19.99 (**5** and **6**).

The vendor's balance represents what Craig's Design and Landscaping Services owes to Squeaky Kleen Car Wash (the vendor).
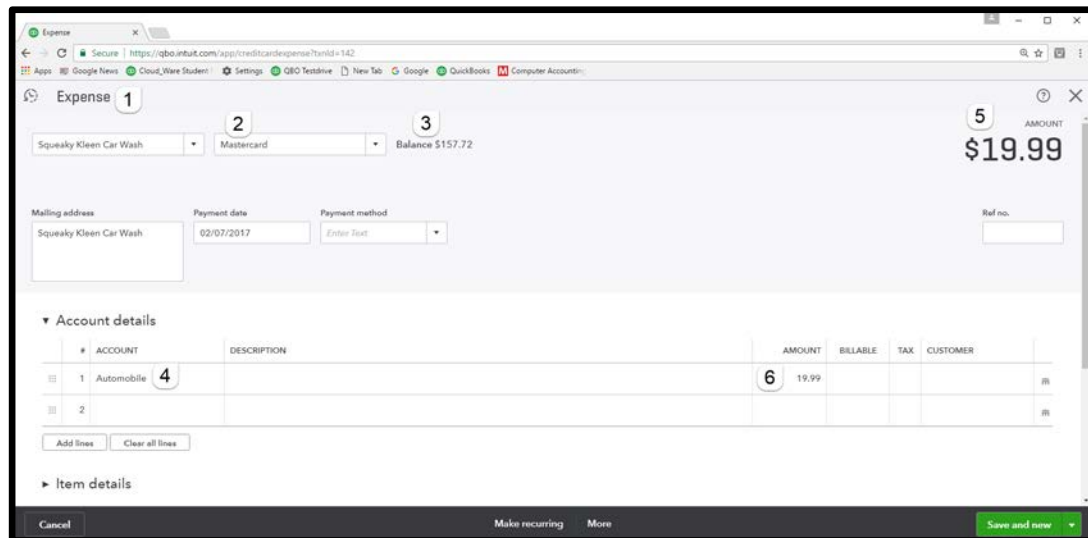
3. On the Expense page's title bar, click ☒ to close.

REPORTS

Use reports to view the company's financial information. Generate important financial statements, transaction details, employee information, etc. The top half of the Reports page shows a snapshot of your business based on QuickBooks transactions. The bottom half of the page lists the reports that are available.
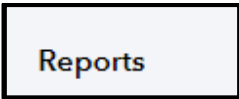
Reports are divided into five sections:

- Recommended: Reports that QuickBooks recommends you run.
- Frequently Run: Reports that you run most frequently, and are easy to access in this section.

- My Custom Reports: Reports that you have customized and saved.
- Management Reports: Professional, ready-to-use templates that contain reports and other customizable content, consolidated into a single document. Management reports present information in a polished package that can be printed, emailed, or exported.
- All Reports: A list of all available reports, categorized by subject.

Journal

To look at a journal report, do this:

1. From the Navigation Bar, select [**Reports**] > type **Journal** in the search field.

   [Journal 🔍]

2. Press <Enter>. The Journal report appears. The Report period defaults to This Month-to-date. Since the author is viewing this report on February 21, 2017, 02/01/2017 to 02/21/2017 is shown. The Squeaky Kleen Car Wash transaction is shown on the next page. Your dates will differ.

   Report period

   | This Month-to-date ▼ | 02/01/2017 | to | 02/21/2017 |

Craig's Design and Landscaping Services

JOURNAL

February 1-21, 2017

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
02/01/2017	Credit Card Expense		Hicks Hardware		Mastercard		$42.40
					Job Expenses:Job Materials:Decks and Patios	$42.40	
						$42.40	**$42.40**
02/07/2017	Credit Card Expense		Squeaky Kleen Car Wash		Mastercard		$19.99
					Automobile	$19.99	
						$19.99	**$19.99**
02/09/2017	Credit Card Credit			Monthly Payment	Mastercard	$900.00	
					Checking		$900.00
						$900.00	**$900.00**
02/20/2017	Credit Card Expense				Mastercard		$34.00
					Automobile	$34.00	
						$34.00	**$34.00**
TOTAL						**$996.39**	**$996.39**

