Introduction to QuickBooks® Online Edition
Course Manual

Module 1

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About this Tutorial
Welcome to Introduction to QuickBooks! This tutorial is composed of 8 modules, and in them you will set up a business, manage customer and vendor accounts, record many kinds of transactions, and produce a set of financial statements for your business. You will use the QuickBooks Online Edition general ledger accounting program as you perform these tasks. Module 9 is a comprehensive assessment that you can use to assess your learning. If this manual is used in a college course, the assessment can be used to determine your course grade.

QuickBooks is a small business accounting program that can be used by accounting professionals to provide a full range of services, but it is also designed to accommodate small business owners and operators who have no training in accounting. In addition to allowing these businessmen and businesswomen to do some of their own bookkeeping (thus reducing business expenses), the program can be used to easily and quickly generate reports and graphs that will help owners and managers make more effective business decisions.

A note from the instructor about course prerequisites. This introductory course does not require previous coursework in Accounting, though a foundation in basic bookkeeping will allow you to better understand the processes that are occurring “behind the scenes” in QuickBooks. While it is true that QuickBooks is a very user-friendly program that does allow non-accountants to do much of their own accounting, you will find that a good understanding of debit-and-credit double-entry accounting is necessary in order to take full advantage of all the program’s capabilities.
Since QuickBooks is the best selling small business accounting program on the market today, the skills you acquire in this tutorial will be of real value to you in the marketplace. Bookkeepers, small business owners, and accounting students will want to become proficient in the use of QuickBooks, and should complete additional training beyond this basic introduction.

Course Objectives
After completing the Introduction to QuickBooks (ACCT 120) course, you should be able to:

- Create a new QuickBooks company.
- Modify the preset chart of accounts to suit your needs.
- Add information to company lists, or edit information in company lists.
- Open and use registers for any QuickBooks balance sheet accounts.
- Invoice customers.
- Create sales orders.
- Generate customer statements.
- Record collections from customers and make bank deposits.
- Write QuickBooks checks and assign amounts to specific expense accounts.
- Prepare and print financial statements.
- Enter bills into QuickBooks accounts payable and record their payments.

Program Versions
Our course will introduce you to computerized accounting using QuickBooks Online Edition software. This version of QuickBooks is similar to the QuickBooks Pro Edition software that is used in our Advanced QuickBooks course, except that the program is not loaded onto the user’s hard drive. Instead, the program and the company’s data are stored on a remote server; and users can access the company’s records from any computer that has an Internet connection. This means that business owners, employees, and the company’s CPA always work with the most recent version of the program and the same set of up-to-date company data. There is also no need to send data files back and forth between users or to worry about backing up the company data.

Caution! QuickBooks Online Edition is subject to change!
Please understand that our online edition program changes frequently. This is because we access the program in real time, and we see the effects of program upgrades and modification just as soon as they are made. Small changes occur frequently in QuickBooks, and every effort is made to make keep this manual up to date. However, you are likely to observe some cosmetic differences between the illustrations in the manual and what you see on your screen. Differences in font or background colors are minor, and the manual will not be updated just because colors or

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fonts have changed. These changes should not be troublesome for you. But changes in screen layouts or new ways of entering data must be incorporated in the manual immediately. If you notice a change in the program that should be reflected in the manual, please report it to the author right away!

This online access of the QuickBooks program reflects a trend that is quickly becoming commonplace in the world of business - cloud computing. The term "cloud" refers to the Internet. Early programming flowcharts used a "cloud" symbol to represent a telephone network. This later evolved into the symbol for a network of computers, which then became the Internet.

Cloud computing companies deliver programs and business applications over the Internet. The software and the user's data are stored on the provider's servers; so the provider, not the user, is responsible for updating and maintaining the programs and for backing up the user's data. This is a benefit that has real value for many users. After all, a user of the service doesn't want to struggle with selecting and setting up the hardware, installing the software, and managing technology updates. The user only cares about being able to access a particular program reliably and use it to meet his or her application requirements.

