Chapter 1: Introducing QuickBooks Online

TOPICS

In this chapter, you will learn about the following topics:

- The QuickBooks Online Ecosystem (page 1)
- Accounting 101 (page 3)
- Using a Browser to Access QBO (page 6)
- Working with QuickBooks Online Files (page 9)
- QuickBooks Online's Interface (page 12)
- Entering Transactions in QuickBooks Online (page 21)
- QuickBooks Online Help (page 27)

QuickBooks® Online, also known as *QBO®*, is one of the most powerful tools you will use in running your business. QuickBooks Online isn't just a robust bookkeeping program; it's a management tool. When set up and used properly, QBO allows you to track and manage income, expenses, bank accounts, receivables, inventory, job costs, fixed assets, payables, loans, payroll, billable time, and equity in your company. It also provides you with detailed reports that are essential to making good business decisions.

QuickBooks Online helps small business owners track their transactions efficiently without worrying about the debits and credits of accounting entries. However, to use QBO effectively, you still need to understand how the software is structured, how its files work, how to navigate in the system to do tasks, and how to retrieve information about your business. In this chapter you'll learn some of the basics of the QuickBooks Online ecosystem, as well as explore the world of accounting.

THE QUICKBOOKS ONLINE ECOSYSTEM

The QuickBooks Online family of products is designed to be easy to use, while providing a comprehensive set of accounting tools including a general ledger, inventory, accounts receivable, accounts payable, sales tax, and financial reporting. In addition, a variety of optional fee-based payroll services, merchant account services, and other third-party products integrate with the QBO software.

QuickBooks Online vs. QuickBooks Desktop

Intuit offers two distinctly different ways to use QuickBooks. The traditional version, *QuickBooks Desktop (QBDT)*, is software that you download and install on your local computer, company server, or host with a 3rd party service.

The newer version, *QuickBooks Online (QBO)*, isn't installed on your computer, but is instead accessed over the internet through a web browser, or using an app on your smartphone or tablet. This online subscription does bookkeeping similarly to QuickBooks Desktop, but the features and layout are entirely different. This textbook covers QuickBooks Online.

To keep your data safe, QBO uses the same security and encryption tools as online banking websites.

All editions of QuickBooks Online support multiple users. Since the software is web-based, anyone with a user account can log in from anywhere, even from a smartphone, and it doesn't matter whether they're on a Mac or a PC. There are no IT maintenance costs, nor cumbersome workarounds so that the bookkeeper and accountant can access the file.

QuickBooks Online is sold as a **subscription**. There are many benefits to subscribing:

- The software is always current, with new features and improvements appearing on a regular basis.
- You don't need to buy and install multiple copies to maintain a multi-user environment.
- You can upgrade or downgrade as your needs evolve.

While some people balk at the idea of recurring payments instead of one-time software purchases, the return on investment (ROI) of time and infrastructure costs saved while using QBO overcomes the expense.

Third-party Apps

Cloud computing also allows for automations that are not possible with QuickBooks Desktop. QuickBooks Online integrates with other cloud-based software you already use, including your bank, your customer management software (CRM), e-commerce webstore, gmail, and many others.

QBO is intentionally designed as a customizable experience. Instead of a complex computer program trying to be all things to all people, it integrates with hundreds of other web applications to synchronize information.

This makes it easy to customize a perfect workflow for each business, creating a streamlined experience that imports and exports data with the rest of the company's tech stack.

The benefits of this approach include best-fit software solutions, preventing employee access to confidential information, and eliminating redundant data entry.

To review third-party apps that will address your company's needs, look for *Apps* at the bottom of your *Left Navigation Bar*, or visit the website **apps.com**. There you will find hundreds of third-party apps that have been vetted by Intuit.

These additional utilities and subscriptions can solve the pain points for every unique business, saving time and money.

QuickBooks Online Versions

The QuickBooks Online product line includes several separate versions: **QuickBooks Online Ledger, Self-Employed**, **Simple Start**, **Essentials, Plus, Advanced, and QuickBooks Online for Accountants**. Instead of being broken down into industry-specific versions as you see with the Desktop edition, the various subscriptions increase in additional features and user accounts.

- **Simple Start** is the version for small service-based businesses who don't have accounts payable.
- **Essentials** is the version for growing companies who have simple reporting needs.
- **Plus** introduces inventory, class tracking, and job costing.
- **Advanced** is used by larger companies who need bulk data entry and have complex reporting needs.
- **QBO for Accountants (QBOA®)** is a portal for QuickBooks Online ProAdvisors that allows bookkeepers to switch between multiple client files, and leverage additional professional tools.
- **Ledger** is an accountants-only edition that imports gross receipts and expenses for taxes.
- **Self-employed** is a standalone edition that does not upgrade. It is designed for gig workers and sole proprietors who run their businesses like a hobby, without a dedicated bank account. It should only be used by individuals with a side hustle who don't intend to grow their company, or W-2 employees who need to track work-related expenses.

For a comparison of all the products versions, visit http://www.quickbooks.com.

This book covers the features and usage of **QuickBooks Online Plus**, the most popular subscription level. Once you learn how to use this version, you'll be prepared to use the others.

QuickBooks Online for Accountants

If you are responsible for doing the books for several clients, create a free QuickBooks Online for Accountants (QBOA) portal. QBOA makes it easy to toggle between multiple files from a drop-down menu. It also includes additional tools for client management, file maintenance, and advisory.

QBOA also comes with a free QuickBooks Online Advanced file for your own use, including payroll. The best way to learn QBO is to use it yourself for your own company!

Bookkeepers who use QBOA also gain access to training materials, Intuit's certification exams, and a listing on findaproadvisor.com, Intuit's website connecting business owners to bookkeepers in their local area and same niche.

Please visit https://quickbooks.intuit.com/accountants/ for more information.

ACCOUNTING 101

This course focuses on teaching software that does accounting, rather than teaching you accounting through software.

Even though you're going to learn QuickBooks Online to run your business, it is still important to understand the accounting process. In this section, we look at some basic accounting concepts and how they relate to QBO.

Accounting's Focus

Accounting's primary concern is the accurate recording and categorizing of transactions so that you can produce reports that accurately portray the financial health of your organization. Put another way, accounting's focus is on whether your business is succeeding, and how well it is doing.

Whether the company is a sole proprietorship, partnership, S-Corp, C-Corp, or Non-profit, the core accounting all works the same way.

The purpose of accounting is to serve management, investors, board members, creditors, and government agencies. Accounting reports allow any of these groups to assess the financial position of the organization relative to its debts (liabilities), its capabilities to satisfy those debts and continue operations (assets), and the difference between them (net worth or equity).

The fundamental equation (called the *Accounting Equation*) that governs all accounting is:

$$\text{Assets} = \text{Liabilities} + \text{Equity}$$
$$\text{or}$$
$$\text{Equity} = \text{Assets} - \text{Liabilities}$$

The General Ledger

Many factors go into making an organization work. Money and value are attached to everything that is associated with operating a company — cash, equipment, rent, utilities, wages, raw materials, merchandise, and so on. For an organization to understand its financial position, business transactions need to be recorded, summarized, balanced, and presented in reports according to the rules of accounting.

Business transactions (e.g., sales, purchases, operating expense payments) are recorded in several types of *ledgers*, called accounts or categories. The summary of all transactions in all ledgers for a company is called the *General Ledger*. This term goes back to the days before computers, when all accounting was done in ledger books…on paper…by hand.
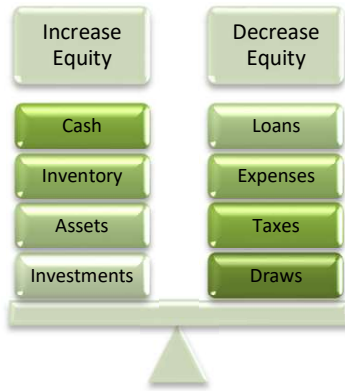
A listing of every account in the General Ledger is called the ***Chart of Accounts***. Each account summarizes transactions that increase or decrease the equity in your organization. The figure shows a general picture of the effect accounts have on the equity of your organization. Some accounts (those on the left) increase equity when they are increased, while others (such as those on the right) decrease equity when they are increased.

So, let's return to the accounting equation, Assets = Liabilities + Equity. To understand the accounting equation, consider the following statement: *Everything a company owns was purchased with funds from lenders, or funded by the owner's stake in the company*.

This means that the total of the assets (which represent what the company "owns") is always equal to the sum of the liabilities (representing what the company "owes") plus the equity (representing the owner's interest in the company).

Account Types and Financial Reports

Each account in the general ledger has a **Type**, which describes what kind of business transaction is stored in that account. There are five primary types of accounts: **A*sset, Liability, Equity, Income, and Expense***.

Assets, liabilities, and equity accounts are associated with the ***Balance Sheet*** report, which is used to analyze the net worth of a business. The Balance Sheet demonstrates the fundamental accounting equation: ***Total assets always equal the total liabilities plus equity***.

Operating income and expense accounts are associated with the ***Profit and Loss*** report (also called an ***Income Statement***), which is used to analyze the profit or loss for a business over a specific time range (month, quarter, year, etc.).

Although income and expense accounts are not directly shown in the accounting equation, they do affect this equation via an equity account called ***Net Income***. Income and expenses are tracked throughout the year as business transactions occur, and are totaled at the end of the year to calculate Net Income (or Loss).

<div align="center">

NET INCOME = TOTAL REVENUES MINUS TOTAL EXPENSES.

</div>

If the Net Income is positive at the end of the fiscal year, the company earned a profit for the year and ***increased the owner's equity in the business***. If Net Income is negative because expenses exceeded revenues, the company took a loss for the year, ***decreasing the owner's equity in the business.***

At the end of the year, the balance of each income and expense account is reset to zero so these accounts can track the next year's transactions.

Double-Entry Accounting

Double-entry accounting is a technique that goes back to the days of paper calculations. It divides each transaction into two sides: the left side is for debits, and the right side is for credits.

Matching the accounting equation of Assets = Liabilities + Equity, Asset accounts naturally carry a debit balance. Liabilities and Equity accounts carry credit balances.

In every transaction, an amount always goes *to* somewhere, from somewhere. One account is debited

and the other is credited.

Therefore, debits do not always make an account go down, and credits do not always make an account go up. Debits are not "bad" and credits are not "good." They are just part of the system of accounting, as shown in Table 1-1:

ACCOUNT	INCREASED BY:	DECREASED BY:
Assets	Debit	Credit
Expenses	Debit	Credit
Liabilities	Credit	Debit
Equity	Credit	Debit
Revenue	Credit	Debit

Table 1-1 The Debits and Credits behind every transaction

The rule of double-entry accounting is that **total debits must always equal total credits.** Every transaction creates a debit in one or more accounts and a credit in one or more accounts. If the debits and credits for any transaction are not equal, the transaction has an error or is incomplete.

