Chapter 1 QuickBooks Online Test-drive

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

OBJECTIVES

1. Start the sample company, Craig's Design and Landscaping Services.
2. Tour QuickBooks Online (QBO) and the user interface.
3. View recent transactions and reports.
4. Create an invoice, sales receipt, bill, and write checks.
5. Export reports to Excel and save as PDF files.
6. Display Management reports.
7. Complete Check Your Progress.
8. Review and complete QuickBooks Online Resources and Activities.
9. Complete Exercises 1-1, 1-2, 1-3, and Certification Q&A practice test.

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 Additional Student Resources > Student Edition > Text Updates. Updates occur on a regular basis. That is the nature of internet-delivered software.

SYSTEM REQUIREMENTS

To use QuickBooks Online (QBO), sign in with a web browser.

Recommended specs

- **Windows PC:** Windows 10, Intel Core i5 or comparable processor (2015 or newer) with at least 4 GB of RAM.
- **Mac:** OS X "Panther" 10.13 or newer.
- **Internet connection:** 3 Mbps or higher.

Minimum requirements

- **Windows PC:** Windows 10, Intel Core i3 or a comparable processor (2013 or newer) with at least 2 GB of RAM.
- **Mac:** OS X "El Capitan" 10.11 or newer.
- **Internet connection:** 1.5 Mbps.

Supported Browsers

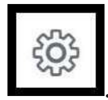
- Google Chrome, Mozilla Firefox (to preview and print forms on Mac OS, you'll need Firefox PDF plugin), Microsoft Edge, Safari 11 or newer (Mac only).
- Mobile browsers: iPhone/iPad, Android smartphones and tablets, Microsoft Surface.

Other

For exporting reports to Excel, use Microsoft Excel 97 or later. Adobe for saving PDF files. The free Adobe Reader is available at https://get.adobe.com/reader/.

GETTING STARTED

To access the test-drive's sample company, Craig's Design and Landscaping Services, follow these steps. In the textbook, click or select are both used. For example, when choosing Navigation bar items or QuickBooks Online buttons, the step says click 

or select .

Test Drive (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.
2. Go online to https://qbo.intuit.com/redir/testdrive. **Each time you start the test drive, a new session begins. Data is not saved**.

Figure 1-1: I'm not a robot

3. Complete the Security Verification > click <Continue>. The ***Dashboard*** *or* ***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's ***default*** is Getting things done, *or* you can select Business overview. Figure 1-2 shows a partial Dashboard screen.

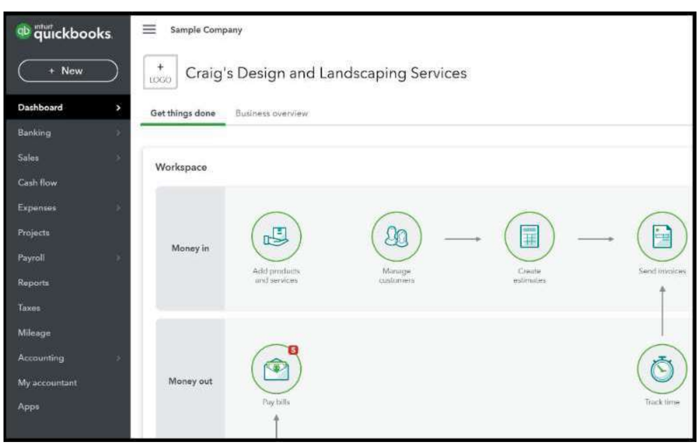


Figure 1-2: Dashboard or Home page

Select 

. ***Data metrics*** and ***data visualization*** in the form of bar graphs, pie charts, and line graphs are shown for Invoices, Expenses, Profit and Loss, and Sales. Current Bank accounts are also shown. *As of this writing*, here's what the Dashboard's Business overview looks like. Your Dashboard overview may differ because the data is based on the date you started the sample company.

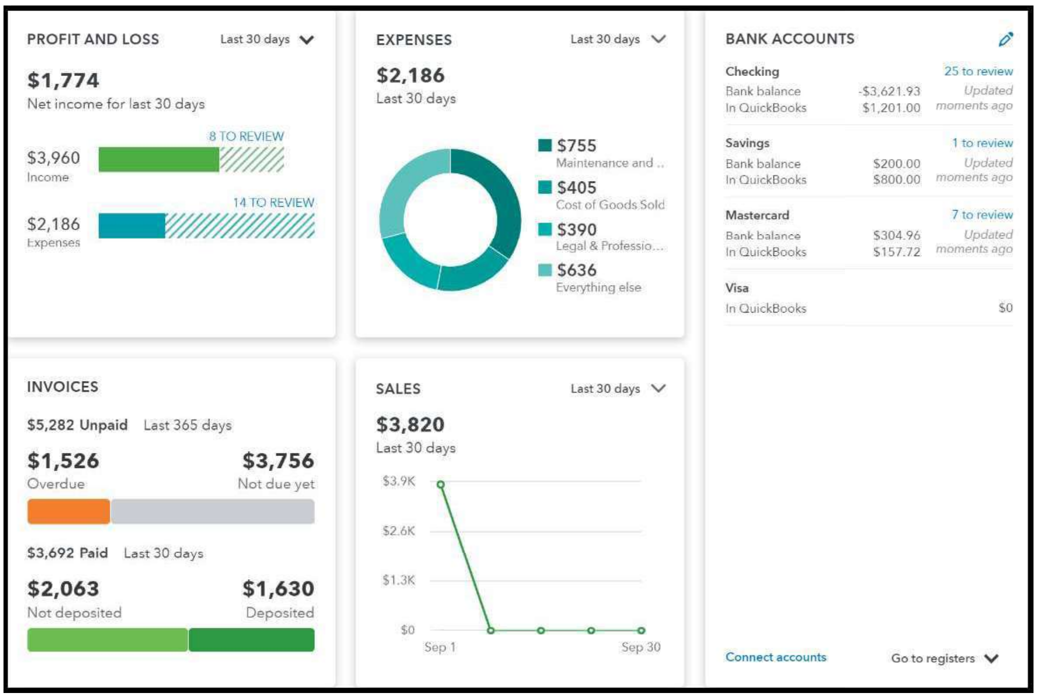


Figure 1-3: Data metrics and visualization

The acronym **DAVE** is used to identify QuickBooks Online's Dashboard graphics. Numerical data is changed into pictures using bar, pie, and line charts.

Data metrics
Analysis
Visualization
Evaluation

Refer to Appendix B, Glossary, for definitions of these terms. The Glossary is also a link within Connect's eBook.

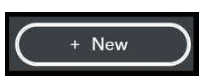
USER INTERFACE

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, Cash Flow, Expenses, Projects, Payroll, Reports, Taxes, Mileage, Accounting, My Accountant, and Apps. Regularly check QBO changes at Additional Student Resources > Student Edition > Text Updates. Another way to learn about updates is the QuickBooks blog at https://quickbooks.intuit.com/blog/whats-new/.

QBO Navigation

Figure 1-4: Create transactions

1. Use the Navigation bar to access pages within QBO.
2. Use the plus sign 

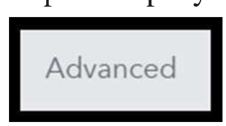
to create transactions.
3. Use the magnifying-glass for Search  Tips and Recent Transactions. (*Hint:* Each time you sign into the test-drive, transactions show the current date. The author's current date is 09/29/2021; *your dates will differ*.)

[1]Words that are boldfaced and italicized are defined in the Glossary, Appendix B.

Figure 1-5: Search

4. Use gear  for Your Company, Lists, Tools, and Profile.

Figure 1-6: Gear > Account and settings

1 hour to 3 hours: To use the Test Drive's sample company data for more than one hour, select Account and settings > 

> in the Other preferences area, click on the pencil icon  > click on the down arrow next to 1 hour > select 3 hours > click <Save> > then <Done>.

