

Chapter 2

New Company Setup and Chart of Accounts

Scenario: In Chapter 2, you accept the invitation for a one-year subscription to QuickBooks Online Plus (QBO+). This chapter includes setting up a new company, Student Name Sales and Service. After changing account and settings, you import a chart of accounts, save your work, and complete the end-of-chapter exercises. To see the work accomplished, display an Audit Log. The Objectives specify the work that is completed in Chapter 2.

OBJECTIVES

1. Set up the QuickBooks company, Student Name Sales and Service (use your first and last name).
2. Complete account and settings.
3. Import the Chart of Accounts, edit default accounts, and add new accounts.
4. Save the Chart of Accounts as Excel and PDF files.
5. Use QuickBooks Online on a different computer.
6. Learn about user roles and access rights.
7. View the Audit Log.
8. Complete the QuickBooks Resources and Activities.
9. Complete Check Your Progress, Connect assignments, Exercises 2-1, 2-2, 2-3, and Certification Q&A practice test.

Cloudware refers to software that is built, installed, delivered, and accessed entirely from a remote **Web server**, also called the “cloud.” Cloudware is a software delivery method that provides software over the Internet.

QuickBooks Online is an example of ***cloud computing***, or ***Software as a Service*** (or **SaaS**). **SaaS** is a way of delivering applications over the Internet — as a service. Instead of installing and maintaining software, you access it via the Internet, freeing you from complex software installation and hardware management. For a complete definition of cloudware, cloud computing and software as a service, refer to Appendix B, Glossary.

The company set up in this chapter is Student Name Sales and Service. To identify your company, type your first and last name then Sales and Service. The products and services company, Student Name Sales and Service, provides hosting services for retail businesses, schools, and medical and legal offices.

INTUIT'S EDUCATOR PORTAL

The Educator Portal works with the professor's QuickBooks Online Accountant (QBOA) version. QBOA is *free* and does not expire. Educators and staff at accredited academic institutions in the United States are eligible. Professors can sign up for QBO Accountant from the website shown in Figure 2-1, or from the Portal's website shown below.



Figure 2-1: QuickBooks Online for Educators

Using QBOA's sign-in credentials (email and password *or* text a code), go online to <https://education-portal.app.intuit.com/app/dashboard>. Watch the video on the Portal's Home page.

- Professors add their class.
- Upload their student list.
- Email a QuickBooks invitation to students.
- Add up to four blank companies for students.
- Hyperlink to each student's work (refer to pages 86-87).
- Set up demo companies for class preparation and practice.

Computer Accounting with QuickBooks Online: A Cloud-Based Approach, 4e, includes four companies for hands-on practice with QBO+. Instructor Resources include detailed steps for using Intuit's Educator Portal.

GETTING STARTED

Accept Invitation > Create Your Account > Account and Settings

1. To create a QuickBooks company, sign in to your email account, open the Intuit Education email, and read the message. A screen similar to Figure 2-2 appears. The QBO+ subscription is for one year.

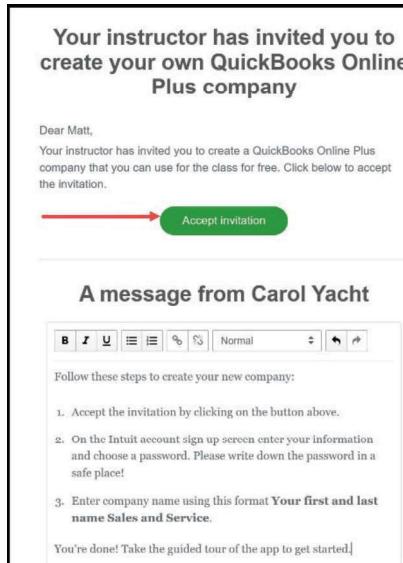


Figure 2-2: Read message

2. After reading the message from your professor, click **Accept invitation**.

Create Your Account

3. On the Create your account page, read the side bar, “Your QuickBooks Online plan.” Complete the Create your account form. If you need to complete the Email address field, use the *same* email that was used to accept the QuickBooks invitation. Passwords are 8 or more characters. Use upper and lowercase letters (e.g., Aa), a number (e.g., 1234), and a symbol (e.g., !@#%).

Complete these fields.

Create your account
Already have an account? [Sign In](#)

Email address (will be used as your user ID)

Confirm email

First name

Last name

Phone (Recommended)

Standard call, messaging or data rates may apply.

Password

Create Account

By clicking Create Account, you're agreeing to our [Terms of Service](#) and have read and acknowledge our [Privacy Statement](#).

Your QuickBooks Online plan:
QuickBooks Online Plus
Free for 12 Months with voucher:
657WC7VX4CQR9R

- Track Inventory
- Access data from all your devices

*If you have an existing QuickBooks Online account, you can add / sign up for a new company using your existing sign in details. This single sign in allows you to view and manage multiple companies, including your existing account.

Figure 2-3: Create your account

Comment: Why is there an “Already have an account? [Sign in](#)” link? If you already created a QBO+ company for this textbook, select Sign in. Refer to Appendix B, Troubleshooting, Accepting Invitation to QBO companies. Case Problems 1 and 2 are Companies 2 and 3.

4. After completing the fields > click **Create Account**.

IMPORTANT: Write down your User ID (email used when QBO+ invitation accepted) *and Password*. You need your User ID and Password each time to sign into QuickBooks Online.

User ID _____

Password _____



The screens that are shown in the textbook may differ from what you see. *Updates* are automatic and may change what you see. Regularly go online to Additional Student Resources > Student Edition > Text Updates. Similar to other online apps, cloud software changes.

5. Read the Welcome! We're glad you're here > click **Next**.

Welcome! We're glad you're here.

Here's what we'll do together right now.

Tell us what you need help with We'll personalize QuickBooks and make recommendations based on your needs We'll bring in your transactions and organize your money

Next

Figure 2-4: Welcome We're glad you're here

6. A series of questions ask about your business. Read each question and make the appropriate response. Due to QBO+ updates, the questions may change. As of this writing, these are the questions and responses.

- **What's your business name?** Type your **First and Last name Sales and Service** > click **Next**.
- **What's your industry?** Leave the Industry field empty > click [Skip for Now](#).
- **What kind of business is this?** Select **S Corp** > click **<Next>**.

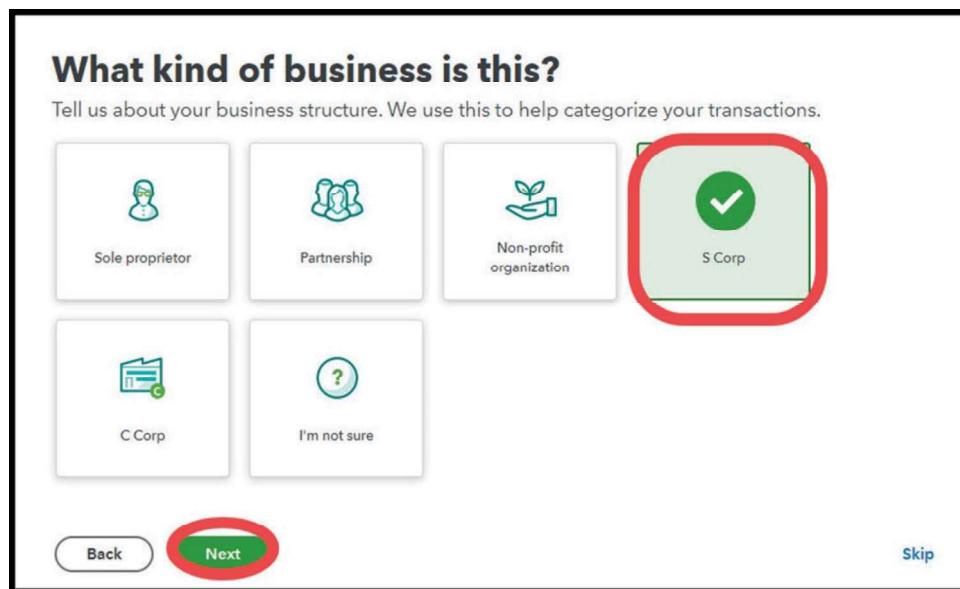


Figure 2-5: Select S Corp

- **How does your business make money?** Select **Sells products** > click **<Next>**.

- What's your main role? Bookkeeper or Accountant > click <Next>.

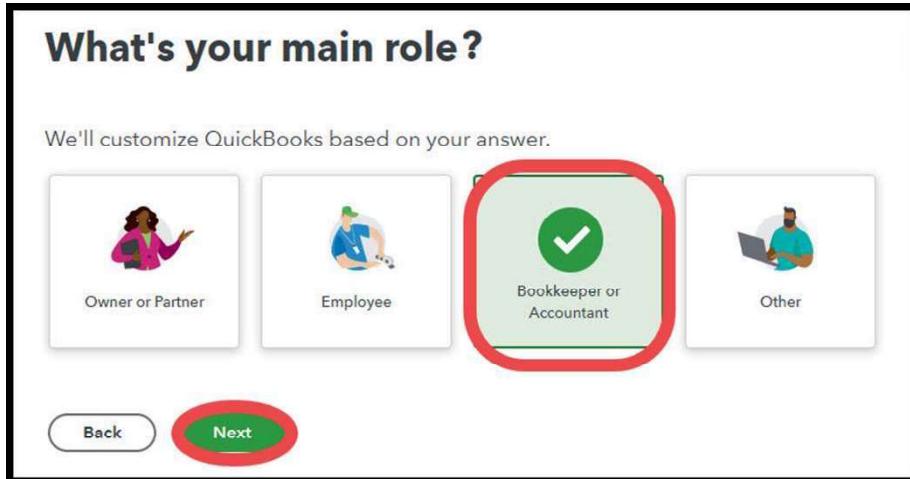


Figure 2-6: What's your main role

- Who works at this business? Select A few partners and owners and We plan to hire in the future> click <Next>.