Depending on when you display the Journal, your transactions may differ from what is shown. The account distribution for the Squeaky Kleen Car wash is:

Account	Account Type	Debit	Credit
Automobile	Expense	19.99	
Mastercard	Credit Card		19.99

Troubleshooting

If you are not using Craig's Design and Landscaping Services, QBO closes automatically. Remember if you exit or sign out, your chart of account numbers will <u>not</u> be saved. Each time you start the sample company, it begins again.

CHECK YOUR PROGRESS

In subsequent chapters, Check Your Progress questions are at the end of the chapter and do <u>not</u> include answers. For purposes of showing how to complete Check Your Progress, answers are included in Chapter 1. The Online Learning Center at www.mhhe.com/qbo includes Check Your Progress files for Chapters 2 through 12. They can be completed online and emailed to your instructor.

1. What are Balance Sheet accounts?

   Answer: Balance Sheet accounts show what you own and what you owe.

2. List two accounts and their balances that show what you own; list two accounts and their balances that show what you owe.

   Answer:

Craig's Design and Landscaping Services
ACCOUNT LIST

ACCOUNT	TYPE	DETAIL TYPE	DESCRIPTION	BALANCE
Checking	Bank	Checking		1,201.00
Savings	Bank	Savings		800.00

Accounts Payable (A/P)	Accounts payable (A/P)	Accounts Payable (A/P)		-1,602.67
Mastercard	Credit Card	Credit Card		-157.72

3. What are income and expense accounts?

   Answer: Income and expense accounts are categories for tracking how money flows in and out of your company.

4. List the first two income accounts and the first two expense accounts.

Answer:

Income: Billable Expense Income and Design Income

Expenses: Advertising and Automobile

5. In this chapter, what account numbering system is suggested for Assets, Liabilities, Equity, Income, Cost of Sales, and Expenses?

Assets: 1000s

Liabilities: 2000s

Equity   3000s

Income: 4000s

Cost of Sales: 5000s

Expenses: 6000s

CREATE AN INVOICE

Every invoice is automatically tracked, so you know who owes you money and who has paid. Use invoices when the customer pays you later.
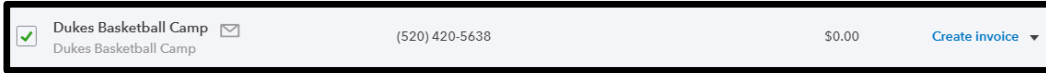
Customer Invoice

Complete the following sales invoice.

Date   *Description of Transaction*

Current Date   Sold a Rock Fountain to Dukes Basketball Camp, $275 plus 8% California tax of $22; total $297.
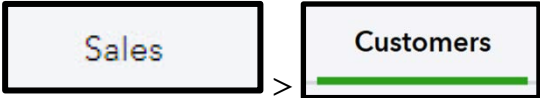
1. Go to [Sales] > [Customers] > put a checkmark next to Dukes Basketball Camp.

	Dukes Basketball Camp ✉ Dukes Basketball Camp	(520) 420-5638	$0.00	Create invoice ▼