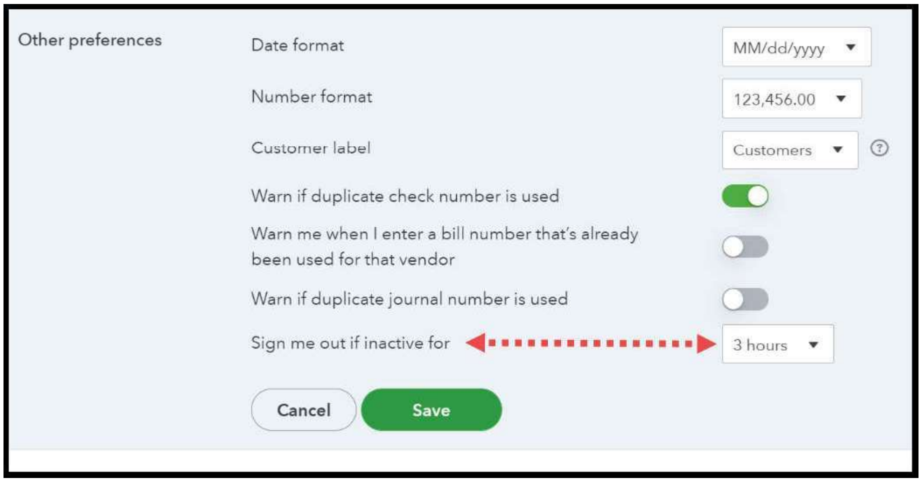
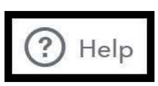


Figure 1-7: Advanced > Other preferences > 3 hours

After selecting Save and Done, you are returned to the Dashboard.

> **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 displays. The test-drive or sample company date is the current date.

5. The question mark 

is used for QBO self-help. To close Help, click <X>.

DASHBOARD

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

1. If necessary, click **Dashboard** > Business overview. Review the Bank accounts section—Checking, Savings, Mastercard, Visa. (*Hint:* This information reflects the day the author signed in. Your amounts may differ.)

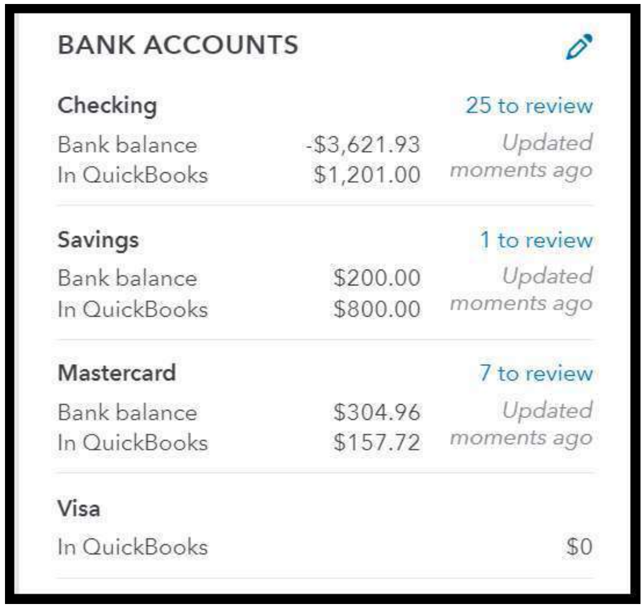


Figure 1-8: Bank accounts

2. In the Bank accounts section, drill down on Checking. The Bank, Savings, and Mastercard data appears. (*Hint:* Your amounts may differ.) The number of transactions is also shown.

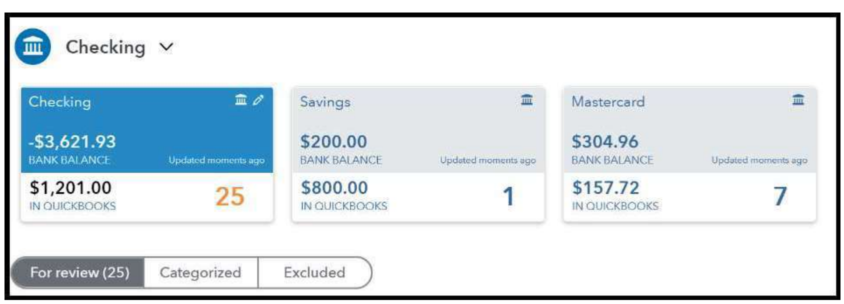


Figure 1-9: Checking, Savings, Mastercard amounts

As of this writing, checking shows 25 transactions. To see them, scroll down.

3. Drill down on Savings to see one transaction.

4. Drill down on Mastercard to see 7 transactions.

Profit and Loss

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

.

1. The Profit and Loss area includes Net Profit for last 30 days. If not, click on the down-arrow > select Last 30 days.

Figure 1-10: Profit and Loss

2. Click on the Income bar > the current month is shown. (For the author, that's Since September 1, 2021).

Another way to go to the P&L is to select 

from the Navigation bar > from the Favorites list, select **Profit and Loss** > for the Report period, select Since 30 Days Ago > click 

. (*Hint:* You may need to scroll up to see the Report period field. The author's date is 09/01/2021; your date will differ.)

The Profit and Loss report discloses profitability. The P&L shows money you earned (income) and money you spent (expenses) so you can see how profitable you are. The P&L report is also called an income statement. In Figure 1-11, the P&L shows the amount of income Craig's Design and Landscaping Services earned, and the expenses the company incurred.

Craig's Design and Landscaping Services

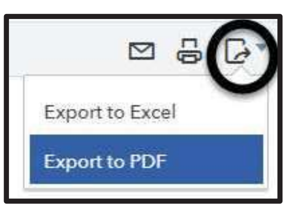
Profit and Loss

Since September 1, 2021

	TOTAL
Income	
Design income	937.50
Discounts given	-59.00
Landscaping Services	437.50
Job Materials	
Fountains and Garden Lighting	951.50
Plants and Soil	400.00
Total Job Materials	**1,351.50**
Labor	
Installation	250.00
Total Labor	**250.00**
Total Landscaping Services	**2,039.00**
Pest Control Services	70.00
Sales of Product Income	868.75
Services	103.55
Total Income	**$3,959.80**
Cost of Goods Sold	
Cost of Goods Sold	405.00
Total Cost of Goods Sold	**$405.00**
GROSS PROFIT	**$3,554.80**
Expenses	
Advertising	74.86
Automobile	93.97
Fuel	115.71
Total Automobile	**209.68**
Equipment Rental	112.00
Job Expenses	46.98
Job Materials	
Decks and Patios	145.95
Plants and Soil	23.50
Total Job Materials	**169.45**
Total Job Expenses	**216.43**
Legal & Professional Fees	75.00
Accounting	315.00
Total Legal & Professional Fees	**390.00**
Maintenance and Repair	
Equipment Repairs	755.00
Total Maintenance and Repair	**755.00**
Meals and Entertainment	22.83
Total Expenses	**$1,780.80**
NET OPERATING INCOME	**$1,774.00**
NET INCOME	**$1,774.00**

Accrual Basis

Figure 1-11: Profit and Loss

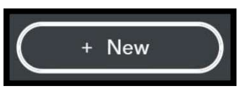


Export to PDF was selected to display the P&L report. Your totals may differ.

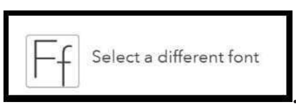
QuickBooks Online updates automatically. When you sign into the test drive, the latest version of the sample company, Craig's Design and Landscaping Services, is shown. Software updates improve QBO's features and functions. Some screen images may change. Regularly check Additional Student Resources > Student Edition > Text Updates.

If you displayed the Profit and Loss's PDF, click <X> on the Profit and Loss report, then select the logo to return to the Dashboard.