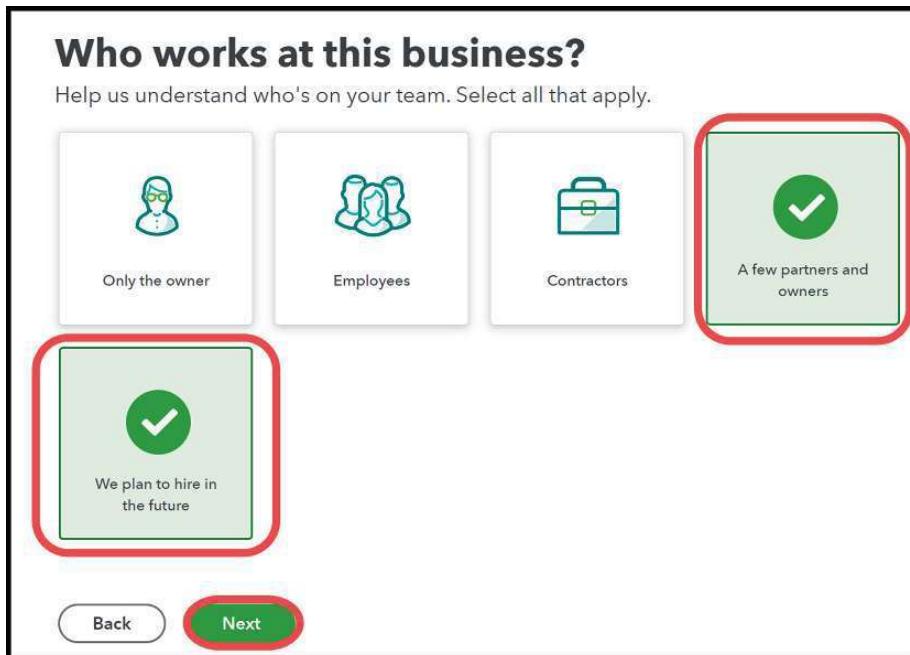


Figure 2-7: Who works at this business?

- **What apps do you use for your business?** Click [Skip for now](#).
- **Link your accounts and see everything in one place** [Skip for now](#).
- **What is everything you want to set up?**

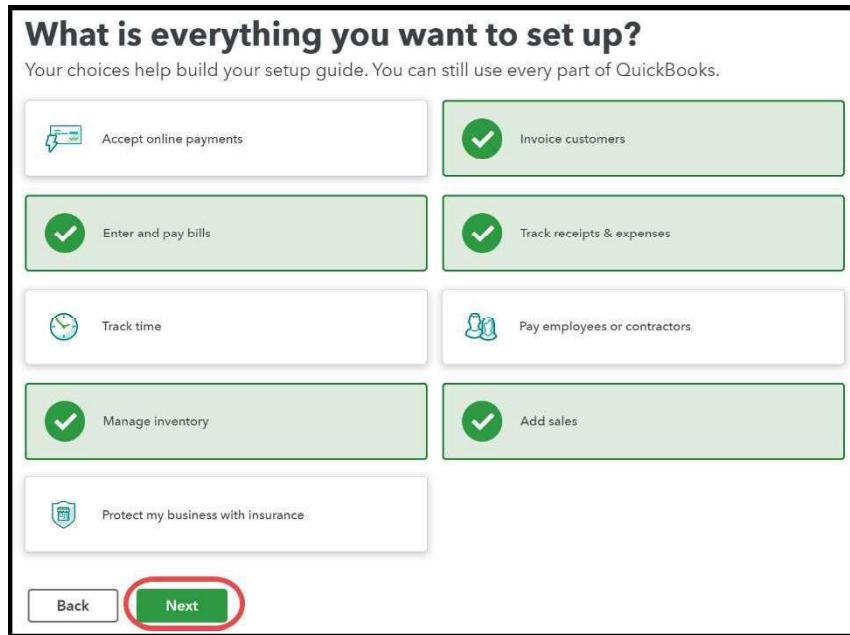


Figure 2-8: Everything you want to set up

Check the options to match what is shown on Figure 2-8. Read the selections > click <Next>.

7. When the **We're almost ready to dive in!** page is finished, select <Let's go>. The **Welcome to QuickBooks!** Let's show you around so you can get

down to business appears > click **Take a quick tour**. Read each popup, then click <Start>. The **Home Dashboard** for Student Name Sales and Service appears. There are two tabs: Get things done and Business

Overview > select Business overview to see what else is included on the Dashboard.

8. To make sure you are viewing your company in Accountant view, select  **Accountant view** should appear. If Business view appears > select <Gear> Switch to Accountant view.

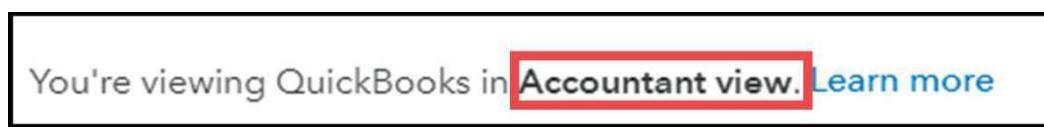


Figure 2-9: Accountant view

Comment: When you select the Bookkeeper or Accountant role, the default Home Dashboard is Accountant view. If you selected a different role and Business view is shown, switch to Accountant view.

When you create a company, QuickBooks Online creates specific default accounts. Other accounts are created when certain features are turned on in account and settings.

Account and Settings

9. To check your **Company name**, select  > Account and settings. In the Company Name field > select the pencil icon to edit.



Figure 2-10: Edit Company name

Refer to Figure 2-11 to make sure **your First and Last name Sales and Service** is the company name. In the Legal name field, a checkmark is next to Same as company name > the EIN and SSN selections are empty.

Type your first and last name.

Company name
Shown on sales forms and purchase orders.

Legal name
Used on forms like 1099s.

Same as company name

EIN SSN

12-3456789

Cancel **Save**

Figure 2-11: Type Company name

Click **Save**.

10. In the **Company type** field > click  to edit. In the **Tax form** field > make sure Small business corporation, two or more owners (Form 1120S) is shown. If not, select it. Leave the Industry field blank. Click **Save**.

Company type

Tax form

Small business corporation, two or more owners (Form 1120S)

Industry

Save

Figure 2-12: Tax form

11. In the **Company address** field > click  to edit. Complete these fields.

Street Address: **2905 E Skyline Dr > delete Ste**

City: Tucson (City, State Zip automatically populates)

State: Arizona

Zip Code: 85718

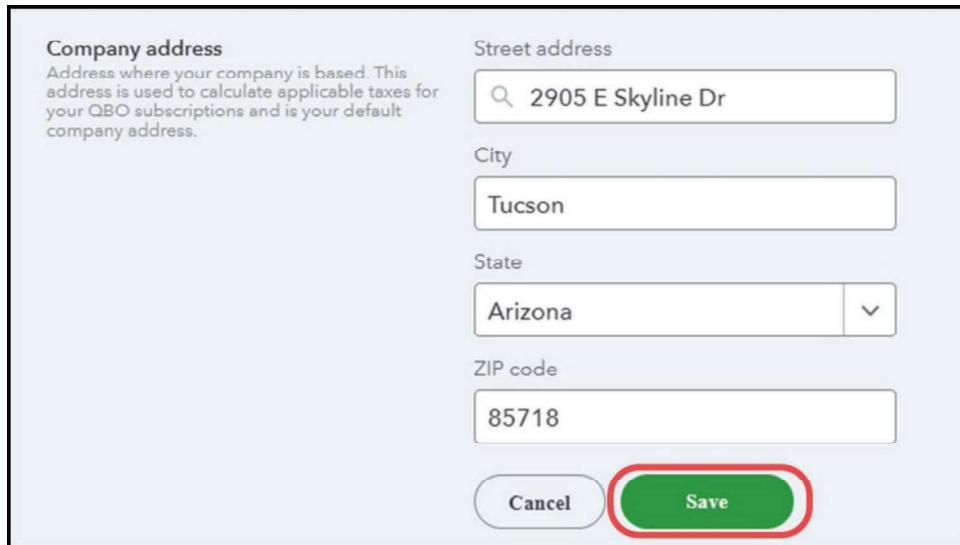


Figure 2-13: Company address

Click 

12. To check your Subscription Status > select Billing & Subscription. The free subscription end date is shown. Your “FREE Ends on” differs. Figure 2-14 shows the version is ***QBO Plus***.

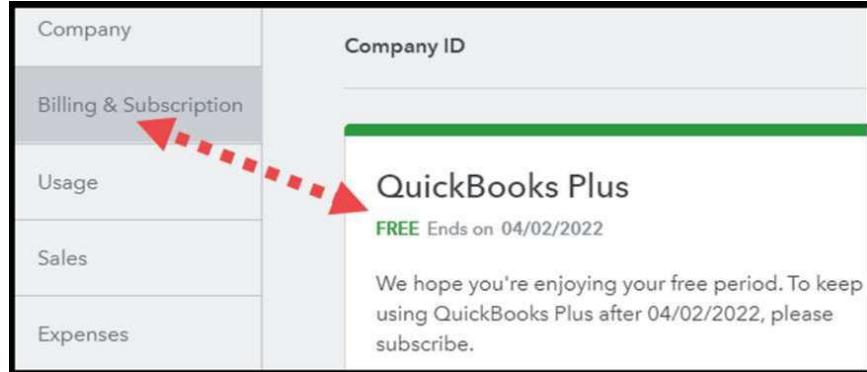


Figure 2-14: Billing & Subscription

13. At the bottom of the Account and Settings page > click . The Dashboard selections may change. As of this writing, Figure 2-15, shows the Dashboard's Business overview. If your screen differs, it represents changes due to updates.