2. Select <u>Create invoice</u>. The Invoice page appears with Dukes Basketball Camp selected. The Invoice date field shows the current date.
3. Click PRODUCT/SERVICE > Rock Fountain *Design: Fountains*. The description, quantity, rate, and amount fields are automatically completed. If necessary, in the Tax field, select California (8%). The Balance due is $297.
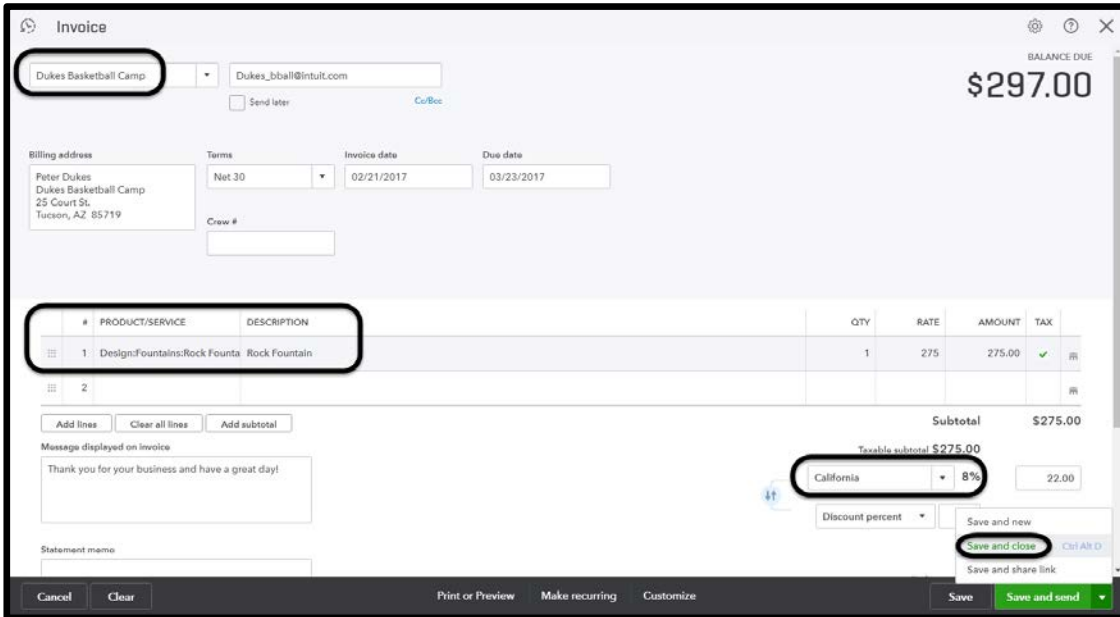
4. On the bottom of the Invoice page, click on the down-arrow next to Save and

Send. Click [Save and send]. A screen prompts that Invoice 1038 was saved. The Customers page shows Receive payment next to Dukes Basketball Camp. (If necessary, click on Dukes to put a checkmark next to it.)
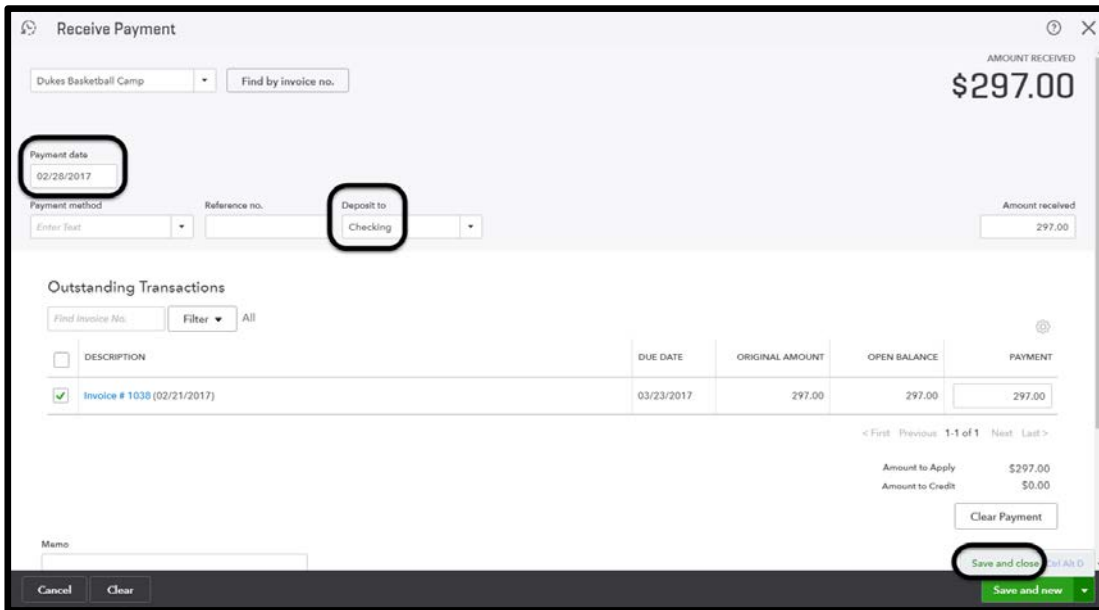
Receive Payment