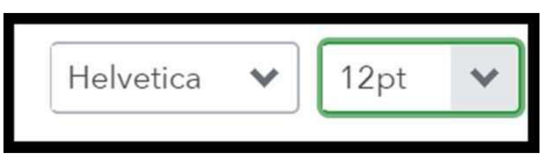
Start Invoicing

1. Select 

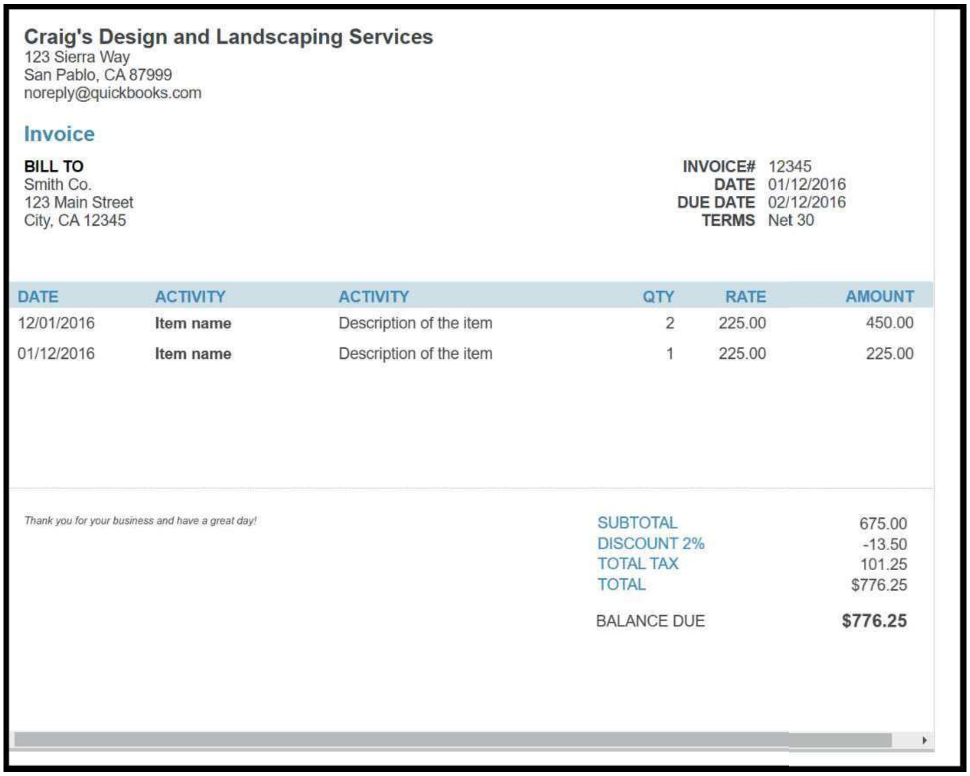
> Invoice (in the Customers list). (If a Hi Craig! page appears, click on the left arrow to return to the Dashboard.)

2. A blank invoice appears. At the bottom of the Invoice page, there is a selection for Customize. Click Customize > New Style.
   a. Click 

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



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
Smith Co.
123 Main Street
City, CA 12345

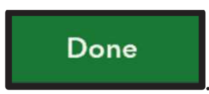
INVOICE# 12345
DATE 01/12/2016
DUE DATE 02/12/2016
TERMS Net 30

DATE	ACTIVITY	ACTIVITY	QTY	RATE	AMOUNT
12/01/2016	**Item name**	Description of the item	2	225.00	450.00
01/12/2016	**Item name**	Description of the item	1	225.00	225.00

Thank you for your business and have a great day!

SUBTOTAL	675.00
DISCOUNT 2%	-13.50
TOTAL TAX	101.25
TOTAL	$776.25
BALANCE DUE	**$776.25**

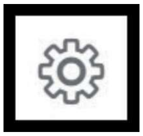
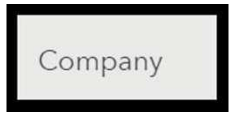
Figure 1-12: Invoice

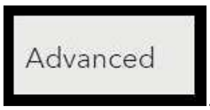
c. To close, click 

. Click <X> to close the Invoice.

ACCOUNT AND SETTINGS

The gear icon includes settings and preferences for your company. The gear selections are Your Company, Lists, Tools, and Profile. For example, you can change Account and settings, Manage users, access All lists, Import data, and go to the ***Audit Log***.

1. Click  > Account and settings.
2. The Account and Settings page shows 

as the default. This includes the Company name, Company type, Contact info, Address, and Communications with Intuit.
3. Click 

. Review the information.
4. In the Chart of accounts area, select the pencil icon . To include account numbers, toggle Enable account numbers to put a checkmark in the Show account numbers box.

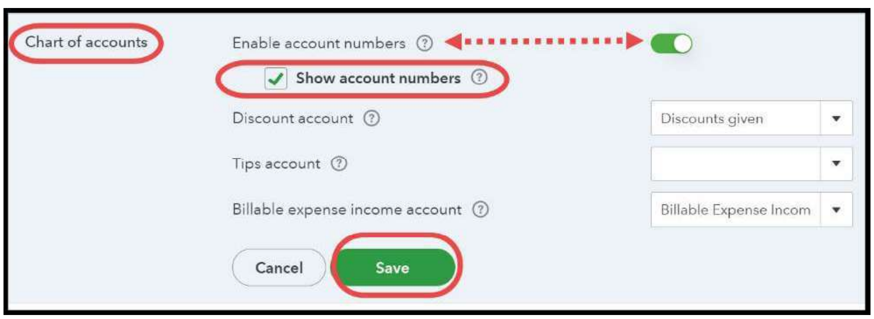
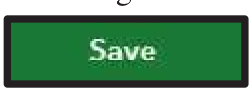
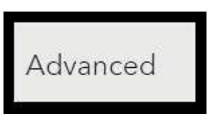


Figure 1-13: Enable and Show account numbers

5. Click 

.
6. Make sure 

is selected. 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.

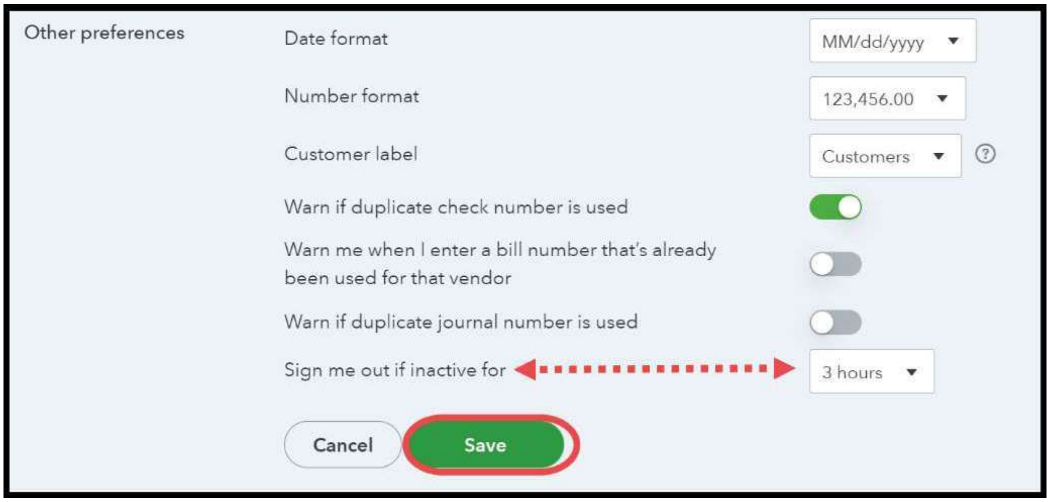


Figure 1-14: 3 hours

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

8. Click 

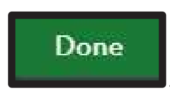
 > then click 

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CHART OF ACCOUNTS

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

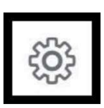
- ***Balance Sheet*** accounts: In QBO, these types of accounts reflect what you own and what you owe, like Bank, Credit Card, Assets, Liabilities, Accounts

Receivable, Accounts Payable and Equity. The Balance Sheet includes permanent accounts.