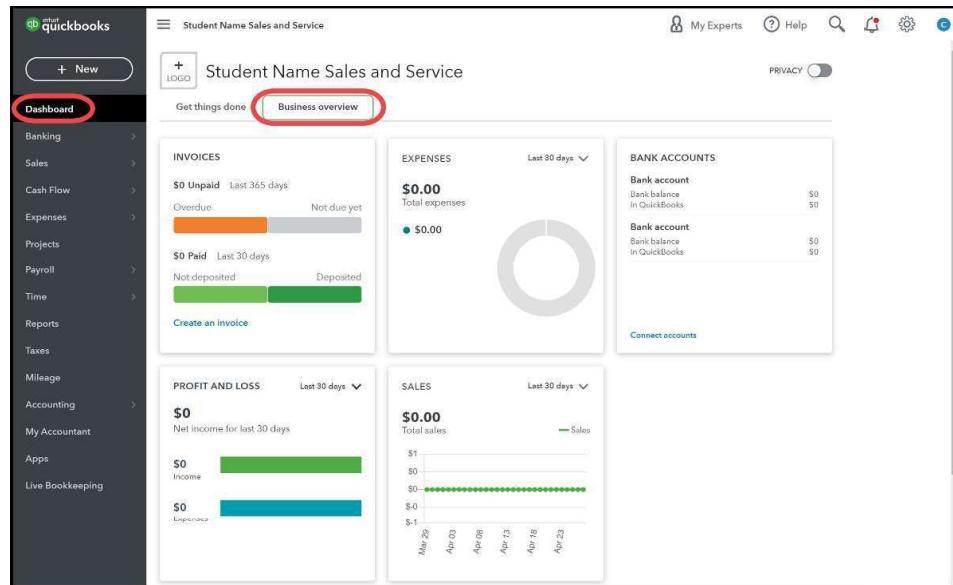


Figure 2-15: Dashboard > Business overview

Comment: Your Dashboard selections may differ. Due to QBO+ updates, selections change.

QUICKBOOKS ONLINE UPDATES

QuickBooks Online software is dynamic, meaning updates are a regular feature. This is similar to other online updates; for example, banking apps, smartphone apps, and operating system updates. Many of the changes are more cosmetic than functional, but there are differences.

Updates may also change textbook screen illustrations. When changes occur, students should think deeply and be flexible when figuring out the differences between the software interface and the textbook steps and figures.



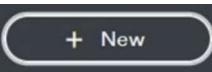
The authors suggest selecting from within QBO to help resolve differences, regularly check Text Updates, and monthly postings at <https://quickbooks.intuit.com/blog/whats-new/>.

DASHBOARD

Select Business Overview to get a snapshot of your business finances. The Dashboard's Business overview displays basic information on the current status of your income and expenses. These values change displaying a real-time overview of your company's finances.

Navigation Bar

The Navigation bar is on the left side. This is where you access different tasks. *As of this writing*, the selections include, Dashboard, Banking, Sales, Cash Flow, Expenses, Projects, Payroll, Time, Reports, Taxes, Mileage, Accounting, My accountant, Commerce, Apps, and Live Bookkeeping. When you sign into QBO+, the Dashboard is the default and regular updates may change selections.

 is used for frequent tasks, for example, creating invoices, adding expenses, and journal entries. The selections are organized by **module**—Customers, Vendors, Employees, Other.

| CUSTOMERS | VENDORS | EMPLOYEES | OTHER |
|-----------------|--------------------|---|--------------------------|
| Invoice | Expense | Payroll  | Bank deposit |
| Receive payment | Check | Time entry | Transfer |
| Estimate | Bill | | Journal entry |
| Credit memo | Pay bills | | Statement |
| Sales receipt | Purchase order | | Inventory qty adjustment |
| Refund receipt | Vendor credit | | Pay down credit card |
| Delayed credit | Credit card credit | | |
| Delayed charge | Print checks | | |

Figure 2-16: +New button

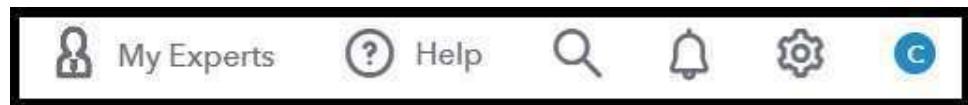
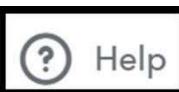


Figure 2-17: QBO buttons

 includes Live Bookkeeping, an option to upgrade to QuickBooks Advanced, and Insurance information.

 The question mark is used for self-help. If you have a question about QBO, click Help. Type keyword(s) into the search field. (Hint: Your Help page may differ.)

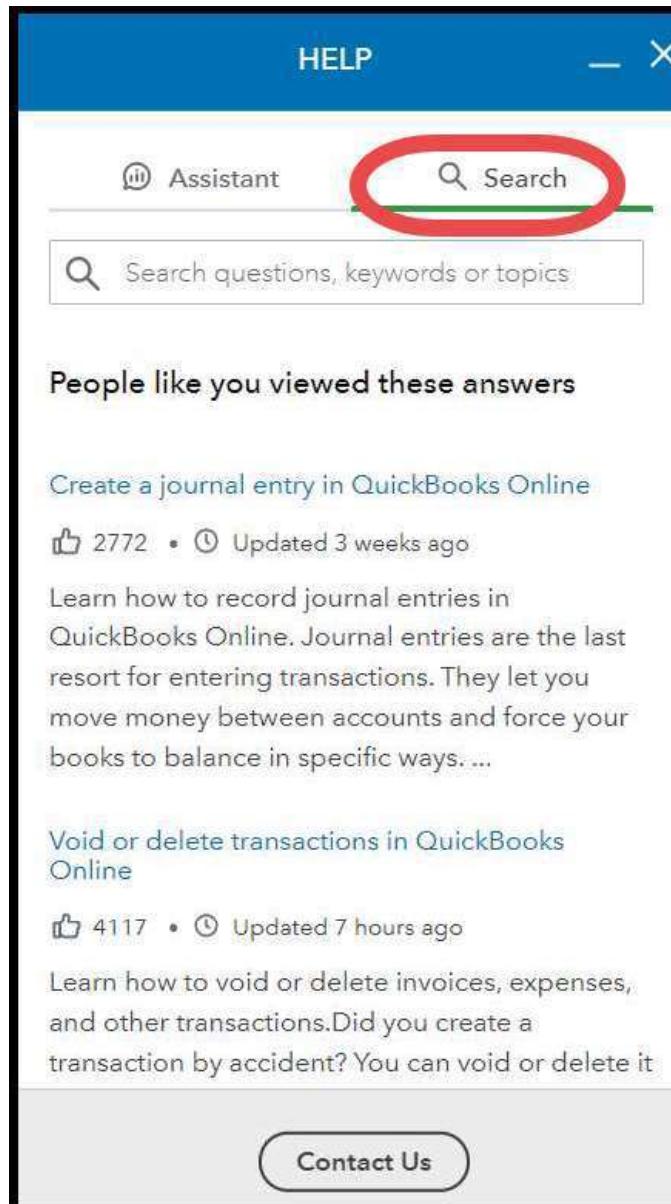


Figure 2-18: Help page

In the Search field, type **video tutorials**. Link to [Video tutorials for QuickBooks Online](#).

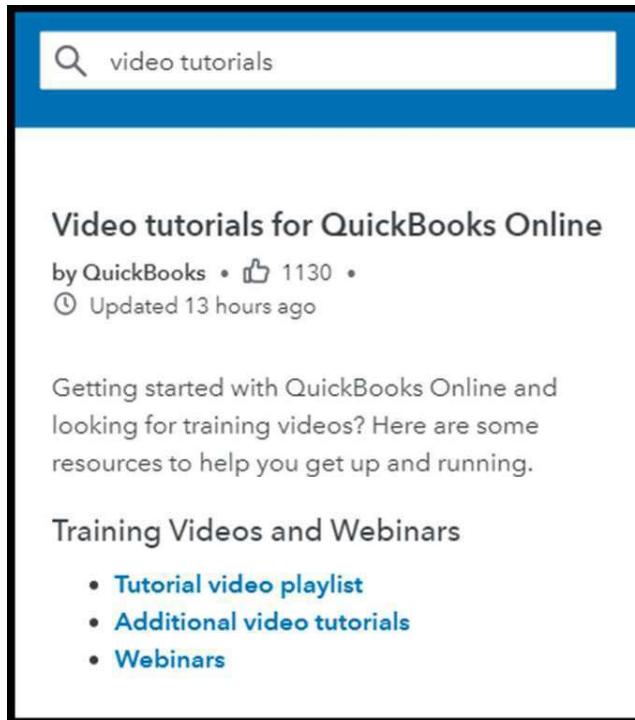


Figure 2-19: Video tutorials



With the magnifying-glass icon, you can type search criteria. Read the Search Tips.

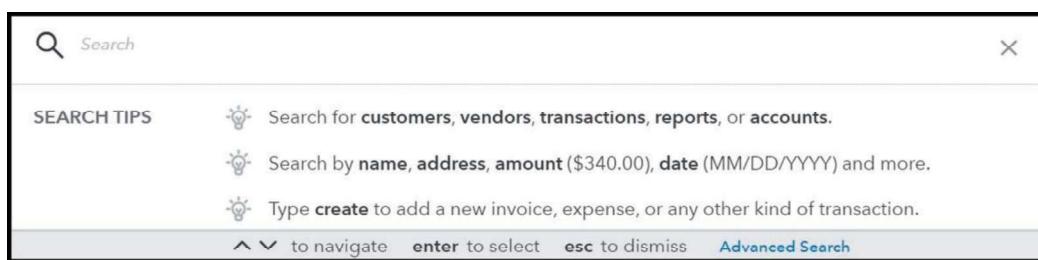


Figure 2-20: Search criteria



The bell shows notifications.