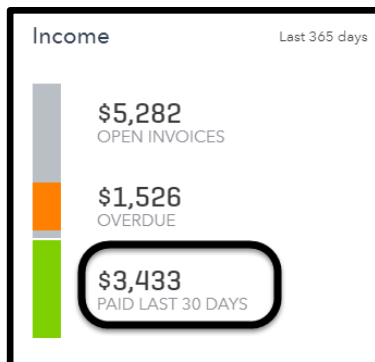| *Date*	*Transaction*
End of month	Dukes Basketball Camp paid for Invoice # 1038, $297.

1. The Customers page should be displayed. Click Receive payment for Dukes Basketball Camp.
2. In the Payment date field, type the last day of the month. For example, the Invoice date on the previous page shows 02/21/2017 (the author's current date). On the Receive Payment page on the next page, the Payment date shows 02/28/2017. In the Deposit to field, select Checking.

3. Review the Receive Payment page. Select Save and close. The page prompts Receive payment $297.00 saved.
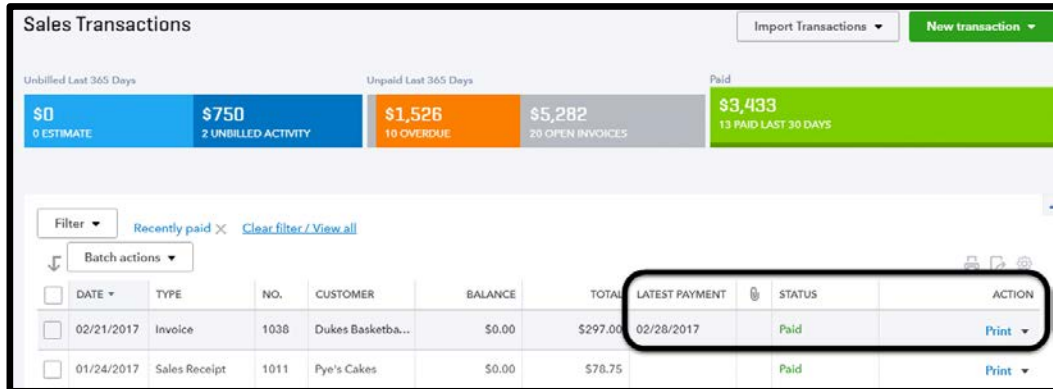
Income

From the Dashboard you can quickly see what has been paid in the last 30 days. (*Hint:* Click on the qb intuit quickbooks icon to go to the Dashboard.)

1. Click PAID LAST 30 DAYS. The Sales Transactions page appears. Observe the LATEST PAYMENT field shows the Dukes Basketball Camp Invoice No. 1038. The STATUS is Paid.

2. On the right side of the Sales Transactions page, three icons are included —

— Print, Export to Excel, and Settings (for editing columns).

3. From the Sales Transactions page, go to the Payment page by clicking on Invoice 1038. Invoice # 1038 shows PAID. A partial page is shown. The information on this page agrees with the payment completed previously.
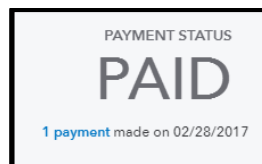
4. Click on the left arrow at the top of the page to return to the Sales Transactions page.

A/R Aging Summary

1. From the Navigation bar, go to Reports > Recommended. Link to A/R Aging Summary, which shows unpaid invoices for the current period and for the last 30, 60, 90+ days.
2. In the as of field, type the last day of the month > Run Report. Observe that the TOTAL shows $5,281.52 (your amount may differ). This is the amount of Accounts Receivable the Craig's Design and Landscaping Services can expect to receive from its customers.