Accounting Behind the Scenes

Recording and categorizing all of your business transactions into the proper accounts, summarizing and adjusting them, and then preparing financial statements can be an enormous, labor-intensive task without the help of a computer and software. This is where QuickBooks Online comes in. QBO handles this double-entry accounting so that you don't have to!

To make all this possible, QuickBooks Online uses familiar-looking forms for data entry such as checks, invoices, and bills. As you enter transactions using these forms, QBO handles the behind-the-scenes accounting for you. Every transaction you enter in the software automatically becomes a debit to one or more accounts and a credit to one or more other accounts. QBO won't even let you record the transaction until the total of the debits equals the total of the credits.

Letting QuickBooks Online create the accounting entries allows business owners to use QBO to efficiently run their company without getting bogged down with the debits and credits. You can always create reports that show the transactions in the General Ledger in the full double-entry accounting format whenever you need them.

As this book introduces new transaction types (e.g., Invoices, Bills, or Checks), the text will include a section called "**Accounting Behind the Scenes**," explaining the debits and credits.

While it's still important that you understand the bookkeeping terminology, letting QuickBooks Online handle the accounting behind the scenes means you can focus on the business transaction workflow rather than the debits and credits.

This allows you to spend your time managing your operations instead of your bookkeeping.

Accounting Basis: Cash or Accrual?

Another critical aspect of accounting is managing for the future. Many times, your organization will have assets and liabilities that represent money owed to the company, or owed to others, but are not yet due. For example, you may have sold something to a customer and sent an invoice, but the payment has not been received. In this case, you have an outstanding *receivable*. Similarly, you may have a bill for insurance that hasn't been paid yet. In this case, you have an outstanding *payable*.

An accounting system that uses the **Accrual Basis** method of accounting tracks these receivables and payables and uses them to evaluate a company's financial position. The accrual basis method specifies that revenues and expenses are recognized when the activity occurs. This helps you accurately understand the true profitability of the business in each period. Assets, liabilities, income, and expenses are entered when you know about them, and they are used to identify what cash you need on hand to meet both current and known future obligations.

In the **Cash Basis** method, revenues and expenses are not recognized until cash changes hands. So, revenue is only recognized when the customer pays, and a cost isn't recognized until you pay for it. Cash-based accounting focuses on business activity that is complete.

Although certain types of companies can use the cash basis method of accounting, the accrual method provides the most accurate picture for managing your business. Some organizations are not allowed to operate as cash basis under IRS regulations. You should check with your tax accountant to determine which accounting method — cash or accrual — is best for you.

In QuickBooks Online, you can record transactions such as invoices and bills to facilitate accrual basis reporting, and still create cash basis reports that remove the receivables and payables. This gives you the flexibility of selecting one basis for taxes and another for operational reporting, if you wish. For more information about cash vs. accrual reports, see page 274.

USING A BROWSER TO ACCESS QBO

QuickBooks Online works best using a Chrome browser, available for free at http://www.chrome.com.

It makes no difference whether you are on a PC or a Mac. The website will work the same way.

The web address (URL) for QuickBooks Online is http://qbo.intuit.com. When you log in using your email address and password, you'll see a list with one or more files that have a User Account associated with your email address, like the example shown in Figure 1-1. You will then click on the desired file to open it.
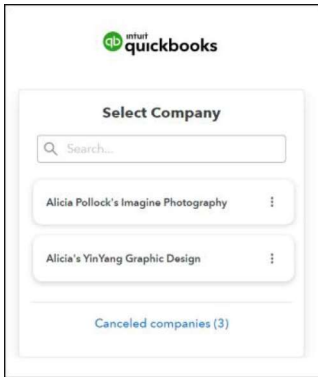
Figure 1-1 Logging in to QBO at qbo.intuit.com

Setting Up Your Chrome Browser

Chrome has features you can utilize to be efficient with your QuickBooks Online experience (see Figure 1-2).
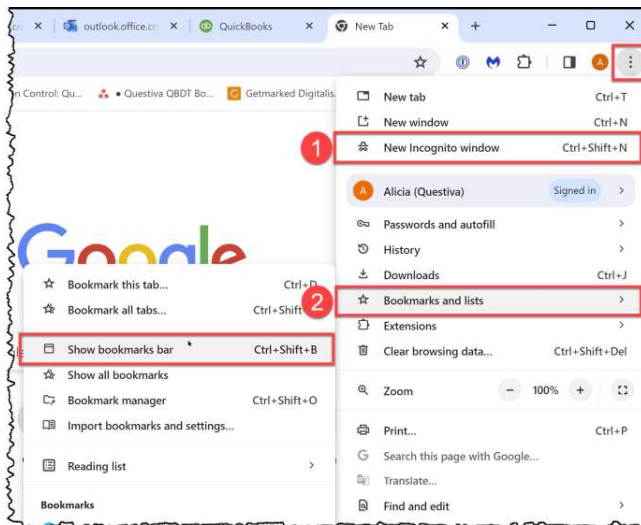
Figure 1-2 Setting Up Chrome Tools

Incognito Windows

One useful Chrome tool is an ***Incognito window.*** This special environment doesn't store cookies, a cache, or your browsing history. Open an Incognito window using the 3 dots in the upper right corner of your Chrome window, as shown in Figure 1-2.

If you're ever having trouble with your QBO, trying the same technique while logged in through Incognito tells you if the issue is with your computer or with Intuit's website.

If you can replicate the problem, the issue is with QBO – wait a few minutes and try again later…or contact Support.

If it works, then something on your computer is interfering with Chrome or the QuickBooks Online website.

Bookmarks

Be sure to turn on your ***Bookmarks Bar***. That way you can create instant shortcuts to the sample company and your company file. Adding bookmarks for your favorite QBO tools like Banking, Search, and Reports makes navigation a snap.

HANDS-ON PRACTICE

For each tutorial, we will use Craig's Design and Landscaping, a sample QuickBooks Online company that allows you to explore the program. This way you can experiment without interfering with real data.

To set up Chrome so you can get to Craig's Landscaping easily throughout this course, follow this one-time setup:

Step 1. Open up your **Chrome** browser.

Step 2. Click the **three dots** in the upper right corner, as shown in Figure 1-2.

Step 3. Highlight **Bookmarks**, then choose **Show Bookmarks Bar** if it doesn't have a checkmark next to it already. A new bar will show up below your URL address bar.

Step 4. In the URL address bar at the top, type in **qbo.intuit.com/redir/testdrive**. Press **Enter** (or **Return** on a Mac).

Step 5. Drag the **lock** in the URL bar down to the *Bookmark Bar*. This will create a shortcut for future use (see Figure 1-3).

Figure 1-3 Add a Bookmark for the Sample File

Step 6. Right-click the **bookmark** and choose **Edit…**. In the *Name* field type **Craig's** (see Figure 1-4).

Step 7. Confirm that the URL still reads **qbo.intuit.com/redir/testdrive**. If it does not, triple-click in the box to highlight all the contents, delete the web address, and type it in manually.
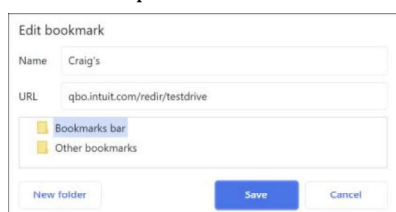
Step 8. Click **Save**.

Figure 1-4 Rename the Bookmark

> **TIP**
> You can add bookmarks to quickly jump to any center, report, or tool in QBO. When creating bookmarks, if the URL contains a prefix like "c23.qbo…", delete the "c32." prefix so that the link begins with "qbo." This way all your bookmarks will be universal and work with every company file you have open.

Working in Multiple Tabs

You can open as many different windows in QuickBooks Online as you want by leveraging Chrome's **Tabs**. For example, while you're working in the *Transactions Center*, you can open the *Customers Center* and the *Vendors Center* in additional tabs to reference all three at the same time.

> **IMPORTANT!**
> If you make a change in one window, be sure to *Refresh* the other tabs to retrieve the updated data from the server – the tabs don't update automatically. Refreshing a tab is also helpful if an action times out or a screen isn't behaving as expected.
>
> Chrome's *Refresh* button is the round arrow to the left of the lock in Figure 1-5, or you can use the keyboard shortcut Ctrl-R (Cmd-R on a Mac).

There are several ways to create multiple tabs. Suggestions 1 and 2 are shown in Figure 1-5.

1. Click the **+ sign** on the right of the last tab to open a new tab, then use a bookmark to open the screen you want.
2. **Right-click** on buttons or action links in QBO and choose **Open Link In New Tab**.
3. Drag a *Center* from the *Left Navigation Bar* up to the tab bar to create a new tab.
4. **Right-click** on a tab itself and choose **Duplicate.**
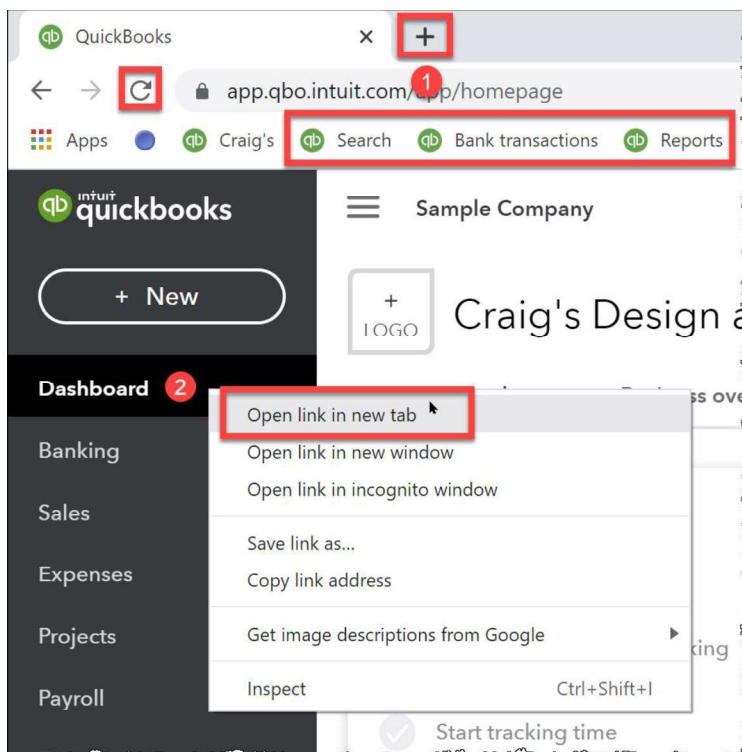
Figure 1-5 Open multiple browser tabs to see several screens at the same time

HANDS-ON PRACTICE

Open more than one Center at the same time so that you can view both simultaneously.

Step 1.   Click on **Transactions** in the Left Navigation Bar to open the Transactions Center.

Step 2.   Right-click (Cmd-click on a Mac, two-finger press on a trackpad) on **Expenses** in the *Left Navigation Bar*, and choose **Open Link in New Tab** (if you're not in Chrome, your terminology may vary). A second browser tab opens. Click on it to view the *Expenses Center*.