The gear accesses the Settings menu. The columns include Your Company, Lists, Tools and Profile.

| YOUR COMPANY | LISTS | TOOLS | PROFILE |
|----------------------|------------------------|--|----------------|
| Account and settings | All lists | Order checks <input checked="" type="checkbox"/> | Feedback |
| Manage users | Products and services | Import data | Refer a friend |
| Custom form styles | Recurring transactions | Import desktop data | Privacy |
| Chart of accounts | Attachments | Export data | |
| QuickBooks labs | Tags | Reconcile | |
| | | Budgeting | |
| | | Audit log | |
| | | SmartLook | |
| | | Resolution center | |

Figure 2-21: Settings menu



When you want to sign out, click on your initial.

QBO updates interface elements, and may add accounting features and user functions. Intuit tests changes on specific companies or users to collect feedback. If users like the update, it is changed. Be flexible and ready for changes. If you



have an issue, use QBO's self-help

ACCOUNT AND SETTINGS PREFERENCES

Gear > Account and Settings > select Preferences

Each setting configures QuickBooks to work the way you want. As work is completed in the textbook, settings are selected or edited. To check setting preferences selected earlier in the chapter and add more, follow these steps.



1. Click > Account and settings.

| YOUR COMPANY | LISTS | TOOLS | PROFILE |
|--------------------------------------|------------------------|--|----------------|
| Account and settings | All lists | Order checks <input checked="" type="checkbox"/> | Feedback |
| Manage users | Products and services | Import data | Refer a friend |
| Custom form styles | Recurring transactions | Import desktop data | Privacy |
| Chart of accounts | Attachments | Export data | |
| QuickBooks labs | Tags | Reconcile | |
| | | Budgeting | |
| | | Audit log | |
| | | SmartLook | |
| | | Resolution center | |

Figure 2-22: Gear > Account and settings

2. The Account and Settings page appears. Select > to make changes, click on the pencil icon . The Company name field shows your first and last name Sales and Service. If *not*, in the Company Name field, type your first and last name. Review the information within each field. When necessary, edit.

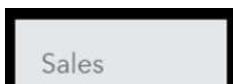
3. In the Company type field, click . For the Tax form, select Small

business corporation, two or more owners (Form 1120S) > 



Figure 2-23: Tax Form, Industry empty

Select the appropriate tax form so that Student Name Sales and Service's chart of accounts tracks the information needed for Form 1120S, small business corporation.

4. Click . In the Sales form content area, click  to edit. Shipping should be On. Custom transaction numbers should be On > then <Save>.

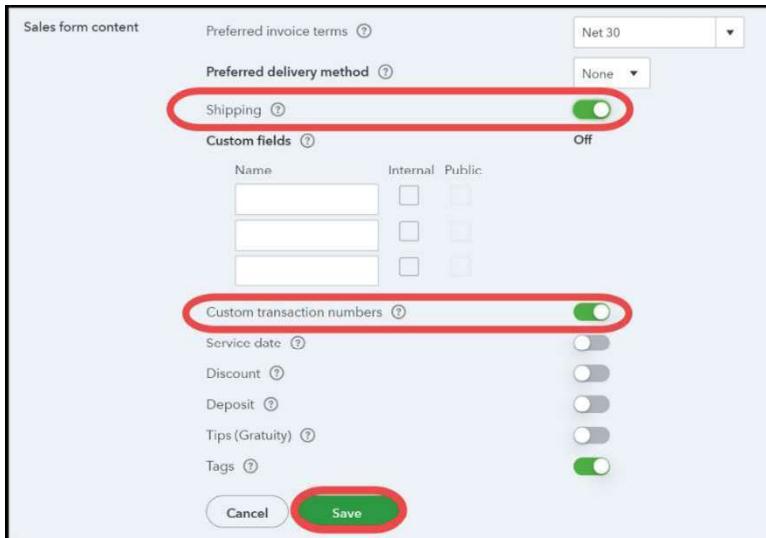


Figure 2-24: Sales form content

5. Compare your Products and services selections to the ones below. If

necessary, click  to edit. Save your selections.



Figure 2-25: Products and services

Read the information that explains “Turning on Track inventory quantity on hand will also turn on Show items table on expense and purchase forms.” In order to track inventory, click <OK>.

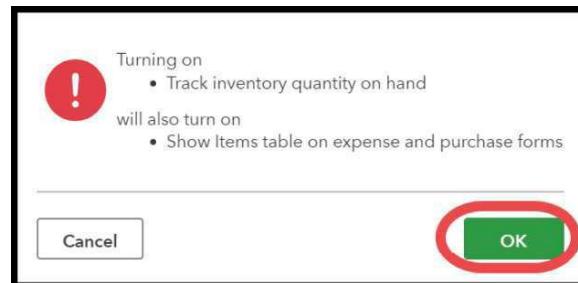


Figure 2-26: Click <OK>

6. Select  > check Bills and Expenses and Purchase orders.

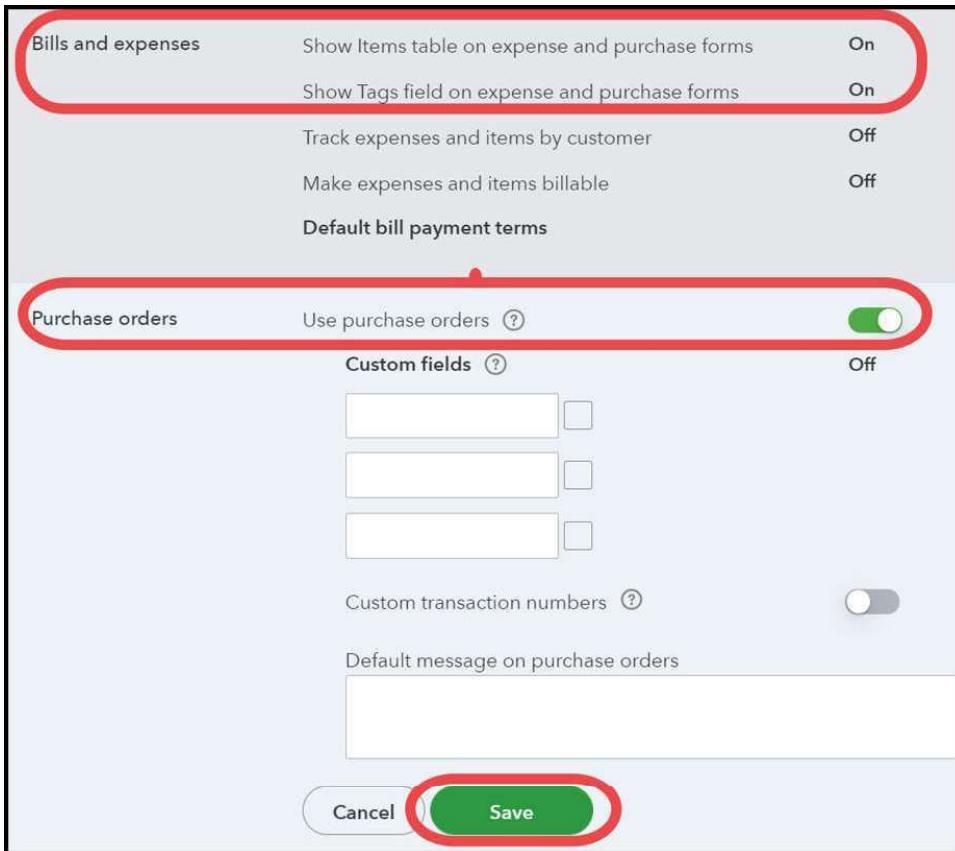
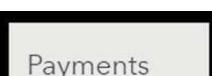


Figure 2-27: Bills and expenses and Purchase orders

7. Select . This page is shown.

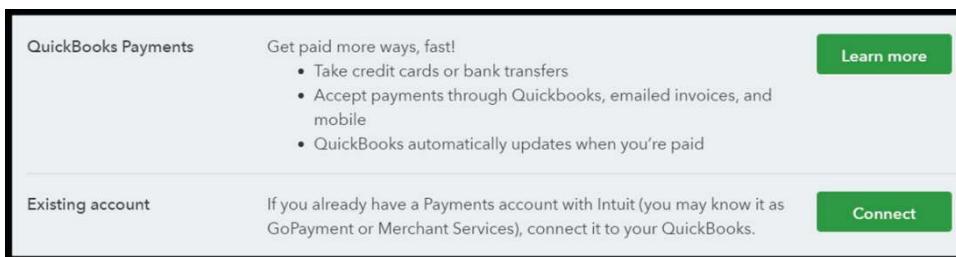


Figure 2-28: Account and Settings > Payments

Advanced

8. Select **Advanced**. In the Chart of accounts area, click  to Enable account numbers *and* Show account numbers. Compare your Chart of accounts field selections with Figure 2-29.