Your A/R Summary report will differ. For example, the As of field shows February 28, 2017.

Craig's Design and Landscaping Services
A/R AGING SUMMARY
As of February 28, 2017

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
Amy's Bird Sanctuary		239.00				$239.00
Bill's Windsurf Shop			85.00			$85.00
Freeman Sporting Goods						$0.00
0969 Ocean View Road		477.50				$477.50
55 Twin Lane		4.00	81.00			$85.00
Total Freeman Sporting Goods		**481.50**	**81.00**			**$562.50**
Geeta Kalapatapu		629.10				$629.10
Jeff's Jalopies		81.00				$81.00
John Melton		450.00				$450.00
Kookies by Kathy			75.00			$75.00
Mark Cho		314.28				$314.28
Paulsen Medical Supplies		954.75				$954.75
Red Rock Diner		70.00		156.00		$226.00
Rondonuwu Fruit and Vegi		78.60				$78.60
Shara Barnett						$0.00
Barnett Design		274.50				$274.50
Total Shara Barnett		**274.50**				**$274.50**
Sonnenschein Family Store		362.07				$362.07
Sushi by Katsuyuki		160.00				$160.00
Travis Waldron		414.72				$414.72
Weiskopf Consulting		375.00				$375.00
TOTAL	$0.00	$4,884.52	$241.00	$156.00	$0.00	$5,281.52

3. Compare the total, $5,281.52, to the Accounts Receivable balance by selecting Reports > then type **Trial Balance** in the search field > type the last day of the month in the to field (*or* select This Month in the Report period field). The Trial Balance Account Receivable (AR) balance shows $5,281.52. (*Hint:* This Month-to-date is the default. Your As of date will differ.) A partial *Trial Balance* is shown below.

<div style="border:1px solid black; padding:1em">

Craig's Design and Landscaping Services

TRIAL BALANCE

As of February 28, 2017

	DEBIT	CREDIT
Checking	1,498.00	
Savings	800.00	
Accounts Receivable (A/R)	5,281.52	
Inventory Asset	471.25	
Undeposited Funds	2,062.52	
Truck:Original Cost	13,495.00	
Accounts Payable (A/P)		1,602.67
Mastercard		157.72
Arizona Dept. of Revenue Payable		0.00
Board of Equalization Payable		392.94

</div>

Transaction Detail by Account

This report lists transactions subtotaled by each account on the chart of accounts. It is like the General Ledger without opening balances.

1. Go to Reports > All Reports > Accountant Reports > Transaction Detail by Account.
2. In the Report period field, select All Dates > Run Report. Scroll down the screen to look at the last entry for the Checking account which shows the payment from Dukes Basketball Camp. Remember, your dates will differ.

02/28/2017	Payment		Dukes Basketball Camp	Accounts Receivable (A/R)	297.00	1,498.00
Total for Checking						**$1,498.00**

3. Scroll down to see the Accounts Receivable (A/R) balance. Dukes
   Basketball Camp Invoice and payment is shown, and the balance is
   $5,281.52.

02/21/2017	Invoice	1038	Dukes Basketball Camp	Sales of Product Income	297.00	5,578.52
02/28/2017	Payment		Dukes Basketball Camp	Checking	-297.00	5,281.52
Total for Accounts Receivable (A/R)						**$5,281.52**

COMPANY SNAPSHOT

The Company Snapshot displays your income and expenses in year-over-year
comparisons using pie charts and bar graphs. Follow these steps to see the
Company Snapshot. (*Hint:* If you signed out some of your balances will differ.
Remember, these balances are as of the author's current date. Your current date
is different.)