Step 3.   Drag the **Sales** from the *Left Navigation Bar* up to the row of tabs at the top of the browser, to the right of the *Expenses* tab. Drop it. Click on the new tab to view it.

Step 4.   Toggle back and forth between the **first tab** with the *Transactions Center*, the **second tab** with the *Expenses Center*, and the **third tab** with the *Sales Center*.

Step 5.   Return to the Get Things Done Dashboard.

Step 6.   **Close** Chrome.

Opening Multiple Files

It is possible to open two company files at the same time by opening one regular and one Incognito Chrome window. You can also leverage multiple browsers, like Firefox, Edge, or Safari.

A second approach is perfect for bookkeepers with multiple clients: utilize Chrome's **Profiles** to make dedicated environments for each of your clients, complete with their own sets of bookmarks.

To create multiple Profiles, click the circle just to the left of the 3 dots. Give each one a name and pick an image.

When you choose a Profile off this list, Chrome opens a new window with that client's settings and history. Each browser window is distinct, so you can open several company files at the same time.

WORKING WITH QUICKBOOKS ONLINE FILES

Before using QuickBooks Online, it is important for you to understand how to log in and access company files.

Opening the QuickBooks Online Sample File, Craig's Landscaping

Now that we have set up Chrome so you can get to the sample company easily, follow these steps to open it:

HANDS-ON PRACTICE

Step 1.   Open **Chrome**.

Step 2.   Click on the **Craig's** bookmark. If the window shown in Figure 1-6 does not open, delete the bookmark and repeat the steps above .
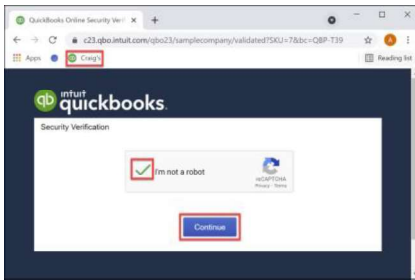
Step 3.   Check I'm Not a Robot, then click Continue.

Figure 1-6 Log in to Sample File

> Step 4. You may see a **ReCAPTCHA security window**, to confirm you're a real human being. Click the images it requests (you may see traffic lights, mountains, crosswalks, or vehicles), then click the **Verify** button (see Figure 1-7).

Figure 1-7 ReCAPTCHA security verification

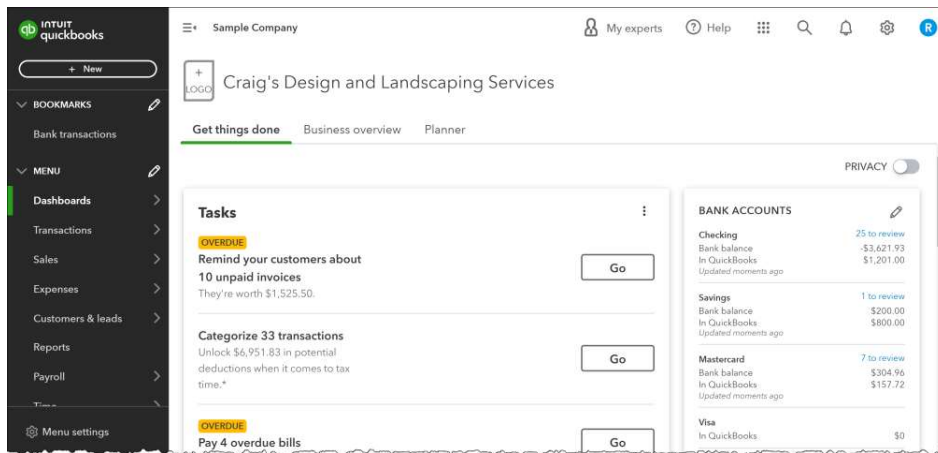> Step 5. The Craig's Design and Landscaping Services sample company opens, as shown in Figure 1-8.

Figure 1-8 The Sample Company used in lessons

Switching Between Other QuickBooks Online Data Files

If you have access to multiple companies, switch between account "realms" by clicking on the *Gear* in the upper right corner and choosing **Switch Company** (see Figure 1-9). This takes you back to the list you see when you log in, and you would be able to click on any account to open it.

If you were a bookkeeper using QuickBooks Online for Accountants (QBOA) to manage QBO clients, you would be able to toggle between their QBO files from the *Go To QuickBooks* drop-down menu at the top left.
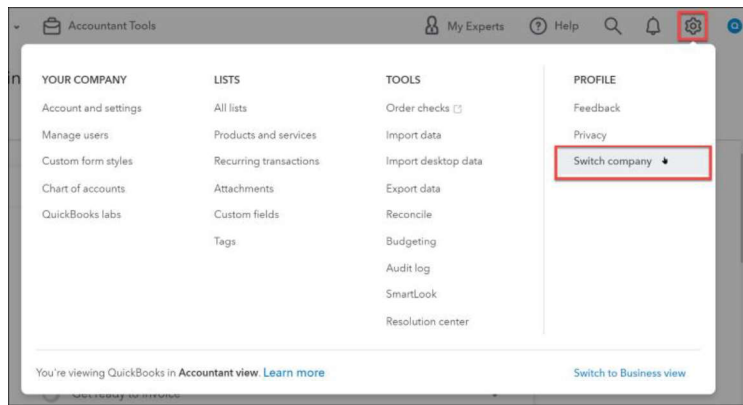
Figure 1-9 Switching between company files as an Accountant User

Creating New Company Files

Unlike QuickBooks Desktop, where you can create as many files as you want, each company in QuickBooks Online is a distinct subscription with its own cost. If a business owner has several companies that all file separate tax forms, you will need a separate subscription for each. Use the same email address when creating each file so that you can access them all under the same login.

Visit http://www.quickbooks.com to create new QuickBooks Online files.

TIP
QuickBooks Online ProAdvisors receive a discount on new files. This reduced pricing can be passed on to the client. For more information about the free ProAdvisor program, visit https://quickbooks.intuit.com/accountants/.

Logging Out of QuickBooks Online Files

Close your company data file by clicking the **blue circle** in the upper right corner, then click the **Sign Out** button (see Figure 1-10).

If you just close your Chrome window, other people can gain unauthorized access to your data.

IMPORTANT!
When working through the exercises in this book, be sure to sign out every time you end a QBO session. This will make sure your bookmarks work as expected.
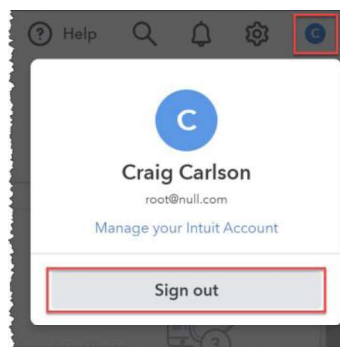
Figure 1-10 Log out when done

QuickBooks Online Updates and New Features

Because QBO is subscription-based, there are never any new annual versions to buy or maintenance releases to install, as there are with QuickBooks Desktop. Instead, Intuit constantly updates the software, bringing you bug fixes and new features. This means QBO may have changed when you sit down to work that morning!

If you're someone who loves cutting-edge technology, you'll appreciate the innovations as they appear. If you're someone who doesn't like change, take it to heart that every update Intuit makes is due to customer feedback, and the improvements will save you time and money.

Intuit releases new features to a few companies at a time to make sure that they don't introduce any bugs. New features are commonly rolled out in waves, so sometimes two company files may not see the same options.

> **IMPORTANT!**
> Since QBO is ever-evolving, you will see some differences compared to the screenshots and instructions in this book.

Backing Up QBO Files

Because QuickBooks Online is server-based, there is no need to make **backups** to prevent data loss. Traditional backups are a safety net in case of hard drive failure or data corruption. Intuit's servers have redundant infrastructure to make sure they never lose company files.

That being said, there are times when you will want to make a backup:

1. Before you make big changes to your data, like a Chart of Accounts consolidation or a big data import, make a backup so that if it doesn't go as expected, you can roll back your file and try again.

2. At year end to create an archival copy of your data that matches your taxes. These can be exported and opened in a copy of QuickBooks Online for Desktop.

Only QBO Advanced has built-in tools for backups, but if you use other versions, there are 3rd party apps that can perform these functions for you. We talk about apps on page 2.

QUICKBOOKS ONLINE'S INTERFACE

The QuickBooks Online interface makes it easy to enter and locate transactions. There are four main areas to look for what you need: The **Left Navigation Bar**, the **+New button**, the **Top Bar**, and the **Gear** (see Figure 1-11).

1. The *Left Navigation Bar* contains all the screens and **Centers** that organize your data. Note that each Center also has **Tabs** grouping the information (see page 15).

2. The *+New button* is where you add new transactions (see page 21).

3. The *Top Bar* contains tools like **Help** and **Search** (see page 18).

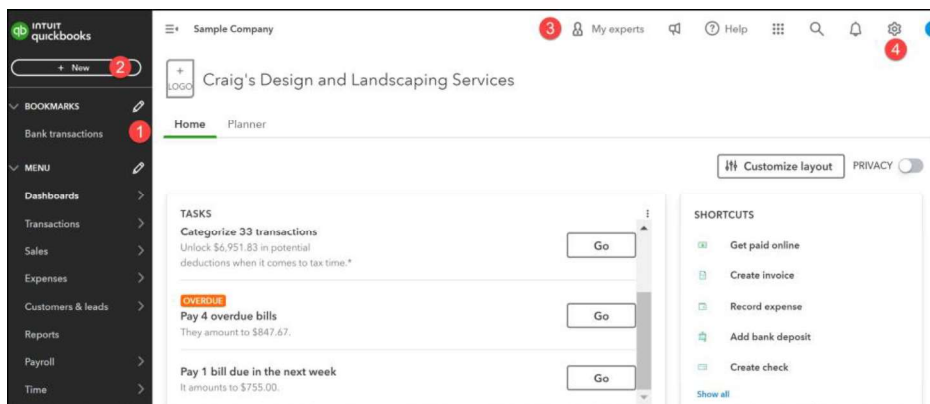4. The *Gear* holds all the settings and back-end tools to administer your QBO file (see page 18).

Figure 1-11 The QuickBooks Online interface

Dashboards

As soon as you open a company, QuickBooks Online displays the **Dashboard.** The Dashboard is broken up into two tabs, **Home** and a **Planner.**

Home

The *Home* tab (Figure 1-11 and Figure 1-12) contains a *Tasks* list, *Shortcuts* to your frequent activities, a list of *Bank Accounts,* and charts with your current activity status.