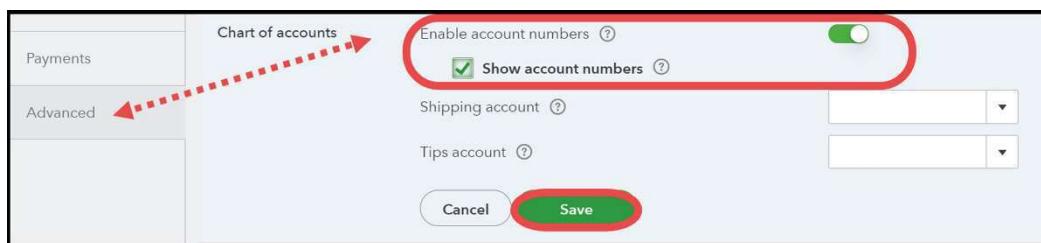


Figure 2-29: Chart of accounts > Show account numbers

9. On the Advanced page, in the Other preferences area, click  > turn on the warnings, and increase Sign me out if inactive for to 3 hours > <Save>.

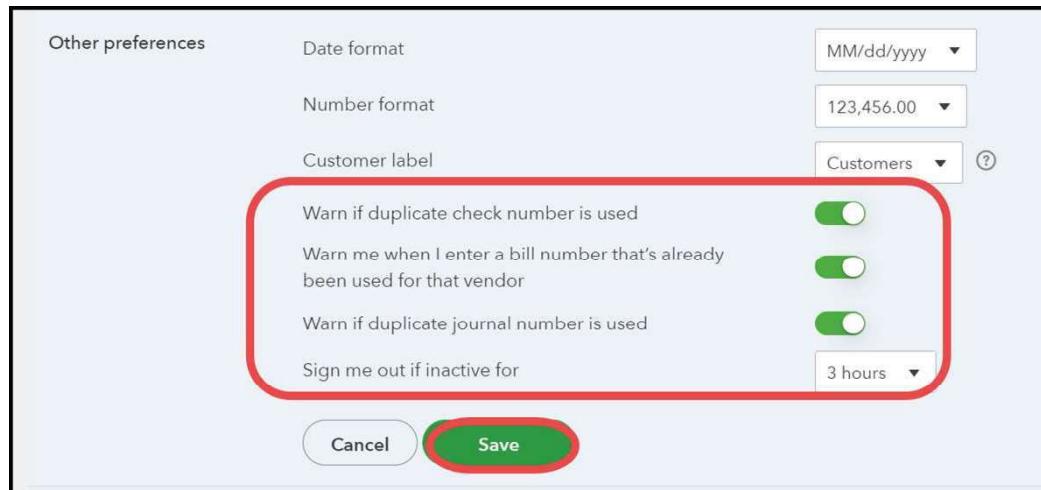


Figure 2-30: Other preferences

10. When finished, click <Save> and . You are returned to the Account and Settings page > click <Done>. The Dashboard appears.

The Account and Settings pages include QBO preferences. To accommodate accounts payable, inventory, and accounts payable tasks, settings are turned on, and sometimes changed, in subsequent chapters.

SIGN OUT

To sign out, click on your initial > Sign Out. The Sign in page appears. Close your browser. *Or*, continue.

CHART OF ACCOUNTS

The chart of accounts is a list of all the company's accounts and their balances. These accounts are used to categorize transactions on everything from sales forms to reports and tax forms. Accounts classify transaction information for reporting purposes. The Chart of Accounts columns includes the Name of the Account, the Type, Detail Type, QuickBooks Balance, Bank Balance, and Action.

When an account is created, you choose a broad category or account type (bank, income, expense, etc.) and then select a detail account type. The detail type assigns the account into a subcategory in order to have it appear in the correct place according to GAAP (Generally Accepted Accounting Principles). 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 accounts in the correct positions on the Balance Sheet or Profit and Loss Statement.

In order to start work, use QBO's import feature to upload a Chart of Accounts. The Chapter 2_Chart of Accounts.csv file is included within Additional Student Resources.



Depending on when a company is created, the chart of accounts may differ from what is shown in the textbook. When the company, Student Name Sales and Service, is created a default chart of accounts was also set up.

Using cloud accounting software, requires flexibility.

Sign In

1. Start your browser. Go online to <http://qbo.intuit.com>. Type your User ID and Password.
2. After typing your User ID and Password, click on the box next to Remember my User ID >

Sign in

The Dashboard appears. If a popup appears to Save your password, you can do that or click <Never>.

3. If a Welcome back! page appears. Type your first and last name >

Continue

The Dashboard appears.

A screenshot of the QuickBooks Online sign-in page. It features a 'Sign In' header and a sub-header 'One account for everything Intuit, including QuickBooks. Learn more'. Below this are two sign-in options: 'Sign in with Google' and 'or'. There are fields for 'User ID' and 'Password', and a 'Remember my user ID' checkbox. At the bottom is a green 'Sign in' button.

Figure 2-31: Sign In

Import the Chart of Accounts

Gear > Import Data > upload Chapter 2_Chart of Accounts.csv file > edit default accounts > add new accounts

An important feature of QBO is the ability to import lists. In the example that follows, you import the Chart of Accounts. Additional Student Resources

includes the Chapter 2_Chart of Accounts.csv file that includes the data that is imported into Student Name Sales and Service. After using import, you add account numbers to default account, and add new accounts.

To import the Chart of Accounts, follow these steps.

1. Select Gear > Import data > Chart of accounts

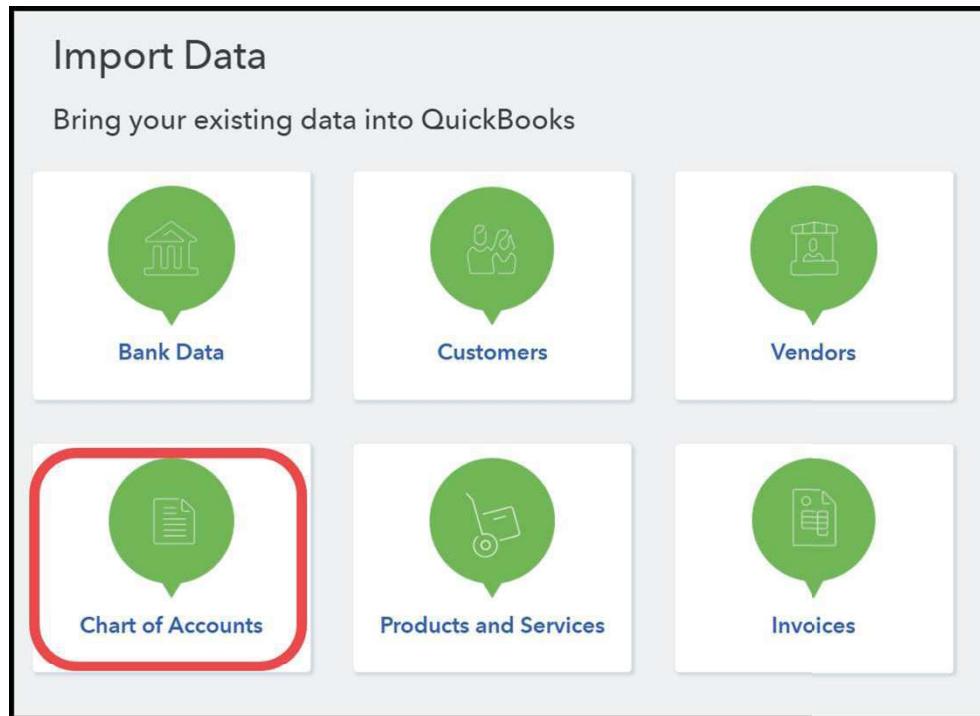


Figure 2-32: Import Chart of Accounts

2. In the **Select a CSV or Excel file to upload** field, browse to the location of the Chapter 2_Chart of Accounts.csv file. (This file is included within Additional Student Resources.)

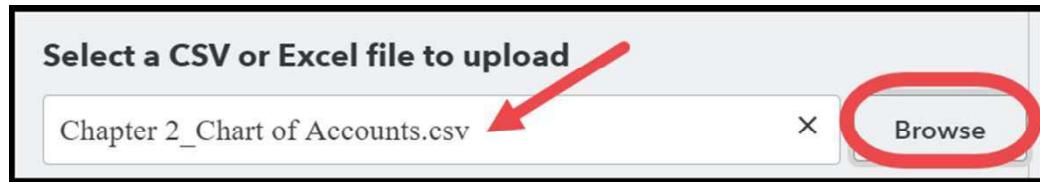


Figure 2-33: Upload .csv file

3. Click <Open>, then **Next**. **Map your fields to QuickBooks fields** appears. Observe that ② MAP DATA is selected. Checkmarks are next to Detail Type, Account Name, Account number, and Type.