1. Go to Reports > Recommended > Company Snapshot. The Company
   Snapshot shows graphs for My Income, My Expenses, Previous Year Income
   Comparison, and Previous Year Expense Comparison. Tables are shown for
   Who Owes Me, Whom I Owe. This Year-to-date is the default,

   This Year-to-date ▼ . Other selections can also be made by
   clicking on the down-arrow.
2. In the My Income area, the graph shows Income accounts. The My Expenses
   Profit and Loss shows expense accounts. Link to <u>Profit and Loss</u>. The Profit
   and Loss statement for Craig's Design and Landscaping Services is shown.
   The Transaction Date field shows This Year-to-date so the dates are from
   January 1 to your current date. In this example, that's January 1 – February
   21, 2017. Your ending date will differ.

A partial Profit and Loss is shown. Observe, you can Print, Email, export to Excel, and customize. Scroll down to see all of it.

Craig's Design and Landscaping Services

PROFIT AND LOSS

January 1 - February 21, 2017

	TOTAL
INCOME	
Design income	2,250.00
Discounts given	-89.50
Landscaping Services	797.50
Job Materials	
Fountains and Garden Lighting	1,501.50
Plants and Soil	2,220.72
Sprinklers and Drip Systems	30.00
Total Job Materials	**3,752.22**
Labor	
Installation	250.00
Total Labor	**250.00**
Total Landscaping Services	**4,799.72**
Pest Control Services	-30.00
Sales of Product Income	1,187.75
Services	503.55
Total Income	**$8,621.52**
COST OF GOODS SOLD	
Cost of Goods Sold	530.00
Total Cost of Goods Sold	**$530.00**

3. To go back to the Company Snapshot, click [←].

CHECK YOUR PROGRESS 2

How is the Accounts Receivable balance checked?

Answer:

Go to the Trial Balance report (Reports > Frequently Run > Trial Balance or
This Year-to-date on the Transaction Detail by Account report.). On the Trial
Balance and Transaction Detail by Account report, the balance for Accounts
Receivable (A/R) is shown. To make sure it agrees with the customer balance,
display the A/R aging summary (Reports > Recommended > AR Aging
Summary; Transaction Date is Today). The Accounts Receivable balance on the
Trial Balance and the Total on the A/R Aging Summary are the same.

SIGN OUT

Select Gear > Sign Out. When you sign out, transactions entered are <u>not</u> saved.
If you prefer to continue, the Journal shown with Check Your Progress 3 will
differ.

SALES RECEIPT

Use sales receipts when the customer pays you at the time of the sale. To record
this transaction, follow the steps on the next page.

Date	*Description of Transaction*
Current Date	Completed three hours of custom design work for cash for the customer, Cool Cars, $225.00

1. If necessary, start the test drive at https://qbo.intuit.com/redir/testdrive. Click

     > Sales Receipt. Complete these fields.

Customer:	Select Cool Cars
Sales Receipt Date:	Current date automatically completed
Payment method:	Check
Deposit to:	Select Checking
Product/Service:	Select Design (Custom Design, *Design*)
Qty:	Type **3**

    Hint: Depending on when you entered the Sales Receipt, the date field will differ. QBO defaults to the current date.

2. Save and close. The screen prompts your sales receipt was saved.

ENTER A BILL

To enter bills that you received but pay later, use the Bill page. Entering a bill helps you track how much money you owe and control your cash flow. Bills are entered for vendors or suppliers.

Date	Transaction
Current date	Craig's Design and Landscaping Services received a bill for $250 from Lee Advertising.

1. Go to > Bill. The Bill page appears. Complete these fields

Vendor:	Select Lee Advertising
Bill date:	Current date automatically completed
Account:	Advertising
Amount:	250.00

2. Save and close. A page appears saying the bill was saved.

WRITE CHECK

Enter the following check.

Date	Transaction
Date	*Transaction*
Current date	Check No. 71, from the Checking account was issued to Computers by Jenni in the amount of $650.