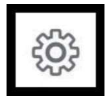
- ***Income and expense accounts***: These are categories for tracking how money flows in and out of your company. QBO's Profit and Loss statement (also called the Income Statement) includes income and expense accounts. Temporary accounts appear on QBO's P&L.

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 

. The Chart of Accounts page appears with a Number column.

Troubleshooting: My Chart of Accounts does not have a number column. Select  > 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 within the chart below and on the next page. Boldface indicates what you type. After adding account numbers, click 

.

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 

.
   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 categorizes 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 (also called the Account List) 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.

Figure 1-15 shows the Chart of Accounts which is also called the Account List.

Craig's Design and Landscaping Services

Account List

ACCOUNT #	ACCOUNT	TYPE	DETAIL TYPE	DESCRIPTION	BALANCE
1000	Checking	Bank	Checking		1,201.00
1010	Savings	Bank	Savings		800.00
1020	Accounts Receivable (A/R)	Accounts receivable (A/R)	Accounts Receivable (A/R)		5,281.52
1025	Inventory Asset	Other Current Assets	Inventory		596.25
1030	Prepaid Expenses	Other Current Assets	Prepaid Expenses		0.00
1035	Uncategorized Asset	Other Current Assets	Other Current Assets		0.00
1040	Undeposited Funds	Other Current Assets	Undeposited Funds		2,062.52
1050	Truck	Fixed Assets	Vehicles		13,495.00
1051	Truck:Depreciation	Fixed Assets	Accumulated Depreciation		0.00
1052	Truck:Original Cost	Fixed Assets	Vehicles		13,495.00
2000	Accounts Payable (A/P)	Accounts payable (A/P)	Accounts Payable (A/P)		-1,602.67
2005	Mastercard	Credit Card	Credit Card		-157.72
2010	Visa	Credit Card	Credit Card		0.00
2013	Board of Equalization Payable	Other Current Liabilities	Sales Tax Payable		-370.94
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	Notes Payable	Long Term Liabilities	Other Long Term Liabilities		-25,000.00
3000	Opening Balance Equity	Equity	Opening Balance Equity		9,337.50
3900	Retained Earnings	Equity	Retained Earnings		0.00

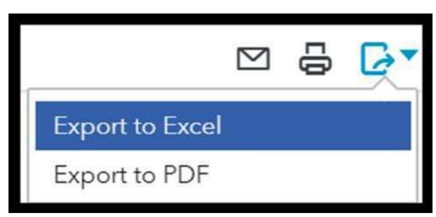
Figure 1-15: Account List

Export the Chart of Accounts (Account List) to Excel

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

1. Go to Reports > in the Search field, type and select **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.



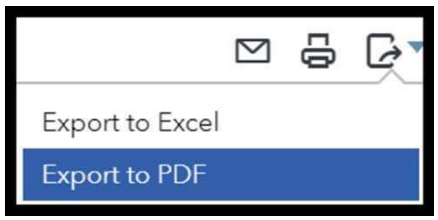
3. Open the file >Enable Editing.

4. Go to the location to save the file > Save as **Chapter 1_CofA_sample company_Student Name** (use your first and last name).
5. Exit Excel *or Continue*.

Comment: You can save the Excel file as a PDF *or* use the steps that follow. From the Excel file > select File > Save as Adobe PDF > click Convert to PDF > go to the location for saving files > Save.

Save the Chart of Accounts as a PDF file

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

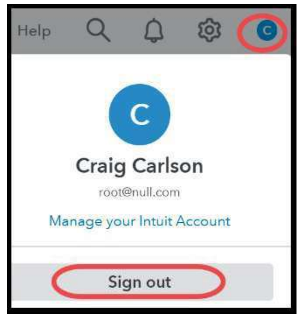


2. Craig's Design and Landscaping Services Account List displays. On the Print, email, or save as PDF page > select .

3. Open the AccountList.pdf file > Click the Save as button  > go to the location for saving file.

4. Use the file name **Chapter 1_CofA_sample company_Student Name** (use your first and last name).

SIGN OUT



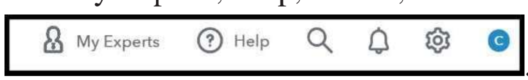
Click on the initial > Sign out.

Comment: 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.

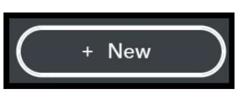
> **Troubleshooting**
>
> If you are not using Craig's Design and Landscaping Services, it will close automatically. When you exit or sign out, your chart of account numbers will not be saved. Each time you start the sample company, it begins again.

RECENT TRANSACTIONS

If you signed out, go online to https://qbo.intuit.com/redir/testdrive to start the sample company. Complete the security verification to begin. At the top of the Dashboard, there are six selections - My Experts, Help, Search, Notifications, Gear, and initial for signing out

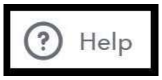


.



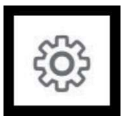
Plus New allows you to add transactions and complete typical Customer, Vendor, Employee, and Other tasks. You have the option to Show More or Show Less.

My Experts has a link to viewing Accounting Pros and sending Feedback.



QuickBooks Online self-help includes two tabs: Assistant and Search for submitting questions to the QB community or contacting Intuit.

 The magnifying glass includes Search Tips and Recent Transactions.

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

Click on the initial for signing out.

Follow these steps to view recent transactions.

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

   In the example that follows, on 09/21/2021 (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/day/year you are using QBO. For example, if you are using the sample company, Craig's Design and Landscaping Services, during the month of June 2022, 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. The payroll app is used in Chapter 11.

To see how a credit card transaction is entered, select the 09/21/2021 Credit Card Expense. (*Your date differs*.)

Figure 1-16: Search Recent Transactions

2. In this example, Credit Card Expense is shown for 09/21/2021 (your date will differ), Squeaky Kleen Car Wash. The Expense page shows that the vendor, Squeaky Kleen Car Wash is **(1)** an **Expense**, **(2)** was paid with a Mastercard, **(3)** vendor's balance is $157.72, **(4)** the account debited is Automobile, and **(5 and 6)** the amount and total is $19.99. Refer to Figure 1-17.

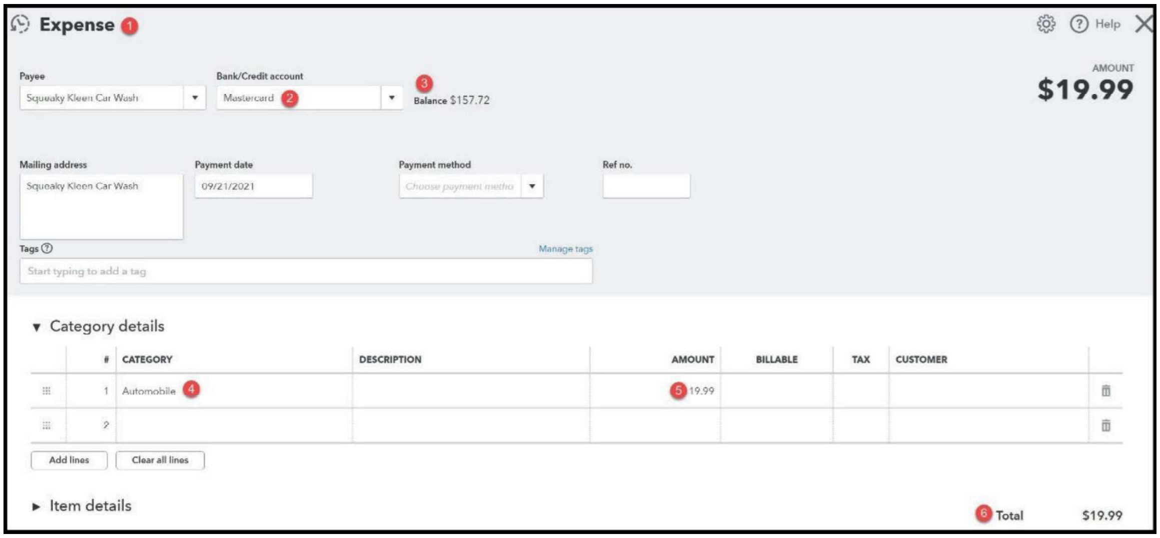


Figure 1-17: Credit Card Expense

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 <X> close.