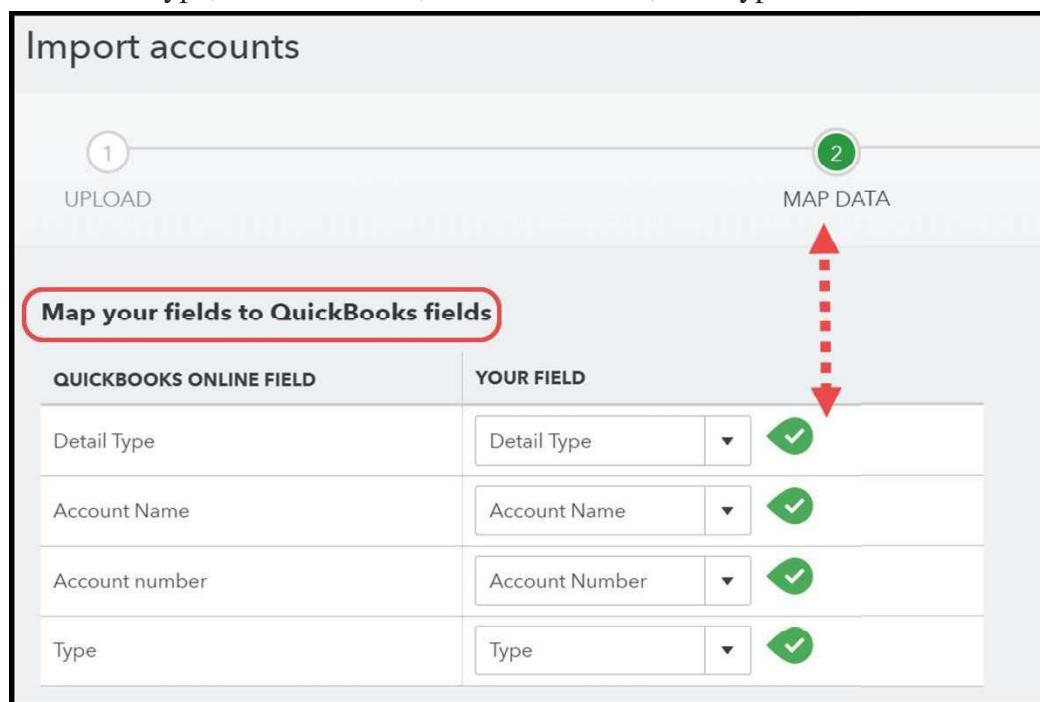


Figure 2-34: Map Data

4. Click **Next**. **12 accounts are ready to be imported** screen appears. Observe that ③ IMPORT is selected. Figure 2-35 shows the list of accounts.

Figure 2-35: Import 12 accounts

Comment: If a screen prompts that an account is already included, continue with Import. Due to updates, the default chart of accounts may change. In the next section, you edit default accounts, then add new accounts.

5. Click . After importing the Chart of Accounts > click  > Chart of accounts.

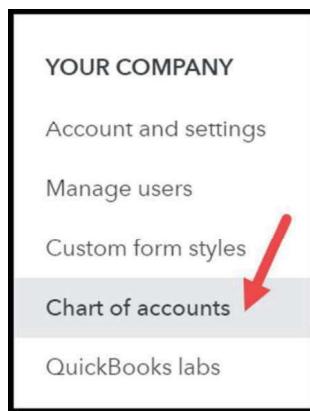


Figure 2-36: Gear > Chart of Accounts

The Chart of Accounts appears. The 12 accounts imported including their account numbers are listed.

Edit Default Accounts

When you set up QBO+, a default chart of accounts is also set up. As of this writing, edit the accounts in the steps that follow. Be flexible; due to QBO updates accounts may need to be edited or added. After editing and adding new accounts, Figure 2-38A shows the Chart of Accounts.

6. If needed, select <Gear> Chart of Accounts. On the Retained Earnings row > select **Run report** ▾ > Edit. In the **Number** field, type **318**. Read the information below **Detail type**.

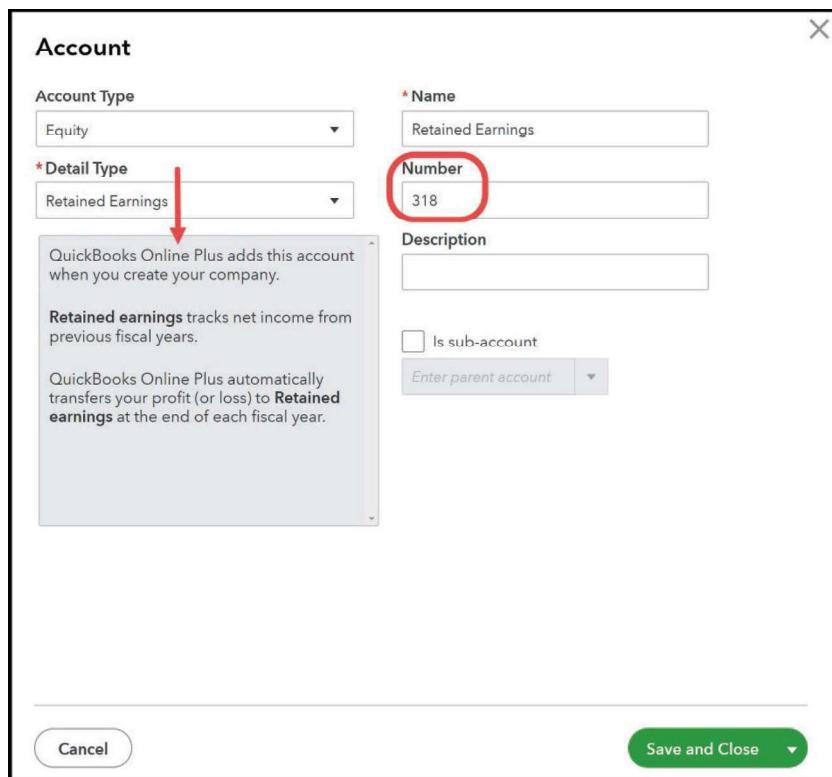
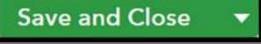


Figure 2-37: Account 318, Retained Earnings

7. Click . Because of QBO updates, this list may change.

If an account needs to be added, click <New>. If a default account exists, a popup message “Something’s not quite right” appears > close message > select <Edit>. (Hint: See Troubleshooting on the next page.)

| Account Number | Name | Account Type | Detail Type |
|----------------|-------------------------------|----------------------|-------------------------------|
| 115 | Merchandise Inventory | Other Current Assets | Inventory |
| 401 | Sales | Income | Sales of Product Income |
| 501 | Cost of Goods Sold | Cost of Goods Sold | Supplies & Materials - COGS |
| 601 | Advertising & Marketing | Expenses | Advertising/Promotional |
| 603 | Bank Charges & Fees | Expenses | Bank Charges |
| 611 | Insurance Expense | Expenses | Insurance |
| 613 | Interest Paid | Expenses | Interest Paid |
| 615 | Job Supplies | Expenses | Supplies & Materials |
| 617 | Legal & Professional Services | Expenses | Legal & Professional Fees |
| 619 | Meals & Entertainment | Expenses | Entertainment Meals |
| 621 | Office Supplies & Software | Expenses | Office/General Administrative |
| 623 | Rent & Lease | Expenses | Rent or Lease of Buildings |
| 625 | Repairs & Maintenance | Expenses | Repair & Maintenance |
| 635 | Utilities Expense | Expenses | Utilities |

Troubleshooting: What if I do not have the *same* default accounts? The next section shows how to add new accounts. If your Chart of Accounts does not show the same default accounts as the ones shown on the chart, add a new account.

Add New Accounts

A green rectangular button with the word "New" in white text, enclosed in a thin black border.

On the Chart of Accounts page > select . Add the following accounts. If your default accounts differed, add more new accounts. Refer to the table on the previous page.

| Account Type | Detail Type | Name | Number |
|---------------------------|------------------|--------------|--------|
| Other Current Assets | Prepaid Expenses | Prepaid Rent | 123 |
| Other Current Liabilities | Loan Payable | Loan Payable | 205 |

What is the difference between View register and Run report? View register are Balance Sheet accounts (bank, current and fixed assets, liabilities and equity, *except* Retained Earnings). Run report accounts are on the Profit and Loss statement (income, cost of goods sold, and expenses). Registers display transactions in a traditional ledger format.

8. Make sure the account number, name, account type, and detail type match what is shown on Figure 2-38A. Some accounts are automatically added and do not show account numbers.

Comments:

- a) Check Figure 2-38A carefully. These accounts are used in Chapters 2 through 12. If necessary, edit accounts or add accounts. Make sure the

Detail Type is correct for each account. The Detail Type assigns the account into a subcategory so that it appears on the financial statements according to Generally Accepted Accounting Principles (GAAP).

b) When you created Student Name Sales and Service, default accounts were produced. Due to updates, the accounts without numbers on Figure 2-38A may differ.

| Student Name Sales and Service Chart of Accounts | | | | |
|---|---------------------------------|---------------------------|--|---------|
| Account # | Account | Type | Detail type | Balance |
| 101 | Checking | Bank | Checking | 0.00 |
| 105 | Accounts Receivable (A/R) | Accounts receivable (A/R) | Accounts Receivable (A/R) | 0.00 |
| 115 | Merchandise Inventory | Other Current Assets | Inventory | 0.00 |
| 123 | Prepaid Rent | Other Current Assets | Prepaid Expenses | 0.00 |
| 125 | Prepaid Insurance | Other Current Assets | Prepaid Expenses | 0.00 |
| | Uncategorized Asset | Other Current Assets | Other Current Assets | 0.00 |
| | Undeposited Funds | Other Current Assets | Undeposited Funds | 0.00 |
| 135 | Computer Equipment | Fixed Assets | Machinery & Equipment | 0.00 |
| 137 | Accumulated Depreciation | Fixed Assets | Accumulated Depreciation | 0.00 |
| 201 | Accounts Payable (A/P) | Accounts payable (A/P) | Accounts Payable (A/P) | 0.00 |
| 205 | Loan Payable | Other Current Liabilities | Loan Payable | 0.00 |
| 301 | Common Stock | Equity | Common Stock | 0.00 |
| 318 | Retained Earnings | Equity | Retained Earnings | 0.00 |
| | Opening Balance Equity | Equity | Opening Balance Equity | 0.00 |
| | Owner's Investment | Equity | Owner's Equity | 0.00 |
| | Owner's Pay & Personal Expenses | Equity | Owner's Equity | 0.00 |
| 401 | Sales | Income | Sales of Product Income | |
| | Billable Expense Income | Income | Sales of Product Income | |
| | Shipping Income | Income | Sales of Product Income | |
| | Uncategorized Income | Income | Sales of Product Income | |
| 501 | Cost of Goods Sold | Cost of Goods Sold | Supplies & Materials - COGS | |
| 601 | Advertising & Marketing | Expenses | Advertising/Promotional | |
| 603 | Bank Charges & Fees | Expenses | Bank Charges | |
| 605 | Dues & Subscriptions | Expenses | Dues & Subscriptions | |
| 607 | Depreciation Expense | Expenses | Office/General Administrative Expenses | |
| 609 | Freight & Delivery | Expenses | Shipping, Freight & Delivery | |
| 611 | Insurance Expense | Expenses | Insurance | |
| 613 | Interest Paid | Expenses | Interest Paid | |
| 615 | Job Supplies | Expenses | Supplies & Materials | |
| 617 | Legal & Professional Services | Expenses | Legal & Professional Fees | |
| 619 | Meals & Entertainment | Expenses | Entertainment Meals | |
| 621 | Office Supplies & Software | Expenses | Office/General Administrative Expenses | |
| 623 | Rent & Lease | Expenses | Rent or Lease of Buildings | |
| 625 | Repairs & Maintenance | Expenses | Repair & Maintenance | |
| 629 | Stationery & Printing | Expenses | Office/General Administrative Expenses | |
| 633 | Telephone Expense | Expenses | Office/General Administrative Expenses | |
| 635 | Utilities Expense | Expenses | Utilities | |