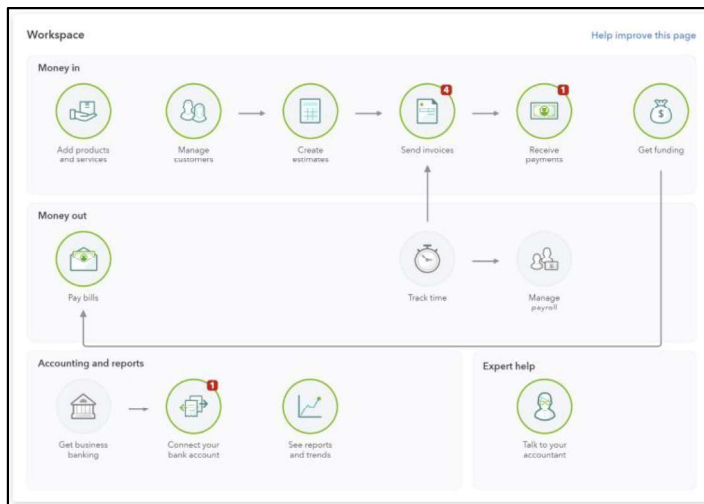To start a **Task**, click on the *Go* button. To perform a **Shortcut**, click on its *icon*.

Figure 1-12 Your Dashboard tab may show this Workspace or similar shortcuts

When you scroll down, the *Home screen* contains charts so you can monitor your company's health at a glance, as shown in Figure 1-13.

Each chart is interactive – click on any colored segment to open an instant report.

The *Privacy* slider in the upper right is perfect when you're working in the coffee shop. It blanks out your sensitive information to prevent it from being seen by anyone looking over your shoulder.
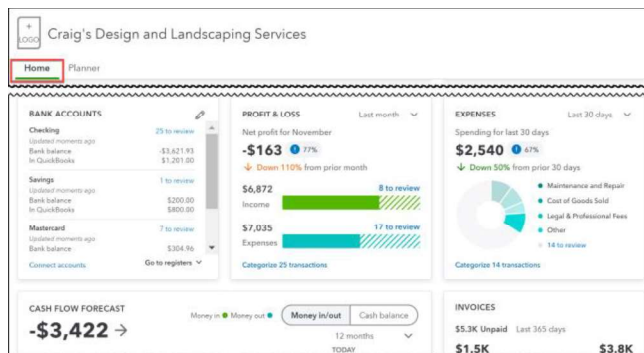
Figure 1-13 The Business Overview charts on the Dashboard's Home tab

HANDS-ON PRACTICE

Try out the *Dashboard's* interactive features:

Step 1. In the *Profit and Loss* box, click on the **solid green bar**. These are income transactions already in QBO. A **Profit and Loss report** opens.

Step 2.   Go back to *Home* by clicking your browser's **Back button,** or on **Dashboards** in the *Left Navigation Bar*.

Step 3.   In the *Profit and Loss* box, click on the **17 to Review** link above the *striped blue bar*. These are expense transactions waiting in the ***Bank Transactions Center*** to be entered. Go back to *Home*.

Step 4.   In the *Expenses* box, click on the **Last 30 Days arrow**. Choose **This Year.** You'll notice the segments and labels shift to reflect the new date range.

Step 5.   Click on the **Miscellaneous** circle segment. A **Transaction Detail by Account Report** opens, showing what all those "miscellaneous" expenses really were.

Step 6.   Click on **Hicks Hardware** to open and view the bill.

Step 7.   To close the bill, either click the **Cancel button** in the lower left, or the **X** in the upper right.

Step 8.   Go back to the *Home Dashboard* by **holding down** your browser's **Back button** and choosing **QuickBooks**. Because we have opened a report and drilled in to a bill, this is faster than clicking the Back button several times (see Figure 1-14).
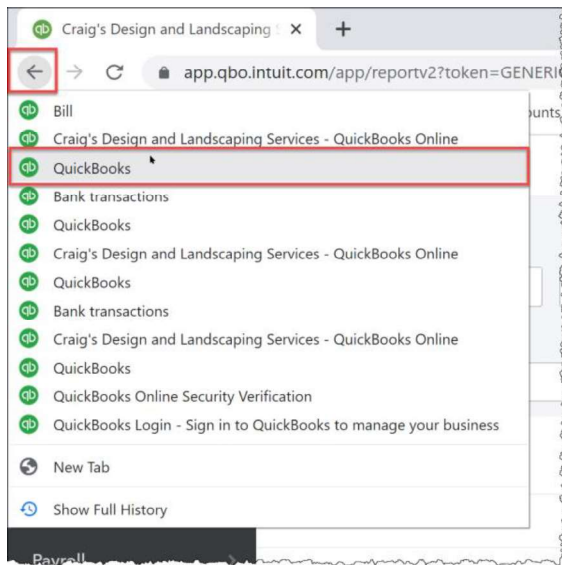
Figure 1-14 Hold down the Back button to skip pages

Step 9.   In the *Invoices* box, click the orange **Overdue** box. This takes you to the *Invoices* tab in the *Sales Center*. Scroll down to see all your customers' overdue unpaid invoices.

Step 10.   Click on the invoice for **Weiskopf Consulting** to see its details in a sidebar. Review the information shown.

Step 11.   Click the **X** in the upper right corner to close the *Invoice Details*.

Step 12.   Return to the *Home Dashboard* either using the **Back button** or clicking **Dashboards** in the *Left Navigation Bar*.

Step 13.   In the *Bank Accounts* box, click on the **Pencil**. Drag the 9-dot grid (we like to call it a "waffle") next to **Mastercard** and drop it above **Savings** (see Figure 1-15). We'll use the credit card more often than the savings account.

Step 14.   Click the blue **Save** in the upper right of the box.

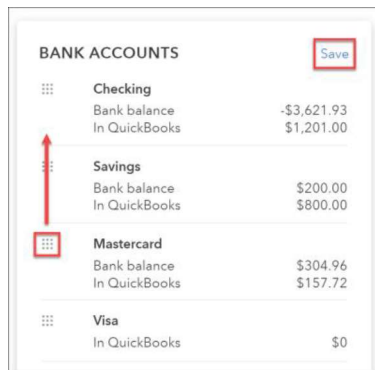Figure 1-15 Rearrange the Bank Accounts

Step 15.   Click **Mastercard** to jump to the *Bank Transactions Center*. Note that the accounts are now in the same order. Go back *Home.*

Step 16.   At the very bottom of the *Bank Accounts* box, click **Go To Registers** and choose **Checking**. If the *Register Basics* box opens, you can take the tour, or close it.

Step 17.   Go back to the *Dashboards.*

Planner

The *Planner* tab (not shown) contains an interactive **Cash Flow Planner** tool allowing you to monitor upcoming income and expenses, and add "what if" scenarios to see how future activity will impact your bottom line.

The Left Navigation Bar

QuickBooks Online's **Left Navigation Bar** allows you to visit Centers and available services (see Figure 1-16). You can open any Center by clicking its name in the black bar.

Click the **three lines** (the "**Hamburger**") at the top right of the black bar to collapse it, giving you more workspace area.

Click any **Bookmark icon** on the right of each name to create a shortcut in the *Bookmarks* section at the top of the *Left Navigation Bar*. You can also use the **Menu Settings** at the bottom to reorder the options, and hide ones you never use.
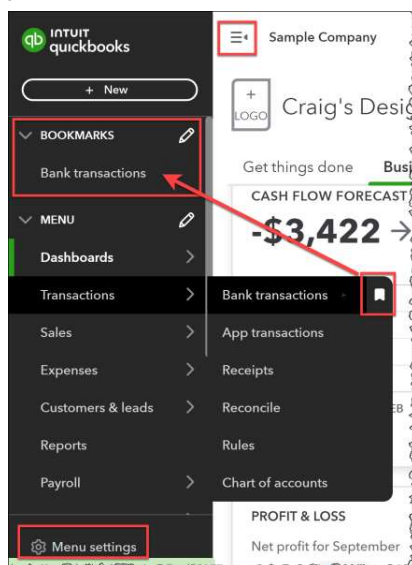
Figure 1-16 The Left Navigation Bar

Centers

QuickBooks Online's ***Centers*** summarize pertinent information and transactions in one place. Many Centers are organized into ***Tabs.*** Your most-used Centers and tabs can be bookmarked in Chrome for easy access using the instructions on page 7.

Some Centers, like the Projects Center, only appear when the features are turned on.

The Sales, Expenses, and Payroll Centers are very important since they provide the only way to access a list of your customers, vendors, and employees. These three lists are referred to as the ***Center-based Lists***. For example, when you click on **Sales** in the *Left Navigation Bar* and then on **Customers**, the ***Customers Center*** opens to show each customer's balance, their contact information, and actions you can take (see Figure 1-17).
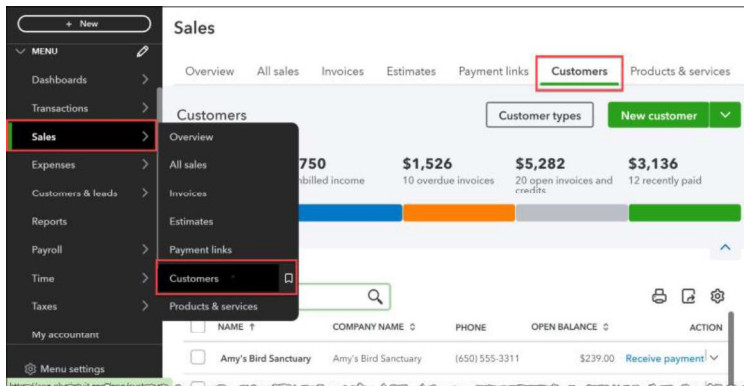
Figure 1-17 Customers Center

You can then click on any customer to drill into see their contact information, notes, and a list of their transactions (see Figure 1-18). From here you can ***Edit*** their information and create ***New Transactions***. Note that almost everything is clickable!

Notice the collapsible **Customer List** to the left of *Amy's Bird Sanctuary*. This panel allows you to easily switch between customers without having to navigate in and out of the customer list. The **Clock** and **Name** buttons at the top allow you to view *Recent* customers and *All* customers. Additional buttons allow you to add a new customer, search the list, and sort alphabetically. You can also collapse the panel completely when you need to see more columns on your screen.
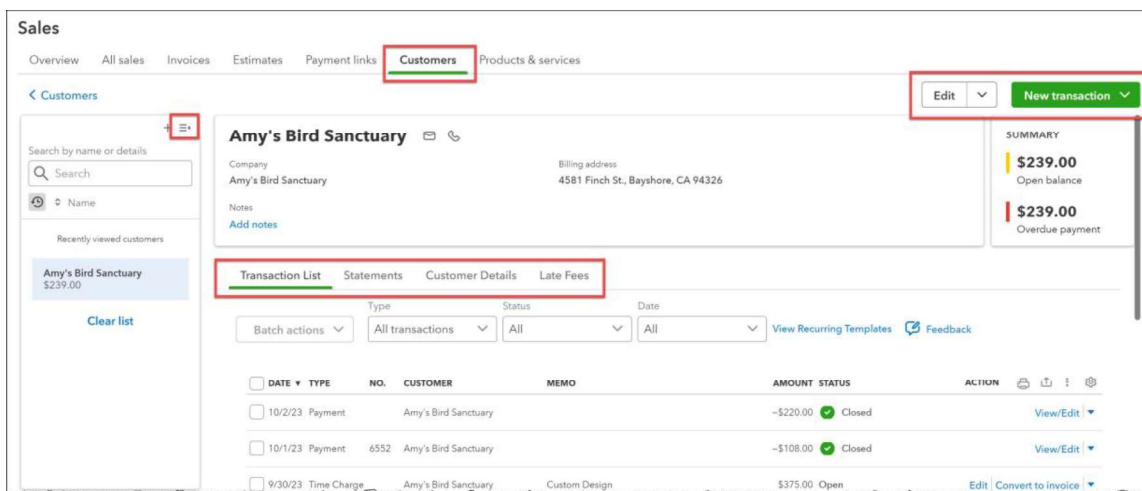

Figure 1-18 Viewing a Customer's transaction list and details

The Money Bar

The ***Money Bars*** at the top of many of the Centers provide a fast way to see the status of your sales and expense transactions. Click on the colored boxes to filter the lists (see Figure 1-19).