REPORTS

Use reports to view the company's financial information. Generate financial statements, transaction details, employee information, etc.

Reports are divided into three sections:

- Standard
- Custom reports
- Management reports

Use reports to get a snapshot of various aspects of your business. When you select reports, Standard is the default. Within the Search field, you can type the report name to quickly locate the report *or* scroll down the Reports page sections.

- Favorites
- Business overview
- Who owes you
- Sales and customers
- What you owe
- Expenses and vendors
- Sales tax
- Employees
- For my accountant
- Payroll

Journal

To look at a journal report, do this:

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

2. After selecting **Journal**, the Journal report appears. Read the popups. In the Report period field, select Custom > *type the date of your Expense transaction* > accept the default for the to date which is the current date > press <Tab>. On Figure 1-18, the author's dates are 09/21/2021 to 10/05/2021. Your dates will differ.

Craig's Design and Landscaping Services

Journal

September 21 - October 5, 2021

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
09/21/2021	Credit Card Expense		Squeaky Kleen Car Wash		Mastercard		$19.99
					Automobile	$19.99	
						$19.99	**$19.99**
09/23/2021	Credit Card Credit			Monthly Payment	Mastercard	$900.00	
					Checking		$900.00
						$900.00	**$900.00**
10/04/2021	Credit Card Expense				Mastercard		$34.00
					Automobile	$34.00	
						$34.00	**$34.00**
TOTAL						**$953.99**	**$953.99**

Figure 1-18: Journal

Depending on the dates of the displayed Journal, transactions may differ from what is shown in Figure 1-18. 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, it will close automatically. When you exit or sign out, data is not 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 not include answers. For purposes of showing how to complete Check Your Progress, answers are included in Chapter 1.

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 the business owns; list two accounts and their balances that show what the business owes.

   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

Figure 1-19A: Two accounts, what you own

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

Figure 1-19B: Two accounts, what you owe

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.

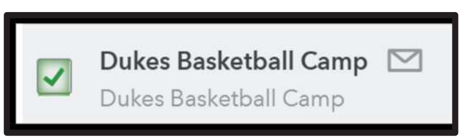
Customer Invoice

Complete the following sales invoice.

Date	*Transaction*
Current Date	Sold a Rock Fountain to Dukes Basketball Camp, \$275 plus 8% California tax of \$22; total \$297.

1. Select Sales > Customers.

2. Put a checkmark next to Dukes Basketball Camp.



3. Select Create invoice. The Invoice page appears with **(A)** Dukes Basketball Camp selected. The Invoice date field shows the current date.

4. For the PRODUCT/SERVICE, select **(B)** Rock Fountain *Design: Fountains*. The description, quantity, rate, **(C)** tax, and Balance due fields are automatically completed, **(D)** Save and close.

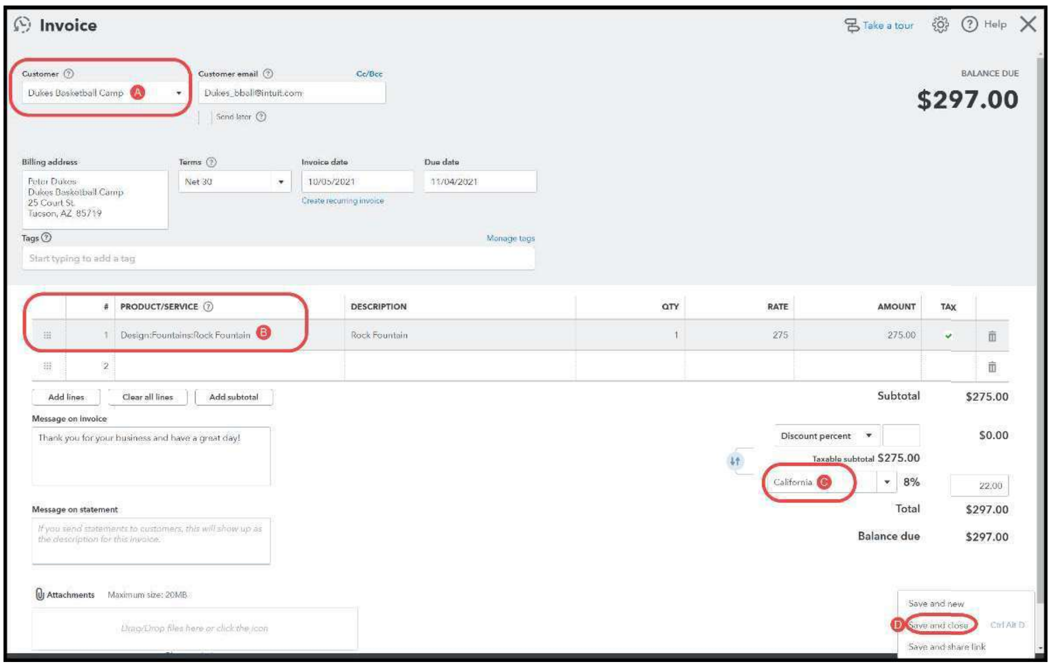


Figure 1-20: Dukes Basketball Camp Invoice

5. On the bottom of the Invoice page, click on the down-arrow next to Save and Send. Click 

. 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. For Dukes Basketball Camp > click Receive payment.
2. In the Payment date field, type the last day of the month. For example, the Invoice date on the previous page shows 10/05/2021 (the author's current date). On the Receive Payment page on the next page, the **(A)** Payment date shows 10/31/2021 (your date will differ).
3. In the Deposit to field, select **(B)** Checking.

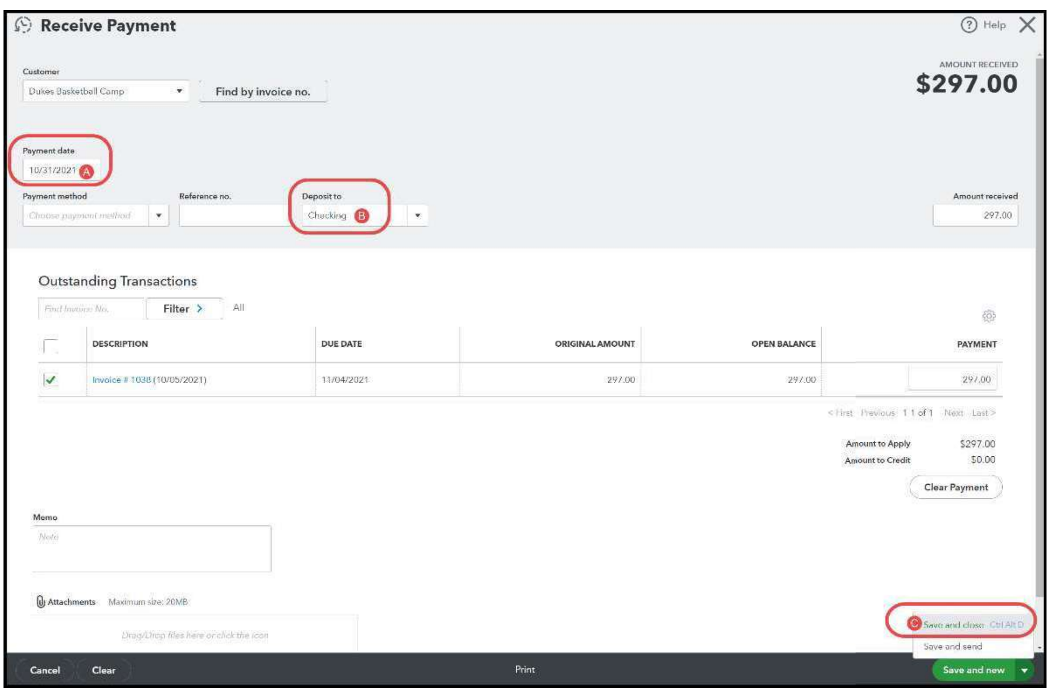


Figure 1-21: Receive Payment

4. Review the Receive Payment page. Select **(C)** Save and close. The page prompts Receive payment $297.00 saved.

Income

From the Dashboard's Business overview selection, you can see what Invoices have been paid in the last 30 days. (*Hint:* Click on the qb intuit quickbooks icon > Dashboard > Business overview.)