Figure 2-38A: Chart of Accounts

Check that the Chart of Accounts includes these accounts:

- ✓ 115 Merchandise Inventory; Type, Other Current Assets; Detail Type, Inventory
- ✓ 401 Sales; Type, Income; Detail Type, Sales of Product Income
- ✓ 501 Cost of Goods Sold; Type, Cost of Goods Sold; Detail Type, Supplies & Materials – COGS

In Chapter 4, when products are added, these accounts are used. The Type and Detail Type columns are important. They classify the accounts for the financial statements.

Accounts

Each account has a role to play in recording the amounts allocated for a specific use. The diagram below illustrates how QBO integrates the chart of accounts into the Balance Sheet and Profit and Loss reports.

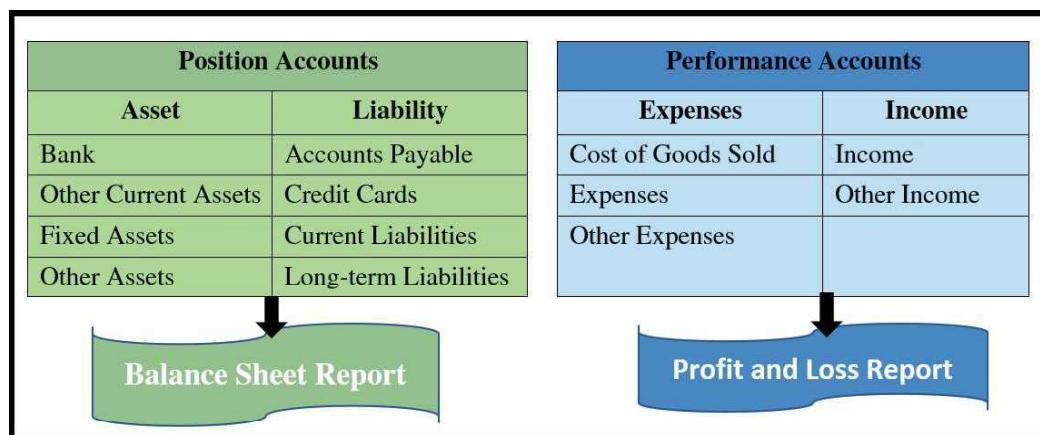


Figure 2-38B: Chart of Accounts, Balance Sheet Report, Profit and Loss Report

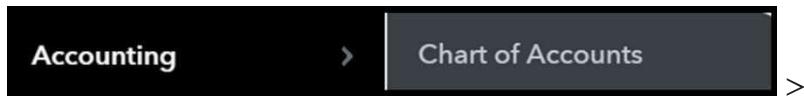
Asset, liability, and equity accounts include the Position Accounts for the company. A Balance Sheet report presents a snapshot of the company's financial position at one moment in time. Expense and income accounts comprise the

Performance Accounts for the company. A Profit and Loss report shows the profitability of the company during the specified time interval.

SAVE CHART OF ACCOUNTS (ACCOUNT LIST) AS A PDF FILE

To save the Chart of Accounts as a PDF file, follow these steps. (*Hint:* If needed, download the free Adobe Reader at <https://get.adobe.com/reader>.)

1. If your Chart of Accounts is displayed > click Run Report. *Or*, select Gear > Chart of Accounts > Run Report. Another way to see the Chart of Accounts

is to select  >

Run Report. The Chart of Accounts appears. Click on the Export icon > select Export to PDF.

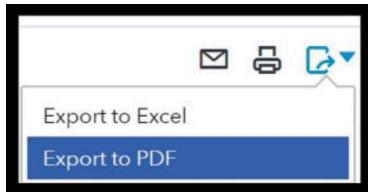


Figure 2-39: Export to PDF

Troubleshooting: You may notice differences on your Account List. Match the Account #, Account name, Type, and Detail Type with your Account List. Accounts *without* account numbers may be different. The Description column is automatically added.

2. At the bottom of the page > The Print, email, or save as PDF page appears.

Select  > on the taskbar, open AccountList.pdf.

3. Click on the Save as icon (it looks like a disk). Go to the location where you want to save. Use the file name **Chapter 2_Chart of Accounts**.

4. Close the AccountList.pdf tab by clicking on its <X>



5. On the Print, email, or save as PDF page, click <X>.
6. You are returned to the Account List.

Comment: There are three ways to display the chart of accounts: **1**) Gear > Chart of Accounts > Run Report; **(2)** Navigation bar > Accounting > Chart of Accounts > Run Report; **(3)** Navigation Bar > Reports > in the search field, type **Account List**.

EXPORT THE CHART OF ACCOUNTS (AKA ACCOUNT LIST) TO EXCEL

1. The Account List should be displayed. On the export icon, select Export to Excel.
2. On the taskbar, open the Excel file. Click Enable Editing. Depending on your Excel version, steps may differ.
3. File > Save As. Go to the location to save the file. Save as **Chapter 2_Chart of Accounts**. When through, exit Excel.

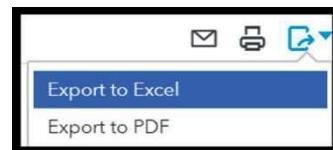


Figure 2-40: Export to Excel

HYPERLINK TO STUDENT ACCOUNTS

Educator Portal > Classes > select class > link to Company 1

When professors want to check their students' accounts, follow these steps.

1. Sign into Intuit's Educator Portal with the professor's QuickBooks Online Accountant email and password.

2. From the Navigation bar > select Classes.

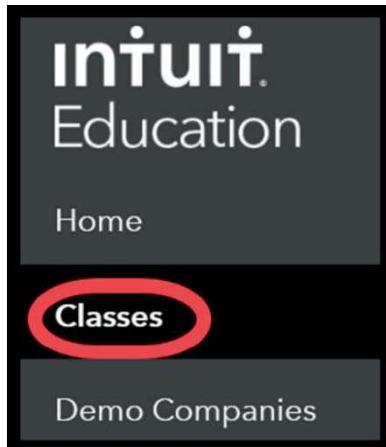


Figure 2-41: Portal > Classes

3. Select the class > Student > link to [Company 1](#).



Figure 2-42: Student > Company

Note to professor: Refer to Instructor Resources > Intuit Educator Portal.

The student's Sales and Service company starts. At this point in the chapter, students have created the company, Student Name Sales and Service; completed account and settings; and the chart of accounts (Figure 2-38A). You may want to look at their work.

4. To go back to the Portal, click on the Intuit Education Portal tab



Troubleshooting? What if the Educator Portal does not have a hyperlink to Company 1 (number 3 above)? Students can use invite accountant from their

QBO+ account. Students do this: select Gear > Manage users > Accounting firms > type the professor's email address > click Invite. Now the professor signs into QBO Accountant and selects Clients to hyperlink to the student's company. Professors can also link to QBO Accountant from the Educator Portal.

USE QUICKBOOKS ONLINE ON A DIFFERENT COMPUTER

Let's say you set up Student Name Sales and Service on a computer at school but you want to continue work on another computer. For example, you set up your account on a desktop but want to use QBO on a laptop.

To use QBO on a different computer or device, the user needs to be identified. QBO uses a six-digit *verification code*. Verification codes use *multi-factor authentication (MFA)*. MFA is an internet security method which uses several ways to validate the user. Each sign in is authenticated via the computer's *Internet Protocol (IP) address*. The validation code can be texted or emailed. The steps that follow include both methods.

Check the Email Used with Student Name Sales and Service

1. Use the computer where your QBO account was set up. Sign into Student Name Sales and Service > select Gear > Account and Settings. On the Company page in the Contact info area, your email is shown. When you sign into your company on a different computer, use that email address.
2. Sign out.

Student Name Sales and Service on a Different Computer

There are two ways to verify your QBO account.

- (1) If you prefer a text for the 6-digit validation code, sign into your QBO account at <http://qbo.intuit.com> > go to step 3 on the next page.

(2) *Or*, sign into your email account, step 4 below.

1. On a different computer, open the email account shown for your QBO company. Do not exit your email account.
2. If you accessed your email via an Internet browser, start a new tab. On Chrome, click <+> so that a second website address can be typed > <http://qbo.intuit.com>. QuickBooks Login – Sign in to QuickBooks.



Figure 2-43: Add a website address

On the sign in page, type your User ID (email address) and Password > click > Sign in.