1. Go to > Check (in the Vendors list). Complete these fields:

Payee:	Select Computers by Jenni
	Checking is automatically selected
Check no.:	71 is automatically completed
Account:	Select Supplies – Expenses
Description:	Type **Purchased tablet computer**
Amount:	Type **650**

➢ *Hint: Your Balance field may differ depending on when you started the sample company.*

2. Save and close.

JOURNAL REPORT

The Journal report breaks down every transaction during a period of time into debits and credits and displays them chronologically. Transaction List by Date also lists transactions chronologically, but not as debits and credits.

1. Go to Reports > type **Journal** in the search field > press Enter.
2. In the Report period field, select Custom > type today's date in both date fields; for example, 02/22/2017 is typed twice on the Author's Journal page.

Craig's Design and Landscaping Services
JOURNAL
February 22, 2017

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
02/22/2017	Sales Receipt	1038	Cool Cars		Checking	$225.00	
				Custom Design	Design income		$225.00
						$225.00	**$225.00**
02/22/2017	Bill		Lee Advertising		Accounts Payable (A/P)		$250.00
					Advertising	$250.00	
						$250.00	**$250.00**
02/22/2017	Check	71	Computers by Jenni		Checking		$650.00
				Purchased tablet computer	Supplies	$650.00	
						$650.00	**$650.00**
TOTAL						**$1,125.00**	**$1,125.00**

Depending on when you signed out and signed in again, your Journal report will differ.

CHECK YOUR PROGRESS 3

My journal shows more transactions listed for today's date. Why?

ANSWER: Your Journal shows the transactions recorded today. Each time
QBO's sample company is started by typing the security verification, Craig's
Design and Landscaping Services starts over. (*Hint:* If you did not sign out after
Check Your Progress 2, your Journal will differ.)

➢ The author entered three transactions shown on the previous page's
   Journal report: Sales Receipt, Bill, and Check.
➢ Another way to check whether you signed out is to look at the ***Audit Log***.

   (Go to ⚙ > Audit Log. The Audit Log shows when you logged out
   and when you logged back in.)

   The Audit Log contains a list of all the changes that have ever been made
   to your company data. By default, the Audit Log displays 200 of the most
   recent events. Dates and times in the Audit Log and Audit History reflect
   when events occurred, displayed in your local time.

When you work with QB Cloud_Student Name, the company set up in Chapter
2, and continued in Chapters 3-10, data is stored online when you sign out. In
Chapters 2 through 10, you work with QB Cloud_Student Name to create the
company, enter beginning balances, set up a chart of accounts, record
transactions, complete the accounting cycle, and sign in each time you want to
continue work. Once you set up your account and company, QB Online data will
not be lost when you sign out because it is stored online.

In Chapter 1, you use the sample company to learn about the interface and how QB Online is used. In other words, you practice using QBO. The sample company used in Chapter 1, Craig's Design and Landscaping Services, includes populated data (accounts, balances, customers, vendors, employees, etc). In Chapter 2, when you set up QB Cloud_ Student Name, you create the data within QuickBooks Online.

SIGN OUT

Go to the Settings menu and Sign Out – Gear > Sign Out. Close your browser.

ONLINE LEARNING CENTER (OLC): www.mhhe.com/qbo

The OLC includes additional resources. Go online to www.mhhe.com/qbo > link to Student Edition > Chapter 1.

1. Narrated PowerPoints.
2. Online quizzes: 10 multiple-choice and 10 True or False questions. The Online Quizzes are graded and can be emailed to your instructor.
3. Analysis question: Answer the analysis question, then email to your instructor.
4. Going to the Net: Go online to compare QuickBooks Desktop (QBD) to QuickBooks Online (QBO).
5. Videos: QuickBooks Online for iPad and Navigate in QuickBooks. The links for the videos are included in the Chapter 1 narrated PowerPoints and the Video link at www.mhhe.com/qbo > Student Edition.
6. Glossary of terms: Words that are italicized and boldfaced are defined in the glossary. The Glossary is also Appendix B.
7. Problem solving link includes Exercise 1-3.

Exercise 1-1: Follow the instructions below to complete Exercise 1-1:

1. If you have not signed out, do that now. For Exercise 1-1, start the test drive again. Go online to https://qbo.intuit.com/redir/testdrive. Type the security verification. Craig's Design and Landscaping Services Dashboard appears.