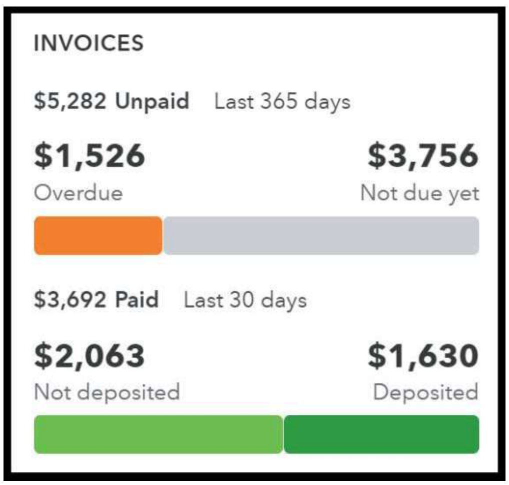


Figure 1-22: Invoices

1. Click Sales. The Sales page appears > select 

. Observe the first payment shown is for Dukes Basketball Camp. Your DUE DATE will differ. Since the invoice was paid on the last day of the month, the BALANCE is 0.00.

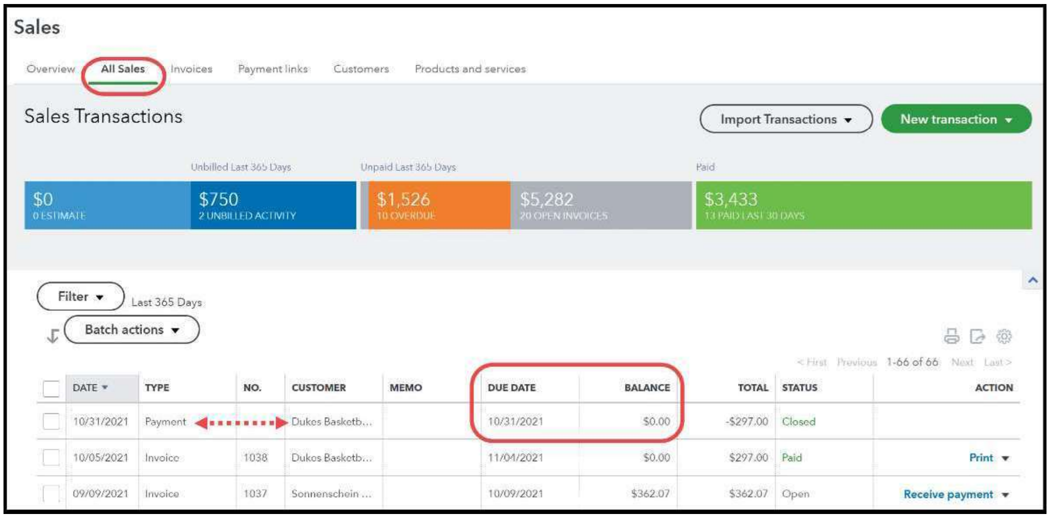


Figure 1-23: All Sales

2. From the Sales Transactions page, go to the Invoice page by clicking on Invoice 1038. Invoice No. 1038 shows PAID. The information on this page agrees with the payment completed previously.

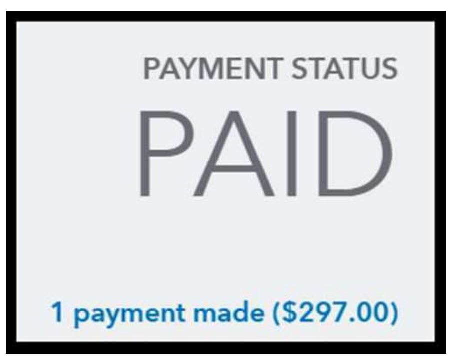


Figure 1-24: Payment Status

3. 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 > Who owes you > select Accounts receivable aging summary.

2. In the as of field, type (or select) 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 Craig's Design and Landscaping Services can expect to receive from its customers.

   Your A/R Summary report may differ. For example, the author's As of field shows 10/31/2021 (yours will differ).

Craig's Design and Landscaping Services

A/R Aging Summary

As of October 31, 2021

	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		**477.50**	**4.00**	**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		80.00	80.00			$160.00
Travis Waldron		414.72				$414.72
Weiskopf Consulting		375.00				$375.00
TOTAL	**$0.00**	**$3,756.02**	**$1,128.50**	**$241.00**	**$156.00**	**$5,281.52**

Figure 1-25: A/R Aging Summary

3. Compare the total, $5,281.52, to the Accounts Receivable balance by selecting Reports > then type and select **Trial Balance** in the search field > > type the last day of the month in the to field > Run Report. The Trial Balance Account Receivable (AR) balance shows $5,281.52. Figure 1-26 shows a partial ***Trial Balance***.

Craig's Design and Landscaping Services
Trial Balance
As of October 31, 2021

	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

Figure 1-26: Trial Balance

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 > if necessary, scroll down the Reports page, in the For my accountant area > select 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 date will differ.

10/31/2021	Payment	Dukes Basketball Camp	Accounts Receivable (A/R)	297.00
Total for Checking				$1,498.00

Figure 1-27: Payment Dukes Basketball Camp

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.

06/06/2019	Invoice	1038	Dukes Basketball Camp	Sales of Product Income	297.00	5,578.52
06/30/2019	Payment		Dukes Basketball Camp	Checking	-297.00	5,281.52
Total for Accounts Receivable (A/R)					**$5,281.52**	

Figure 1-28: Accounts Receivable Balance

MANAGEMENT REPORTS

The Reports page includes a selection for Management reports. Management reports include ready-to-use ***templates*** that contain reports and other customizable content. Management reports can be printed, emailed, or exported.

Company Overview

1. Go to Reports > select Management reports.

2. On the Company Overview row, accept the default for This Year > link to View. The Print preview page appears. There are six pages. Scroll down to page 3 of 6. The Profit and Loss from January – December 20XX appears. Figure 1-29 shows a partial P&L. (Your year and amounts may differ.)