For example, in the Customers Center, you can filter the list to just see Customers with open Estimates, Unbilled Activity, Open and Overdue Invoices, and recent Payments.

To view the full list of customers again, click the blue **Clear Filter / View All** link.
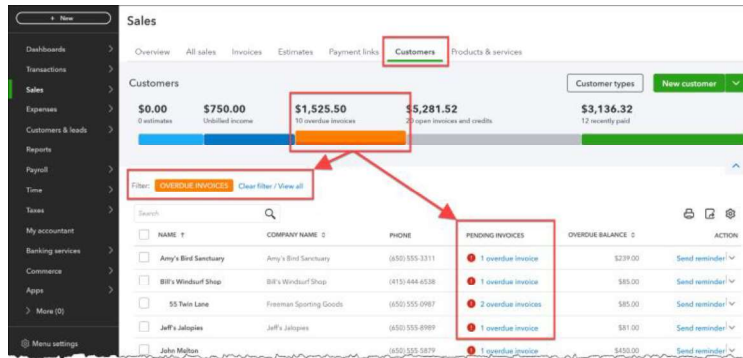

Figure 1-19 The Money Bar filters your list-based Centers

The Bottom Bar

At the bottom of many transaction windows is a bar with several actions (see Figure 1-20). The options you see depend on what kind of transaction you are in.

Print or Preview shows you what the transaction will look like when you send it to the customer or vendor.

Make Recurring allows you to memorize a transaction to duplicate it later (see page 185).

Customize allows you to choose between your Custom Form Styles (see page 74).

Save maintains your progress while keeping the window open.

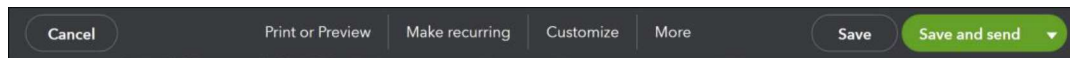You may also see a *Revert* button used when you start making edits but need to discard the changes.

Figure 1-20 The bottom bar in transactions

The *More button* is where you go to **Delete** or **Void** a transaction, **Audit** its history, view its **Transaction Journal**, or **Copy** it to make a new one (see Figure 1-21).
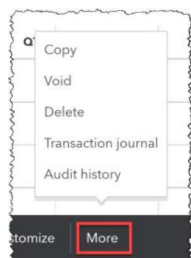

Figure 1-21 The More button

Dynamic Save Buttons

The green buttons at the bottom right corner of each window are dynamic (see Figure 1-22).

When you click on the drop-down arrow in an invoice, for example, you will see several saving options:

- **Save and New** opens up a blank form so that you can process several similar transactions quickly.
- **Save and Close** closes a transaction and returns you to the screen you were on.
- **Save and Share Link** creates a URL web address that you can email or text to customers.
- **Save and Send** will email a copy directly to the customer or vendor.

This button is sticky. Once you change the action, it will stay that way until you change it again.
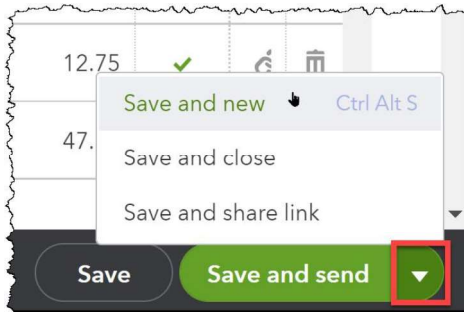
Figure 1-22 Dynamic Save buttons

Using the Search

To look for a transaction that you just entered recently, a transaction for a specific dollar amount, an invoice by number, or all transactions that meet a specific criteria, use the **Search** magnifying glass (see Figure 1-23).

> **TIP**
> You can even use the *Search* field to run a report or jump to a customer! Be sure to read the *Search Tips* at the top of the box. Experiment!

We will learn more about using the ***Advanced Search*** tool on page 271.

HANDS-ON PRACTICE

You want to review a credit card expense to Hicks Hardware that your co-worker created a few minutes ago.

Step 1.   Click on the **Magnifying Glass** in the upper right corner, as shown in Figure 1-23.

Note that in some files, the *Search* is now a bar in the top center of the screen, and has buttons to filter for Transactions, Contacts, and Reports.

Step 2.   Click on Credit Card Expense | Hicks Hardware | $42.40.

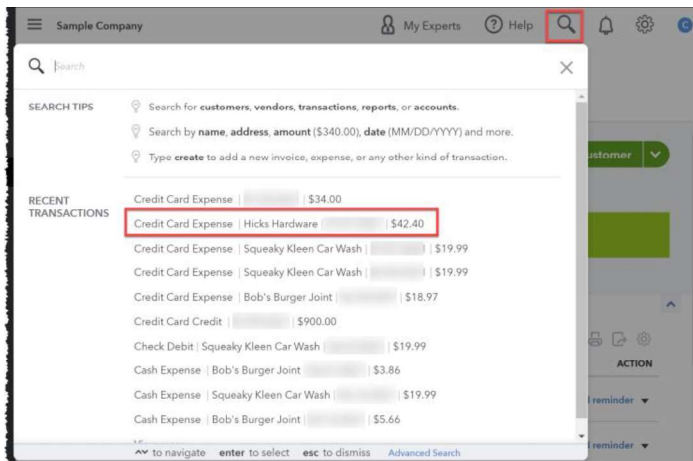Step 3.   The expense opens. Review it, then **Cancel** the window so you don't save any changes.

Figure 1-23 Search for a recent transaction

The Gear

The big ***Gear*** in the upper right corner is the control center for all the back-end administrative tasks to manage your company file and QuickBooks Online experience (see Figure 1-24).
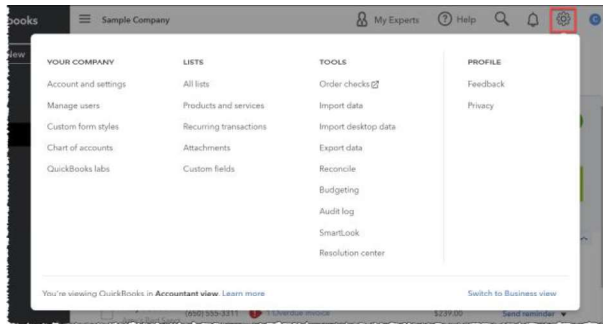
Figure 1-24 The Gear is where you'll find administrative tools

This is where you control your settings, billing, lists, data, and support tools including feedback. We will talk about many of the features on the Gear throughout this course.

Feedback

Intuit, the company that makes QuickBooks Online, strives to "design for delight." If you find bugs in the software, or a feature doesn't work the way you need it to, be sure to click on **Feedback**. Tell the developers what isn't working, or what ideas you have.

The more people who let Intuit know about an issue, the higher a priority it will become on their feature roadmap. Many of the innovations in QBO were suggested by people like you!

Shortcuts

Autofill

When you're entering data in forms, Autofill saves you time from having to scroll up and down a long list scanning for the item you need, or from having to type the entire entry.

QuickBooks Online saves you time by filtering available options as you type. For example, instead of scrolling down through customer names looking for someone whose name starts with W, just type any of the letters from their name into the box. It doesn't even have to be the first word – any unique string of characters will do. QBO limits the list of options to only those that match. If a list contains headers and sub-accounts, some of the options on the list will appear indented but may not be related to the category directly above them.

If you type faster than QBO searches its list, you may override the match and trigger the software to **Add New**. If you suddenly find yourself creating a new entry that you know already exists, immediately stop, cancel the window, and try again a bit more slowly.

> **TIP**
> When selecting a name or account in any drop-down field, remember that you're not restricted to starting with the first letters. You can go straight to a sub-account or a sub-customer, especially by typing any distinctive letter combinations that aren't present in other entries. This method allows you to locate items efficiently, which will be particularly useful during homework exercises to ensure you accurately select of the appropriate Customer or Account.

Keyboard Shortcuts

If you're a fan of **keyboard shortcuts**, you're in luck! Even though QBO is browser-based, you can still get around without taking your fingers off the keyboard. To see the list of shortcuts shown in Figure 1-25, click on **Additional Info** under the *Gear*, or press **Ctrl-Alt-?** (**Cmd-Option-?** on a Mac).

This is also one of the places to go to find your **Company ID** if you need to contact Support.
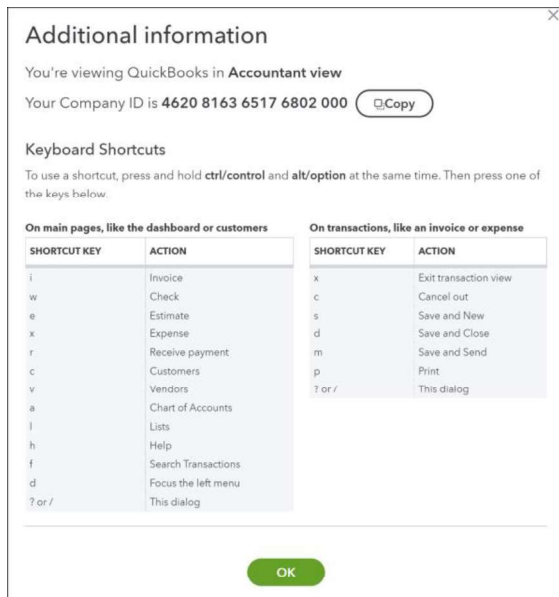
Figure 1-25 Keyboard Shortcuts

Date Shortcuts

When entering dates, you don't need to type in the leading 0s or the current year. For example, typing **2/1** then pressing the **Tab** key on your keyboard (to the left of the Q) will resolve the date to 02/01/2023 (using your current year). If you want to get to a date this month, you only have to type the number – the month and year will autofill (for example, to enter the 20th of the current month, just type **20**).

The **Date fields** also have their own set of shortcuts, as shown in Table 1-2. Click in any *Date* field and tap these letters to jump to a date immediately.

You can press them in any combination to reach any date. For example, to jump to Dec 31 of last year, type **Y-**.