3. Let's verify your number appears. Read the message. Depending on what computer you are using, the message may differ. For example, on a Mac, you can Save password, type a current phone number, or **Skip**. Make the appropriate selection.
4. Go to the email for the 6-digit code > click on the QuickBooks Login-Sign in tab > type the code > click <Continue>. Your Student Name Sales and Service account starts.

ACCESS RIGHTS AND USER ROLES

User access to different parts of QBO may be limited; for example, Customers and Sales, or Vendors and Purchases. The option to limit a user's access to only perform administrative functions such as adding users, changing company information, managing subscriptions and billing is possible. A Primary Administrator or Company Administrator is authorized to make these changes.

The following list shows the types of access rights that may be assigned.

| | |
|-----------------------|--|
| Primary administrator | The main user has access to every part of the QBO account. By default, the primary administrator is the person who set up the account. |
| Company administrator | The company administrator has access to every part of the QBO account. They can do everything the primary administrator can do, except edit or remove the primary administrator's access. |
| Custom user | Included with QuickBooks Online Advanced only, a custom user can access specific areas. For example, the custom user can see only the Bank Deposit screen. |
| Standard user | Different levels of access for this user are available. Standard users work with customers, sales, vendors, and expenses. These users can enter timesheets, add users, update company info, or manage subscriptions. |

User settings for standard user role

After choosing standard user role access rights, you'll also be able to select their user settings. You can give them permission to manage users, edit company info, or manage subscriptions. Or you can choose a view only option or no permission at all.

AUDIT LOG

QuickBooks Online maintains a log of each financial transaction as it is added, changed, or deleted. The *Audit Log* serves as an audit trail that lets you see exactly what changes were made and who made them. You can use the Audit Log to research changes made to individual or multiple transactions. Information includes the date of the change, the name of the user, the type of event, the name of a customer or vendor related to the change, and any original transaction dates and amounts.

For most transactions or events, you can select View in the History column to open Audit History, detailing changes to an individual transaction or event. Many accountants use the audit log to review client activity. A business owner may want to check the audit log on a regular basis as part of the company's *internal controls* and fraud prevention procedures.

1. Click Gear > Audit Log which is in the Tools list. (*Hint:* The Audit Log is also available from the Navigation bar. Select Reports > All Reports > Business Overview > Audit Log.)

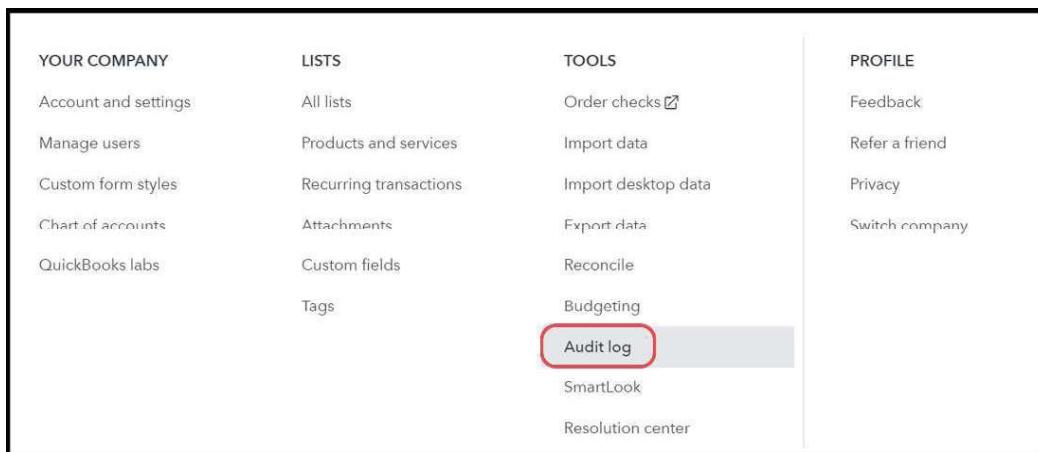
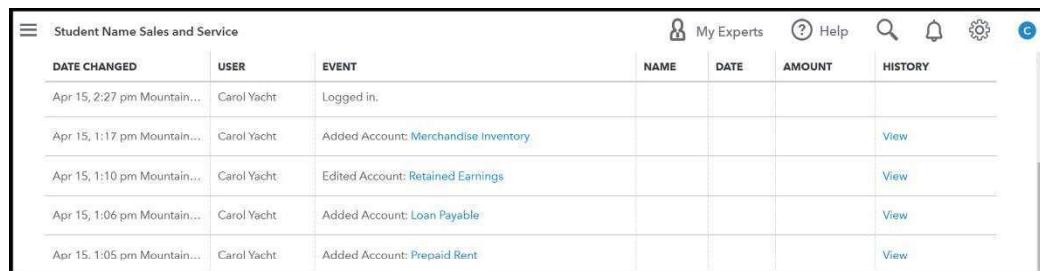


Figure 2-44: Audit Log

2. There are several ways to view the Audit Log.

- To limit the view to specific users, dates, or type of events, click Filter.
- To control which columns are shown and printed, click the gear icon.
- To open a transaction noted in the Event column, click its link.
- To see a history of the event, select View in the History column.
- To view more events, scroll to the bottom of the screen and click <Next>.

Figure 2-45 shows a partial Audit Log.



| DATE CHANGED | USER | EVENT | NAME | DATE | AMOUNT | HISTORY |
|-----------------------------|-------------|--------------------------------------|------|------|--------|----------------------|
| Apr 15, 2:27 pm Mountain... | Carol Yacht | Logged in. | | | | |
| Apr 15, 1:17 pm Mountain... | Carol Yacht | Added Account: Merchandise Inventory | | | | View |
| Apr 15, 1:10 pm Mountain... | Carol Yacht | Edited Account: Retained Earnings | | | | View |
| Apr 15, 1:06 pm Mountain... | Carol Yacht | Added Account: Loan Payable | | | | View |
| Apr 15, 1:05 pm Mountain... | Carol Yacht | Added Account: Prepaid Rent | | | | View |

Figure 2-45: Partial Audit Log



To see the work that you completed, go to the Audit Log—Gear > Audit Log. The Audit Log shows the date and time of your logins, logouts, and work completed. The work you complete is saved on Intuit's web server. To start where you left off after signing out, go to <http://qbo.intuit.com>. Sign in with your User ID and Password.

CHECK YOUR PROGRESS

Check Your Progress assignments are included within Connect and below.

1. The Account No. for Checking is _____.
2. The Account Type for Checking is _____.

3. The Account No. for Accounts Payable is _____.
4. The Account Type for Accounts Payable is _____.
5. The Account Number for Common Stock is _____.
6. The Account Type for Common Stock is _____.

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.

Additional Student Resources (ASR)

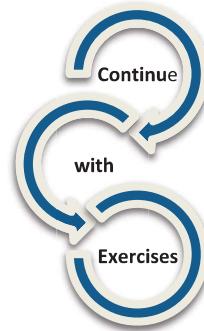
The following resources can be found on the Additional Student Resources (ASR) page in Connect's eBook. If you are not using Connect, your instructor can provide you with an ASR page document that contains **URLs** to access these resources:

1. Access QBO Sign Up.
2. Narrated PowerPoints include QBO videos.

3. QBO Videos
 - How to set up your chart of accounts
 - QBO playlist, tutorials and videos.
4. Text Updates.

Exercise 2-1: Complete Exercise 2-1:

1. If necessary, start QBO.
2. Add new accounts to the Chart of Accounts.



| Account Type | Detail Type | Name | Number |
|--------------|------------------------------|-------------------------------|------------|
| Income | Service/Fee Income | Professional Fees | 403 |
| Expenses | Shipping, Freight & Delivery | Shipping and Delivery Expense | 627 |

For default accounts, type account numbers, or change account name. If these default accounts are not listed, add <New>.

| Account Type | Detail Type | Name | Number |
|----------------------|----------------------------------|-----------------------|------------|
| Other Current Assets | Other Current Assets | Uncategorized Asset | 130 |
| Other Current Assets | Other Current Assets | Undeposited Funds | 133 |
| Expenses | Travel | Conventions | 604 |
| Expenses | Other Miscellaneous Service Cost | Uncategorized Expense | 701 |

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

1. Save the Chart of Accounts as a PDF file. Use the file name **Exercise 2-2_Chart of Accounts.**
2. Export the Chart of Accounts to Excel. Use the file name **Exercise 2-2_Chart of Accounts.xlsx.** (*Hint:* Your chart of accounts may show some default accounts *without* account numbers.)

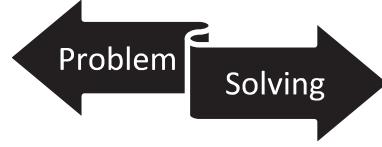
Check Your Chart of Accounts:

- Account 101 Checking; Bank; Detail Type, Checking.
- Account 123 Prepaid Rent; Other Current Assets; Detail Type, Prepaid Expenses
- Account 130 Uncategorized Asset; Other Current Assets; Detail Type, Other Current Assets
- Account 205 Loan Payable; Other Current Liabilities; Detail Type, Loan Payable
- Account 403 Professional Fees; Income; Detail Type, Service/Fee Income
- Account 604 Conventions; Expenses; Detail Type, Travel
- Account 701 Uncategorized Expenses; Expenses; Detail Type, Other Miscellaneous Service Cost

2. Continue with Exercise 2-3.

Exercise 2-3: Problem Solving

Exercise 2-3 is available within Connect. It includes:



On the Chart of Accounts, why are the account and detail type selections important? To explain the account and detail types, use 3 accounts—one asset, one liability, and one expense account. Identify the Account Type, Detail Type, Name, Number, and financial statement.

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, and Basic Reports and Rules. Refer to the QBO Certified User_Exam Objectives.pdf.

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