Profit and Loss

January - December 2021

	Total
INCOME	
Design income	2,250.00
Discounts given	-89.50
Landscaping Services	1,477.50
Job Materials	
Fountains and Garden Lighting	2,246.50
Plants and Soil	2,351.97
Sprinklers and Drip Systems	138.00
Total Job Materials	**4,736.47**
Labor	
Installation	250.00
Maintenance and Repair	50.00
Total Labor	**300.00**
Total Landscaping Services	**6,513.97**
Pest Control Services	110.00
Sales of Product Income	912.75
Services	503.55
Total Income	**10,200.77**
COST OF GOODS SOLD	
Cost of Goods Sold	405.00
Total Cost of Goods Sold	**405.00**
GROSS PROFIT	**9,795.77**

Figure 1-29: P&L Management report

3. Scroll down to page 5 of 6. Figure 1-30 shows a partial Balance Sheet.

Balance Sheet

As of December 31, 2021

	Total
ASSETS	
Current Assets	
Bank Accounts	
Checking	1,201.00
Savings	800.00
Total Bank Accounts	**2,001.00**
Accounts Receivable	
Accounts Receivable (A/R)	5,281.52
Total Accounts Receivable	**5,281.52**
Other Current Assets	
Inventory Asset	596.25
Undeposited Funds	2,062.52
Total Other Current Assets	**2,658.77**
Total Current Assets	**9,941.29**
Fixed Assets	
Truck	
Original Cost	13,495.00
Total Truck	**13,495.00**
Total Fixed Assets	**13,495.00**
TOTAL ASSETS	**$23,436.29**

Figure 1-30: Balance Sheet Management report

4. On the Print preview page, click <X> to close.

Sales Performance

5. You can link to View *or* Sales Performance. Go to page 5 of 7. Figure 1-31 shows a partial A/R Aging Detail report.

A/R Aging Detail
As of December 31, 2021

Date	Transaction Type	Num	Customer	Due Date	Amount	Open Balance
91 or more days past due						
07/02/2021	Invoice	1024	Red Rock Diner	08/01/2021	156.00	156.00
07/22/2021	Invoice	1016	Kookies by Kathy	08/21/2021	75.00	75.00
07/23/2021	Invoice	1028	Freeman Sporting Goods:55 Twin Lane	08/22/2021	81.00	81.00
07/23/2021	Invoice	1027	Bill's Windsurf Shop	08/22/2021	85.00	85.00
08/15/2021	Invoice	1007	John Melton	09/14/2021	750.00	450.00
08/18/2021	Invoice	1022	Jeff's Jalopies	09/17/2021	81.00	81.00
08/18/2021	Invoice	1021	Amy's Bird Sanctuary	09/17/2021	459.00	239.00
08/26/2021	Invoice	1012	Shara Barnett:Barnett Design	09/25/2021	274.50	274.50
08/31/2021	Invoice	1005	Freeman Sporting Goods:55 Twin Lane	09/30/2021	54.00	4.00
08/31/2021	Invoice	1018	Sushi by Katsuyuki	09/30/2021	80.00	80.00
Total for 91 or more days past due					**$2,095.50**	**$1,525.50**

Figure 1-31: A/R Aging Detail

6. Go to page 7 of 7 to display the Sales by Customer Summary. Figure 1-32 shows a partial summary.

Sales by Customer Summary
January - December 2021

	Total
Amy's Bird Sanctuary	630.00
Bill's Windsurf Shop	260.00
Cool Cars	2,194.00
Diego Rodriguez	140.00
Dukes Basketball Camp	422.00
Dylan Sollfrank	337.50
Freeman Sporting Goods	
0969 Ocean View Road	1,058.75
55 Twin Lane	205.00
Total Freeman Sporting Goods	**1,263.75**
Geeta Kalapatapu	582.50
Jeff's Jalopies	75.00
John Melton	750.00
Kate Whelan	225.00
Kookies by Kathy	75.00
Mark Cho	291.00
Paulsen Medical Supplies	954.75
Pye's Cakes	-8.75
Red Rock Diner	226.00
Rondonuwu Fruit and Vegi	75.00
Shara Barnett	
Barnett Design	274.50
Total Shara Barnett	**274.50**

Figure 1-32: Sales by Customer Summary

7. Close Print preview.

Expenses Performance

8. Drill down on Expenses Performance. Display pages 5 of 6 and 6 of 6. (*Hint: Your dates and totals may differ.*)

A/P Aging Detail
As of December 31, 2021

Date	Transaction Type	Num	Vendor	Due Date	Past Due	Amount	Open Balance
91 or more days past due							
07/26/2021	Bill		PG&E	08/25/2021	41	86.44	86.44
09/09/2021	Bill		Robertson & Associates	09/09/2021	26	315.00	315.00
09/09/2021	Bill		Norton Lumber and Building Materials	09/09/2021	26	205.00	205.00
09/02/2021	Bill		Brosnahan Insurance Agency	09/12/2021	23	241.23	241.23
Total for 91 or more days past due						$847.67	$847.67

Figure 1-33: A/P Aging Detail

Expenses by Vendor Summary
January - December 2021

	Total
Bob's Burger Joint	28.49
Books by Bessie	130.00
Brosnahan Insurance Agency	2,241.23
Cal Telephone	130.86
Chin's Gas and Oil	534.41
Diego's Road Warrior Bodyshop	755.00
Ellis Equipment Rental	112.00
Hall Properties	900.00
Hicks Hardware	620.51
Lee Advertising	74.86
Mahoney Mugs	18.08
Norton Lumber and Building Materials	103.55
Pam Seitz	75.00
PG&E	200.53
Robertson & Associates	865.00
Squeaky Kleen Car Wash	79.96
Tania's Nursery	563.11
Tim Philip Masonry	666.00
Tony Rondonuwu	100.00
Not Specified	34.00
TOTAL	$8,232.59

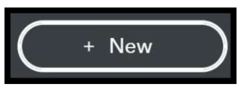
Figure 1-34: Expenses by Vendor Summary

9. Close print preview.

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

1. 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**
Balance due:	0.00 completed automatically