Today	T		Any day this month	#
Tomorrow, next day	+ (plus)		First day of the Month (1st)	M
Yesterday, previous day	- (minus)		Last day of the Month (28th, 30th, 31st)	H
First day of the Year (1/1)	Y		First day of the Week (last Sun)	W
Last day of the Year (12/31)	R		Last day of the Week (next Sat)	K

Table 1-2 These date shortcuts move you quickly through time

Built-in Calculators

There is no need to pull out your calculator to do your math! In every **Quantity**, **Rate,** and **Amount** field, you can use +, -, *, /, and () to do instant math. Press **Tab** to calculate the result.

Currency

When entering dollar amounts, skip the dollar sign (**$**), the commas (**,**), and the ending decimals on whole dollar amounts. QuickBooks Online will autofill these when you press **Tab** on your keyboard. For example, if you type in **1000** then press **Tab**, it will resolve to **$1,000.00** automatically.

Search for text on a page

This trick uses a feature of your browser, not QuickBooks Online. The browser's Search, **Ctrl-F** (**Cmd-F** on a Mac), searches all the content of the screen you're looking at. Use it to find anything on a page instantly, without wasting time scrolling around scanning for it. Use the *Find* field's **< >** arrows to jump from instance to instance of matching text.

ENTERING TRANSACTIONS IN QUICKBOOKS ONLINE

Each time you buy or sell products or services, pay a bill, make a deposit at the bank, or transfer money, you enter a corresponding transaction into QuickBooks Online.

Each real-world activity will have one corresponding action in QBO. For example, a customer paying off several invoices with ONE check will have ONE Receive Payment form (more about that on page 118).

The +New Button for Forms

In QuickBooks Online, transactions are created by filling out familiar-looking *Forms* such as invoices, bills, and checks. Most forms in QuickBooks Online have drop-down lists to allow you to pick from a list instead of spelling out the name of a customer, vendor, product, or account. When you finish filling out a form, QuickBooks Online automatically records the accounting entries behind the scenes.

The *+New button* at the top of the *Left Navigation Bar* opens new blank forms for customers, vendors, employees, and general business transactions (see Figure 1-26). By using these forms to enter business activity, you provide QBO with all of the details of each transaction.
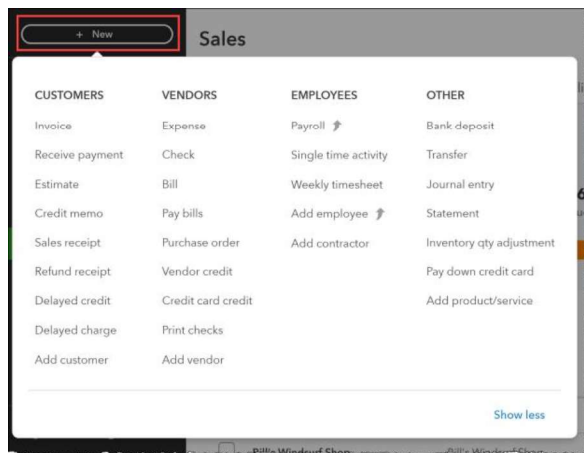

Figure 1-26 The +New button to add new transactions through forms

For example, by using the *Bills* form, QuickBooks Online tracks the vendor balance, the due date of the bill, the payment terms, and the debits and credits in the General Ledger. This is a good example of how QBO handles the accounting behind the scenes.

Before QuickBooks Online, many bookkeepers used *Journal Entries* to manually enter accounting transactions. Relying on journal entries limits QuickBooks Online from providing management information and analysis beyond just the debits and credits on simple reports. If a form is available that achieves your goal, use it so that you can capture business intelligence!

HANDS-ON PRACTICE

Step 1.   Click **Bill** in the *Vendors* column of the *+New Button* (see Figure 1-27).
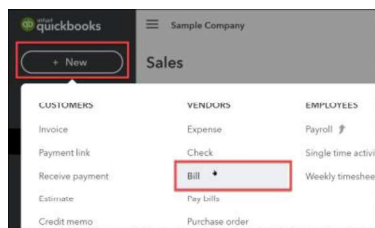

Figure 1-27 Bills on the +New button

Step 2.   Click the **Recent** button in the upper left corner of the *Bill* window, and choose the **most recent bill** at the top of the list (see Figure 1-28).

Figure 1-28 Open a recent bill

Step 3.   Look around the *Norton Lumber bill* shown in Figure 1-29. Click the **down arrow** next to the *Vendor* field to see the drop-down list of vendors.

> ### TIP
> You don't have to scroll up and down to choose items on lists. You can type in any letters from its name to limit the list of choices. They don't even have to be the first letters of the name! Try unique character strings that won't match any other names.

Step 4.   Click the **Calendar icon** next to the date to see the **Date Picker**. Try out the date shortcuts you learned on page 20.

Step 5.   Click in the **Amount** field. Try a math calculation using +, -, *, or /. Press **Tab** to calculate the answer.

Step 6.   When finished exploring, click the **Cancel** button on the bottom left, then select **Yes** to close the bill without saving any changes you made.

Figure 1-29 Anatomy of a Form

Lists

Lists are one of the most important building blocks of QuickBooks Online. Lists store information that is used again and again to fill out forms. For example, when you set up a customer including their name, address and other details, QBO will use the information to populate an invoice. Similarly, when you select a **Product or Service**, QBO automatically fills in its description, price, and associated information. This helps speed up data entry and reduce errors.

> **NOTE**
> There are two kinds of lists — *menu-based* and *center-based*. Menu-based lists are accessible through *All Lists* under the *Gear* and populate the fields on forms. Center-based lists include the *Customers Center* and *Vendors Center*, discussed on page 16.

To see all the menu-based lists you can customize, click on the **Gear** in the upper right corner, then **All Lists** (see Figure 1-30).
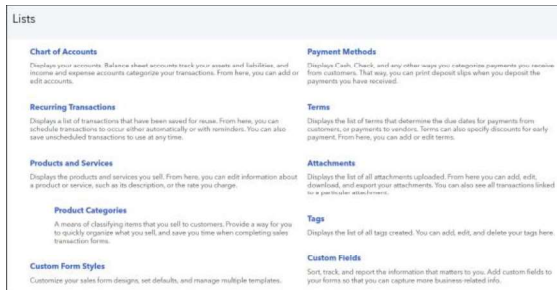

Figure 1-30 The list of Lists

Accounts

QuickBooks Online efficiently tracks all of your business transactions by categorizing them into **Accounts** in your **General Ledger**. The **Chart of Accounts** is the list of these accounts.

HANDS-ON PRACTICE

Step 1. To display the Chart of Accounts, hold your cursor over *Transactions* in the *Left Navigation Bar*, then click on **Chart of Accounts**. Alternatively, you could select **Chart of Accounts** from the *Gear*, or press **Ctrl-Alt-A** (**Cmd-Option-A** on a Mac).

Step 2. If you see the message *"Take a Peek Under the Hood,"* click **See Your Chart of Accounts**.

Step 3. Scroll through the list. Leave the *Chart of Accounts* open for the next exercise.

By default, the Chart of Accounts is sorted alphabetically within each account type (see Figure 1-31). If you are using **Account Numbers**, the categories are sorted by account number.

Use the **Filter by Name box** at the top to quickly find the account you need.

The **Name** column shows the account names that you will use in transactions and reports. The **Type** column shows their account type. The **yellow arrows** indicate **Bank Transactions Feed** connectivity. The **Detail Type** indicates the Detail Type mapping. The **QuickBooks Balance** column shows the balances for asset, liability, and equity accounts (except Retained Earnings). The **Bank Balance** column shows the balance according to the bank, for accounts that are connected. The **Action** column offers common activities you might need.

Figure 1-31 Chart of Accounts List

Registers

Each asset, liability, and equity account (except Retained Earnings) has a **_Register_**. Income and expense accounts do not have registers; rather, their transactions must be viewed in a report.

Registers allow you to view transactions in a single window. While you can enter new transactions into QuickBooks Online from the register, this is not a good idea because of the limited information available. Instead use **_Forms_**, as we discussed on page 21.

HANDS-ON PRACTICE

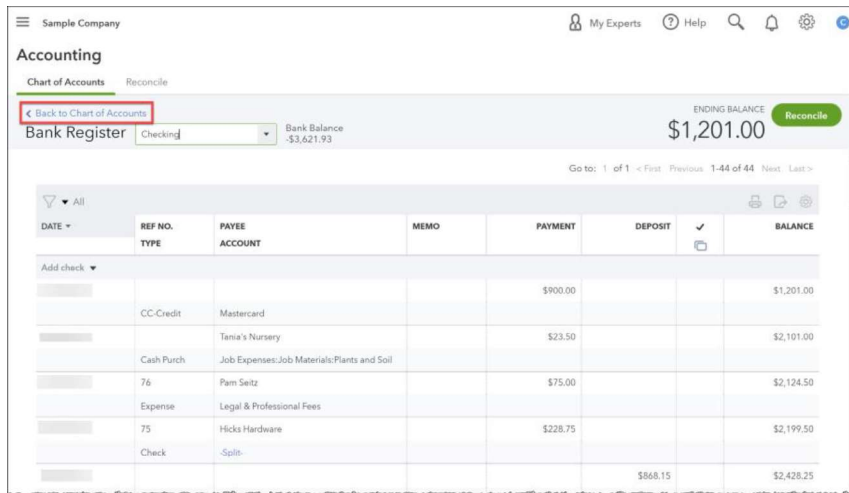|	
Step 1.	To open the **Checking** account register, click on **View Register** on the right of the _Checking account_ in the _Chart of Accounts_ list.
Step 2.	The **Checking** register opens (see Figure 1-32). Scroll through the register.

Figure 1-32 Checking account register

|	
Step 3.	Return to the Chart of Accounts by clicking the **Back to Chart of Accounts** link in the upper left corner.
Step 4.	Scroll down to the **Sales of Product Income** account and click **Run Report**.
	Instead of opening a register, QuickBooks Online opens an _Account Drilldown QuickReport_ (see Figure 1-33).
Step 5.	Change the date range from **Since 90 Days Ago** to **This Year to Date** (scroll up).
Step 6.	Go back to the _Chart of Accounts_ again using the blue **Back** link. **Exit** the report without saving.
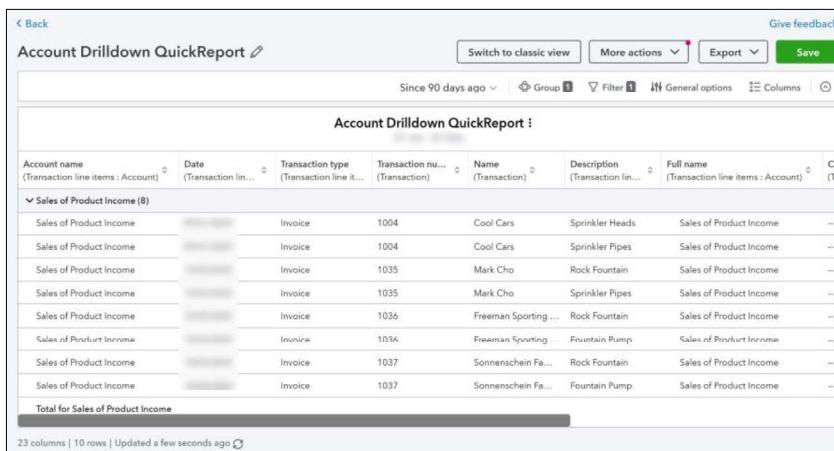
Figure 1-33 An Account Drilldown QuickReport

Products & Services

Products & Services are used to track a company's sales items. Since every business has its own unique set of products and services, QuickBooks Online needs to be customized by creating items for everything you buy and sell.