2. Go to Gear > Account and Settings > Advanced. In the Other preferences area, increase Sign me out if inactive to 3 hours > Save.

Sign me out if inactive for	3 hours

3. After saving, click <Done>.

4. Enter the following transactions. Use your current date and year.

    *   Sold 3 rock fountains on account to the customer, Amy's Bird Sanctuary, $825 plus 8% sales tax; total $891.
    *   Sold 20 sprinkler heads on account to the customer, Sushi by Katsuyuki, $40 plus 8% sales tax; total $43.20. (*Hint:* For sales tax, select California.)
    *   Completed 4 hours of installation of landscape design for Kookies by Kathy; received $200. (*Hint:* ⊕ > Sales Receipt. Payment method, Check; Deposit to, Checking; Product/Service, Installation; no sales tax charged for installation.)
    *   Completed 3 hours of custom design work for Cool Cars; received $225. (*Hint:* Payment method, Check; Deposit to, Checking; Product/Service, Design; No sales tax.)
    *   Completed 10 hours of custom design work on account for the customer, John Melton, $750.
    *   Received a bill from Lee Advertising, $250, for local paper advertising.
    *   Received a bill from Cal Telephone for $56.50, for telephone expense.

- Received a bill from PG&E for $86.44, for utilities (gas and electric) expense.
- Received a bill from Hall Properties for $900, for building lease.
- Issued Check No. 71 from the Checking account to Chin's Gas and Oil, $48.05, for Automobile:Fuel. (*Hint:* In the Account field, select Automobile:Fuel. Type the Amount, $48.05. Since you restarted the sample company, the default check number is 71.)
- Issued Check No. 72 to Ellis Equipment Rental, from the Checking account, $115, for equipment rental expense. (*Hint:* In the Account field, select Equipment Rental, an Expenses account.)
- Issued Check No. 73 to Red Rock Diner, from the Checking account, for $23.37, for Meals and Entertainment.

5. Do **not** sign out. Continue with Exercise 1-2.

Exercise 1-2: Follow the instructions below to complete Exercise 1-2:

1. Display the Journal for the date you entered Exercise 1-1 transactions. (*Hint:* This Month-to-date is the default. The From and To fields should show the current date; for example, select Today in the Transaction Date field. Go to Reports > All Reports > Accountant Reports > Journal > Today > Run Report.) Check that you entered Exercise 1-1's transactions.
2. Export the Journal to Excel and save as a PDF file. The suggested file name is **Exercise 1-2_Journal**. Type the date that you entered the Journal transactions. (*Hint:* Since you started QBO's sample company in Exercise 1-1, scroll down to see that the Exercise 1-1 transactions were entered.)

3. Display the Transaction Detail by Account report. Export the report to Excel and save as a PDF file. In the Report period field, select All dates. Use the file name **Exercise 1-2_Transaction Detail by Account**.

4. Display the Trial Balance. In the Transaction Date field, select All Dates. Export to Excel and save as a PDF file. Use the file name **Exercise 1-2_Trial Balance**.

Check Your Figures:

Checking	1,439.58
Accounts Receivable	6,965.72
Accounts Payable	2,895.61
Design Income	3,225.00
Advertising	324.86

These account balances are based on starting the sample company with Exercise 1-1. If you did <u>not</u> sign in for a new session with the required security verification, your balances will differ.

5. Continue with Exercise 1-3.

Exercise 1-3: Problem Solving, www.mhhe.com/qbo > Student Edition > Chapter 1 > Problem Solving.
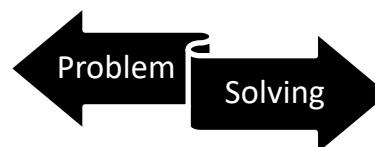
1. Display the Chart of Accounts.
2. How do the View register accounts differ from the Run report accounts? Include information about financial statements in your answer.
3. When through, sign out.

CHAPTER 1 INDEX