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

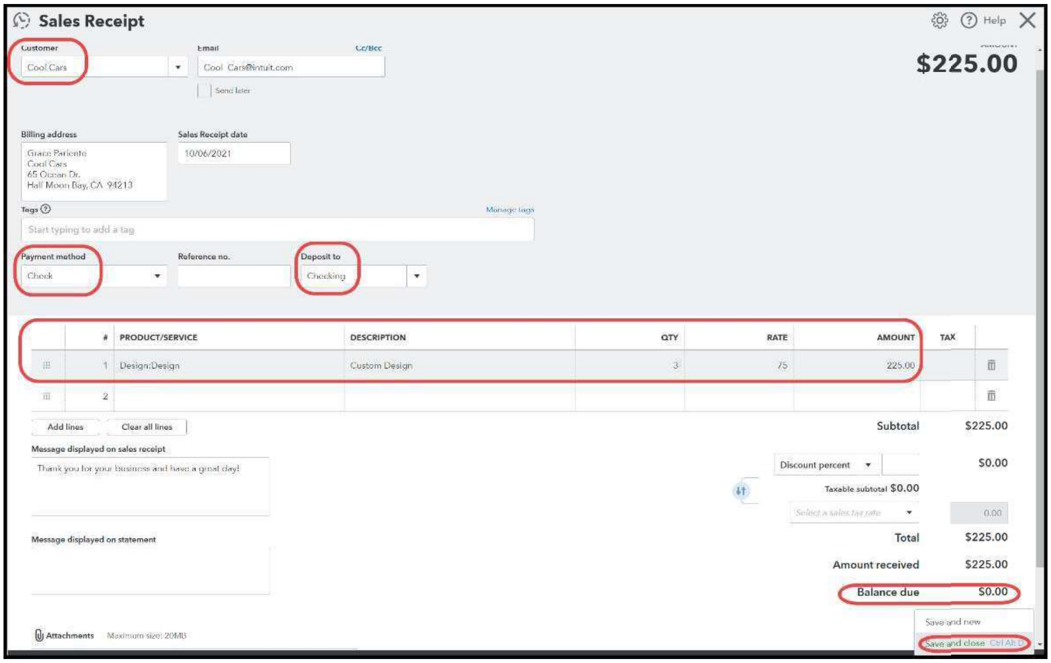


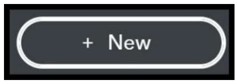
Figure 1-35: Sales Receipt

2. Select 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. Click 

> Bill. The Bill page appears. Complete these fields

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

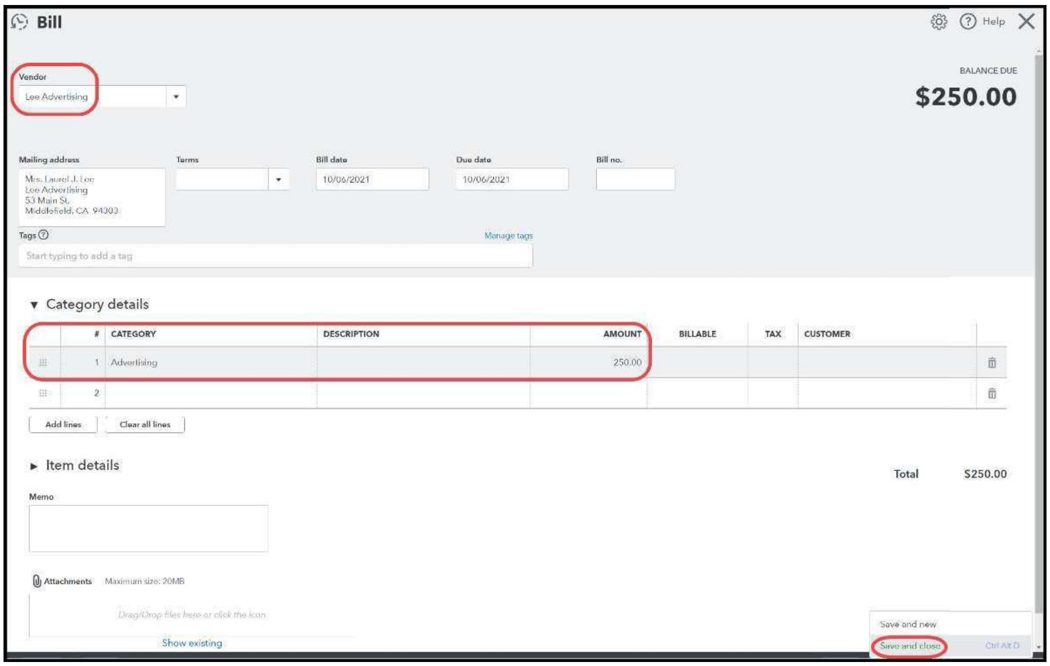


Figure 1-36: Bill

2. Save and close.

CHECK

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

1. Click 

 > Check. Complete these fields:

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

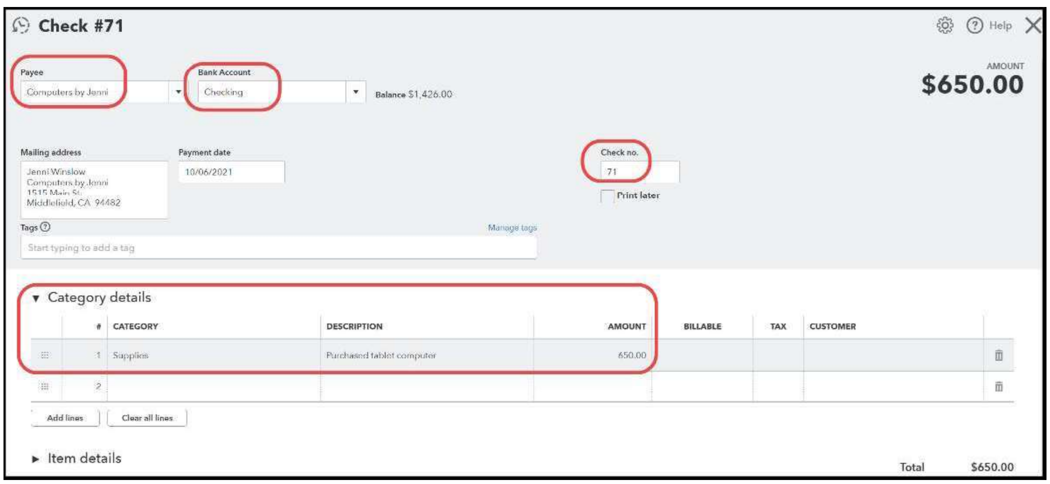


Figure 1-37: Check #71

➢ *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 and select **Journal**.
2. In the Report period field, select Custom > type the dates of your transactions. For example, if the transaction dates are the current date, then type the current date. Depending on when you signed out and signed in again, your Journal report may differ.

Craig's Design and Landscaping Services

Journal

October 6, 2021

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
10/06/2021	Sales Receipt	1038	Cool Cars		Checking	$225.00	
				Custom Design	Design income		$225.00
						$225.00	**$225.00**
10/06/2021	Bill		Lee Advertising		Accounts Payable (A/P)		$250.00
					Advertising	$250.00	
						$250.00	**$250.00**
10/06/2021	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**

Figure 1-38: Journal

SIGN OUT *or continue.*

CHECK YOUR PROGRESS 2

How is the Accounts Receivable balance checked?

Answer:
Go to the Trial Balance report (Reports > 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 > Accounts Receivable 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.

QUICKBOOKS RESOURCES AND ACTIVITIES

If your professor requires **Connect,** the following resources may be assigned for grading.

1. Multiple-choice and true or false questions.
2. Analysis question(s).
3. Check Your Progress.
4. Chapter work and end-of chapter exercises.
5. Problem solving.
6. Certification Q&A.
7. Test Bank.
8. Additional student resources (ASR).

Additional Student Resources (ASR)

The following resources can be found on the Additional Student Resources (ASR) page in Connect's eBook. If you are not using Connect, your instructor can provide you with an ASR page document that contains ***URLs*** to access these resources:

1. Narrated PowerPoints. The PowerPoints include links to the videos.
2. QBO Videos:

    a. Get started with QuickBooks
    b. Use QuickBooks Shortcuts.
    c. Explore videos. The video tutorials include numerous choices–Get started, Invoices and payments, Expenses and vendors, etc.

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

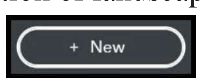
1. If you have not signed out, do that now. For Exercise 1-1, start the test drive again. Go online to https://qbo.intuit.com/redir/testdrive. Complete the security verification. Craig's Design and Landscaping Services Dashboard appears.
2. To set invoice numbers, go to Gear > Account and settings > Sales > in the Sale form content field, click  to edit > turn on Custom transaction numbers > Save.

Figure 1-39: Custom transaction numbers are on

2. Select Advanced. Within Other preferences, increase Sign me out if inactive to 3 hours > Save.

Figure 1-40: 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. If a Hi Craig! Let's get you set up with invoicing appears, click <Get started>. Answer these questions:
  - First, how do you want to send invoices? Select +Send another way > click <Next>.
  - Next, how do you want to get paid? Select +Send some other way > click <Finish>. Invoice #1038 appears. Read the popups.
- 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 Category 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 Category 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 **<u>not</u>** 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 > type and select **Journal** > Today.) 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**.

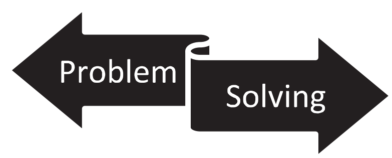
4. Display the Trial Balance > select All Dates. Export to Excel and save as a PDF file. Use the file name **Exercise 1-2_Trial Balance**.

   Check 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. Depending on when you signed into the test-drive, your balances may differ.

5. Continue with Exercise 1-3. **Exercise 1-3: Problem Solving**



Exercise 1-3 is available within Connect. It includes:

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.

Certification Q&A Practice Test

Certification Q&A multiple-choice questions are available within Connect. For this chapter, the certification practice test is mapped to these exam objectives: QuickBooks Online Administration, Sales and Money In, Vendors and Money Out, Basic Reports and Views. Refer to QBO Certified User_Exam Objectives.pdf.

CHAPTER 1 INDEX