Products & Services are necessary in order to use sales forms in QBO (e.g., *Invoices* and *Sales Receipts*). On an invoice, for example, each line has an item representing what people are paying for.

When you define items, you associate them with accounts in the Chart of Accounts. This connection between item names and accounts is the "magic" that allows QBO to automatically create the accounting entries behind each transaction.

QuickBooks Online uses the Products & Services items to manage all the accounting entries so that you don't have to. By setting up the item and then using it in forms, all the accounting happens behind the scenes, populating the reports so that you see the results without having to micromanage the activity.

HANDS-ON PRACTICE

Step 1.   To see what items the company buys and sells, hold your cursor over **Sales** in the *Left Navigation Bar*, then click **Products & Services** (see Figure 1-34*)*.

Step 2.   Alternatively, you could select **Products & Services** from the *Gear*, or click the **Products & Services tab** from anywhere in the *Sales Center*.
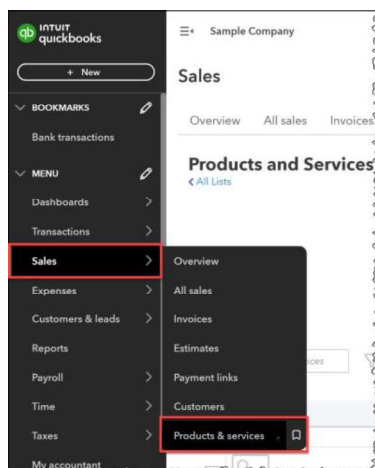

Figure 1-34 Products & Services

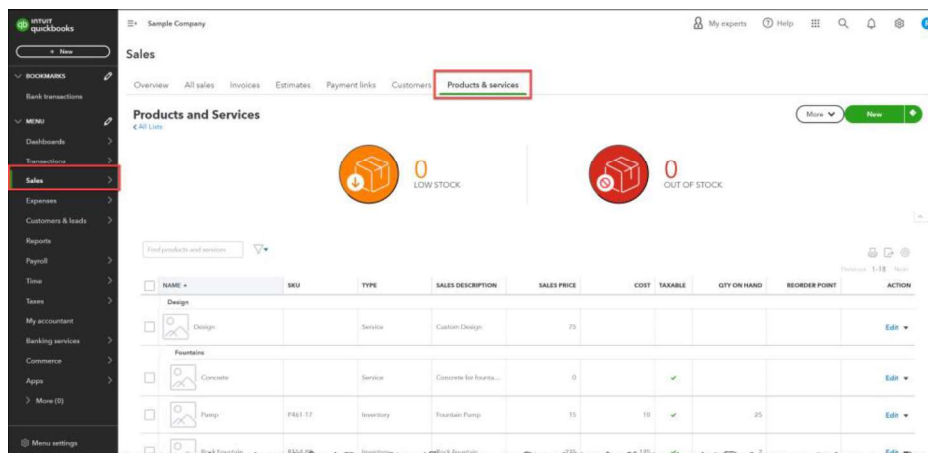Step 3.   Figure 1-35 shows the *Products & Services List*.

Figure 1-35 The Products & Services List

Step 4.   Click on the blue **Edit** button on the right of the **Rock Fountain** row.

Step 5.   The Rock Fountain's *Product/Service Information* window opens (see Figure 1-36). Rock Fountains are an **Inventory Item**, meaning that QuickBooks Online tracks the quantity and value in stock. Inventory-type items are associated with an *Inventory Asset Account*, an *Income Account*, and an *Expense Account* in the Chart of Accounts.

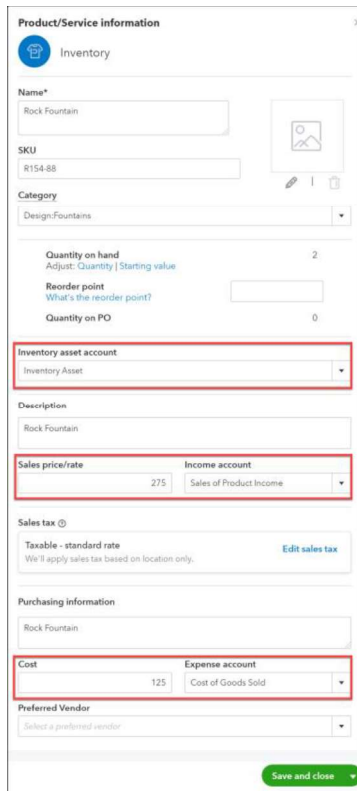Step 6.   Click the green **Save and Close** button to close the *Product/Service information* pane.

Figure 1-36 Rock Fountain product setup

ACCOUNTING BEHIND THE SCENES

This is why using products and forms is so important! Bookkeepers used to have to track all this manually...QuickBooks Online does the work for you.

QBO uses the Inventory Asset, Income, and Cost accounts from the product to track the revenue and expense associated with all inventory activity.

Every time a Rock Fountain product is purchased on an expense or bill, its cost is added to (debits) Inventory Asset on the Balance Sheet. Every time a Rock Fountain is sold by adding it to an invoice or sales receipt, the Sales Price/Rate increases (credits) the Sales of Product Income account, and QBO automatically moves its original cost out of (credits) *Inventory Asset* and into (debits) *Cost of Goods Sold*.

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
	Invoice	1035	Mark Cho		Accounts Receivable (A/R)	$314.28	
				Rock Fountain	Sales of Product Income		$275.00
				Rock Fountain	Inventory Asset		$125.00
				Rock Fountain	Cost of Goods Sold	$125.00	
				Sprinkler Pipes	Sales of Product Income		$16.00
				Sprinkler Pipes	Inventory Asset		$10.00
				Sprinkler Pipes	Cost of Goods Sold	$10.00	
					Board of Equalization Payable		$23.28
						$449.28	$449.28
TOTAL						$449.28	$449.28

The Accounting Behind the Scenes when Mark buys a Rock Fountain! Products and Invoices do all this work for you.

QUICKBOOKS ONLINE HELP

Support Resources

QuickBooks Online provides a variety of support resources that assist in using the program. To access the support resources, click the **Help** button in the top bar, and the *Assistant* will open. QBO displays context-sensitive answers to problems you might be having, based on the window you have open. You can also search for keywords or ask a question, and QuickBooks Online will search its Help content and the *Online Community* for related answers.

Click **Contact Us** in the Help's *Search tab* to access live Support representatives through chat and callback options. There is no need to call in and wait on hold! Note that the support specialists are intended for product help, and cannot answer bookkeeping questions.

Certified QuickBooks Online ProAdvisors

Certified QuickBooks Online ProAdvisors are independent consultants, accountants, bookkeepers, and educators with demonstrated proficiency in QuickBooks Online, who can offer guidance to small businesses in various areas of business accounting and bookkeeping. To find a Certified ProAdvisor, visit **www.findaproadvisor.com**.

If you will be developing a career using QuickBooks Online, consider signing up for the ProAdvisor Program at **quickbooks.intuit.com/accountants/proadvisor**. Passing Intuit's Certification exams does more than just prove your expertise. It also gives you access to a higher level of support, discounted pricing on products, free training and software, practice management, accountant-only tools, and a listing on www.findaproadvisor.com.

REVIEW QUESTIONS

Comprehension Questions

1. Explain the difference between the QuickBooks Online sample company in the tutorials, and this book's practice file at the end of the chapters.

2. Explain the difference between QuickBooks Desktop and QuickBooks Online. What are the different versions of QuickBooks Online?

3. Explain the importance of QuickBooks Online's Dashboards.

4. Explain why it is important to enter transactions in QuickBooks Online using Forms rather than accounting entries.

5. Describe the primary purpose of accounting in business.

Multiple Choice

Select the best answer(s) for each of the following:

1. The fundamental accounting equation that governs all accounting is:
   a) Net income = Revenue - expenses.
   b) Assets + Liabilities = Equity.
   c) Assets = Liabilities + Equity.
   d) Assets = Liabilities - Equity.

2. Which of the following statements is true?
   a) Debits are bad because they reduce income.
   b) Equity is increased by a net loss.
   c) Total debits equal total credits in every transaction.
   d) Assets are increased with a credit entry.

3. Under accrual accounting:
   a) A sale is not recorded until the customer pays the invoice.
   b) Income and expenses are recognized when transactions occur.
   c) An expense is not recorded until you write the check.
   d) You must maintain two separate accounting systems.

4. QuickBooks Online is:
   a) A job costing system.
   b) A payroll system.
   c) A double-entry accounting system.
   d) All of the above.

5. Which is not a method of accessing the data entry screens?
   a) +New button
   b) Dashboards
   c) Keyboard shortcuts
   d) The Gear

Completion Statements

1. As you enter data in familiar-looking _____, QuickBooks Online handles the _____ entries for you.

2. You do not need to _____ your data file regularly because it is stored on Intuit's servers.

3. When you open your working data file, QuickBooks Online displays a _____.

4. _____ ___ _____ are used in QuickBooks Online Sales forms to represent what the company buys and sells.

5. A list which shows all the accounts in your working data file is called the _____ __ _____.

INTRODUCTION – APPLY YOUR KNOWLEDGE

1. *Open the Craig's Landscaping sample company file.*

2. *Select **Sales** and then **Customers** from the Left Navigation Bar to display the Customers Center.*

    a) What is the first customer listed on the left of the *Customers Center*?
    b) In the *Customers Center*, single click on **Bill's Windsurf Shop**. What is Bill's balance?
    c) How many transactions do you see, and of what type?

3. Select **Expenses** and then **Vendors** from the Left Navigation Bar to display the Vendors Center.

    a) Click the orange **Overdue** button in the *Money Bar*. What is the name of the first vendor displayed on this list?
    b) What is the *overdue balance* on this bill?

4. From the Left Navigation Bar, select **Transactions** and then the **Chart of Accounts**.

    a) What type of account is the **Checking** account?
    b) How many total accounts are there of this same type?
    c) What is the *QuickBooks Online Balance* for the **Savings** account? What does the *Bank* say it should be?

5. **Sign out** of Craig's Landscaping.

PREPARE FOR CHAPTER 2: SET UP YOUR PRACTICE COMPANY

To get ready for Chapter 2, it's time to get your own student company, Imagine Photography, from your instructor. This free student trial subscription is good for one year.

There are two steps: First, your instructor will invite you to create an account with Intuit. Immediately after you create your account and password, the wizard will start setting up your student file.

> **IMPORTANT!**
> Not in an instructor-led class? Visit page xv for suggestions to obtain a free practice file.

Creating your Student User Account

Your instructor will create your account using your school email address. If you already have an Intuit ID, ask your instructor if it would be OK to use that username.

You will receive an email with a link to click to create your account.

HANDS-ON PRACTICE

Step 1.   Find the email you received from your instructor. Click the **Accept Invitation** button as shown in Figure 1-37.

Figure 1-37 Look for the email from your instructor

Step 2.   On the Intuit account sign up screen shown in Figure 1-38, enter your information and choose a password. If you are using an existing account instead of creating a new one, click **Sign in.**

Step 3.   Intuit may send you a verification code in a separate email. Enter it to continue.

Step 4.   Save your password in a safe place!

Figure 1-38 Create Your Student Account

Setting up Imagine Photography

After you create your user account, QuickBooks Online will continue right into setting up your classroom file. The first time you log in, QuickBooks Online will ask you a series of questions. Your answers determine how some of the features are implemented, and also which products Intuit can upsell, like QB Payments, QB Checking, and QBO Payroll. We don't want you to inadvertently sign up for paid services!

Be sure to use the answers below so that your screens will match the homework exercises.

Note that some of these questions will vary. If a question is out of order or missing, just keep moving forward. When in doubt, choose the least specific option because we will set up the files manually in Chapter 2.

HANDS-ON PRACTICE

Step 5.   You will get a *Welcome* message. Click **Next**.

Step 6.　　　When QuickBooks Online asks, *"What do you call your business?"* enter the company name by adding **[Your first and last name]'s Imagine Photography**. Be sure to include your full name so that your instructor can easily identify you on their class list. Click **Next**.

Step 7.　　　For *How have you been managing your finances?* click **Nothing, I'm Just Getting Started**. Click **Next**.

Step 8.　　　For Is [your company name] your main source of income? choose **Yes**, then click **Next**.

Step 9.　　　If you see *How do you request and take payments?* click on all the options, then choose **Next**.

Step 10.　　　For How long has [your company name] been in business? select **Under a Year**, then click **Next**.

Step 11.　　　For *What kind of business is this?* click the **No** option, then choose **S Corp**. Click **Next**.

Step 12.　　　For *What's your industry?* click the **Skip For Now** button.

Step 13.　　　For *What's your main role at the business?* select **Bookkeeper or Accountant**. Click **Next**.

Step 14.　　　For *Who works at this business?* select **Employees** and **Contractors**.

Step 15.　　　For the *Number of Employees*, choose **2-5**. Click **Next**.

Step 16.　　　For What apps do you use for your business? click **Skip For Now**.

Step 17.　　　When you see *What do you want to do in QuickBooks?* only click **Send and track invoices**, then click **Next**.

Step 18.　　　If you see the *Get paid with invoices* screen, click **Skip For Now** on the right.

Step 19.　　　If you see Link your accounts and see everything in one place, click **Skip For Now**.

Step 20.　　　If you see *How do you track your receipts today?* click **Skip For Now**, then click **Next**.

Step 21.　　　If you are asked *Want to add QuickBooks Online Payroll Premium?* Choose **Not Right Now**, then click **Next**.

Step 22.　　　If it says Now, we'll go over your first payment method, click **Next** to continue.

Step 23.　　　If prompted to *Take a Tour*, click the **X** to close the window.

Step 24.　　　**Sign out** when done by clicking on **your initial** in the circle in the upper right corner and selecting **Sign Out**.

Step 25.　　　**Drag the URL** to your *Bookmarks Bar* for easy access.

Step 26.　　　Log in again to make sure you know the password.

Setting up the Chart of Accounts

Step 27.　　　Click on **Transactions** in the *Left Navigation Bar*, and view your *Chart of Accounts*.

Step 28.　　　As of this writing, Intuit is experimenting with different Charts of Accounts in new QuickBooks Online subscriptions. This book was written using an accounts list that looks like Figure 1-39. If yours starts with ***Cash***, you can skip the rest of these instructions and simply **Sign Out**.

Figure 1-39 The Chart of Accounts used in this book

> **Step 29.** If your *Chart of Accounts* looks like Figure 1-40 instead, with *Uncategorized Asset* at the top of your list instead of *Cash*, follow the rest of the instructions on this page to set up your file to match the book.

Figure 1-40 If your Accounts look like this, follow the steps below

<div style="border:2px solid brown;">

I M P O R T A N T !

Only continue with these instructions if Cash is not the first category in your Chart of Accounts! Otherwise STOP! You are finished with the setup process.

</div>

> **Step 30.** Edit Chrome's website URL by deleting **chartofaccounts** at the end and replacing it with **purgecompany**, as shown in Figure 1-41.
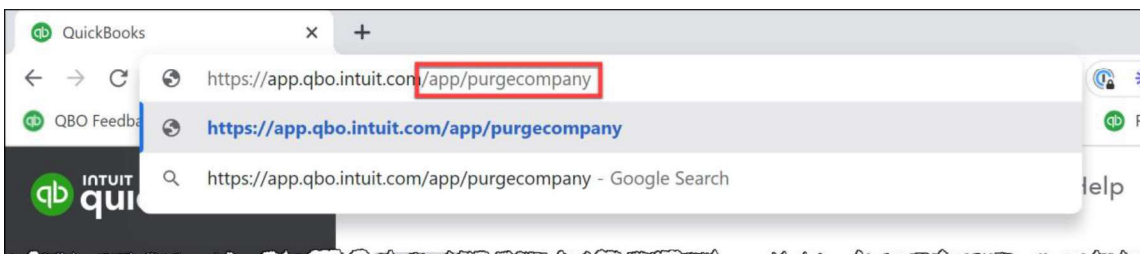

Figure 1-41 Change the end of the URL to purgecompany

> **Step 31.** QBO wants to make sure that we want to proceed. Type **YES** into the box on the lower right, then click **OK** (see Figure 1-42).
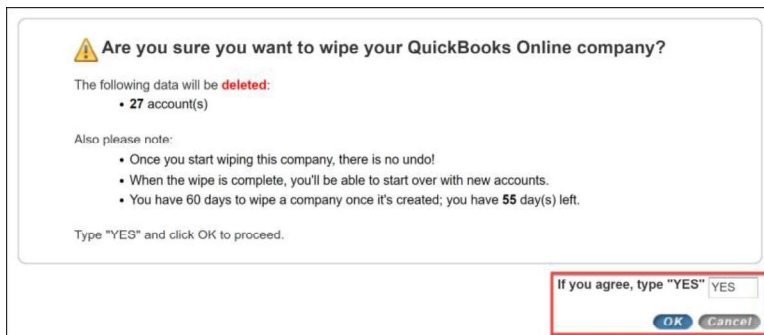
Figure 1-42 Type YES and click OK to continue

> Step 32.   In the *What type of business is this?* box, choose **All Other Miscellaneous Services**.
>
> Step 33.   Under *Create accounts based on my industry?* choose **Create an empty chart of accounts (select only with the advice of an accountant)**, as shown in Figure 1-43.
>
> Step 34.   Click the **Wipe Data** button. QuickBooks will erase most of the accounts but leave a handful of default accounts that it needs in order to work properly.

Figure 1-43 Select the business type and the option to empty the list

> Step 35.   Now we will import the Chart of Accounts that matches this book. Return to the **Chart of Accounts** by clicking on it from the **Transactions** center in the *Left Navigation Bar.*
>
> Step 36.   Click the drop-down arrow next to the green **New** button on the upper right and select **Import**, as shown in Figure 1-44.
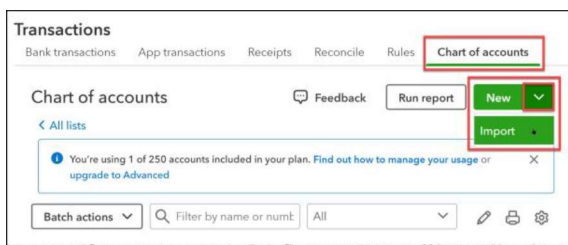

Figure 1-44 Drop down New and click Import

> Step 37.   Click the **Browse** button, as shown in Figure 1-45. Navigate to your **QuickBooks Online Classroom Files** folder and open **ChartofAccounts.xlsx**. Click **Next**.
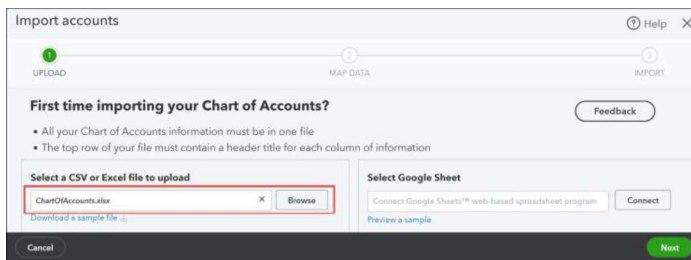

Figure 1-45 Click the Browse button

> Step 38.   Accept all default mappings and click **Next** again.

Step 39.   Click **Import**.

Step 40.   Your *Chart of Accounts* will now match Figure 1-39.

Step 41.   Your **Imagine Photography** file is now ready to be used in the *Apply Your Knowledge* end-of-chapter exercises. You can use these same steps if needed for the *YinYang Graphic Design Case Study*.

Step 42.   Don't forget to **Sign Out** when you're done for the day!

Chapter 2: Customizing QuickBooks Online

TOPICS

In this chapter, you will learn about the following topics:

- Starting a New QuickBooks Online Company (page 35)
- Configuring Account and Settings (page 38)
- Setting Up the Chart of Accounts (page 44)
- Setting Up Products & Services (page 54)
- Customizing Lists (page 64)
- Implementing Custom Fields (page 68)
- Activating Class Tracking (page 68)
- Setting Up Sales Tax (page 70)
- Customizing Sales Forms (page 74)
- Adding Users and Passwords (page 80)

QuickBooks Online has many customizable options that allow you to configure the program to meet your own needs and preferences. This chapter introduces you to many of the ways you can make these configurations in QuickBooks Online by *importing data,* using *Account and Settings*, setting up your *Products & Services*, and creating templates for forms. This chapter also introduces some new lists including *Terms*, *Classes*, and *Custom Fields*.

> ### OPEN THIS FILE
> Open the *Craig's Landscaping sample company* using the bookmark you created on page 7, or go to http://qbo.intuit.com/redir/testdrive.

STARTING A NEW QUICKBOOKS ONLINE COMPANY

Converting a QuickBooks Desktop File

If a company has been using QuickBooks Desktop and wants to convert to QuickBooks Online, they have the choice of starting over from scratch, or importing their existing file. There is an option on the *Company menu* in QuickBooks Desktop to import the file into QuickBooks Online.

Importing data is a good option if a file's reports are accurate, the lists are current, and the file is not overly large. Create the QBO subscription first, and then do the import. Once the data has been transferred, you would review the steps in this chapter to confirm that the file imported correctly, and then do a little fine-tuning.