Presently, the major cloud computing providers are Hewlett Packard, IBM, VMware, Amazon, Google and Microsoft. If you would like to view a brief video overview of cloud computing, just click the link below:

http://www.youtube.com/watch?v=ae_DKNwK_ms

While cloud computing may be the standard way of accessing software in the future, most small businesses still operate applications that are installed on desktop computers. After completing this tutorial, students will be able to easily transition to the desktop versions of Quickbooks or to other small business accounting systems. The table on the following page summarizes the differences between the small-business versions of QuickBooks.

Prices and features are current as of December, 2011. For more current prices and features, click below:

## Compare QuickBooks Products

**The QuickBooks lineup at-a-glance**

Whether you're just starting out or your business is growing, there's a QuickBooks that fits your needs. Learn how different versions compare with this easy-to-use QuickBooks comparison chart.

<table>
<thead>
<tr>
<th>Online Plus</th>
<th>Desktop Mac</th>
<th>Desktop Pro</th>
<th>Desktop Premier</th>
<th>Enterprise Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>$199.95/month</td>
<td>$229.95</td>
<td>$383.95</td>
<td>$599.95</td>
<td>$600/user</td>
</tr>
</tbody>
</table>

### Save time when tracking your finances

<table>
<thead>
<tr>
<th>Feature</th>
<th>Online Plus</th>
<th>Desktop Mac</th>
<th>Desktop Pro</th>
<th>Desktop Premier</th>
<th>Enterprise Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Easily print checks, pay bills &amp; track expenses</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Track sales, sales taxes &amp; customer payments</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Manage payroll &amp; payroll taxes; offer Direct Deposit 1; sold separately</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Create e-mail estimates, invoices, reports 2</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Create and customize professional-looking invoices &amp; forms, included with QuickBooks Online and QuickBooks for Mac; free trial available for QuickBooks for Windows; 3</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Accept credit &amp; debit cards right in QuickBooks 4</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Quickly locate any account, report or invoice with QuickBooks Search</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>See invoices, billing, and related important tasks in a calendar view; add to iCal for QuickBooks for Mac</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Stay on top of your receivables with the Collections Center</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Invoice multiple customers at once with Batch Invoicing</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Scan and deposit your checks with Intuit Check Solution for QuickBooks (subscription required) 8</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Track time and expenses to bill clients</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Access to U.S.-based product experts, unlimited technical support, upgrades and online backup 6</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Easily find and locate inventory tasks all in one place with the Inventory Center</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Work in two company files at the same time</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Integrates with Mac OS X tools such as Numbers, iChat, iCal, MobileMe, and AddressBook 5</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

### Get insights so you make better decisions

<table>
<thead>
<tr>
<th>Feature</th>
<th>Online Plus</th>
<th>Desktop Mac</th>
<th>Desktop Pro</th>
<th>Desktop Premier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase additional user licenses and allow multiple users to work in QuickBooks at the same time 9</td>
<td>Up to 5</td>
<td>Up to 5</td>
<td>Up to 5</td>
<td>Up to 5</td>
</tr>
<tr>
<td>One-click financial, sales &amp; tax reports</td>
<td>65+</td>
<td>100+</td>
<td>100+</td>
<td>100+ Industry</td>
</tr>
<tr>
<td>Import data from Excel, Quicken, Microsoft Office Accounting &amp; prior QuickBooks versions 10</td>
<td>QuickBooks import only</td>
<td>QuickBooks import only</td>
<td>QuickBooks import only</td>
<td>QuickBooks import only</td>
</tr>
<tr>
<td>Track inventory &amp; create purchase orders</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Set and manage inventory reorder points</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Download your bank &amp; credit transactions into QuickBooks 11</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Get a consolidated view into your business with Company Snapshot</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Track international sales &amp; expenses in multiple currencies</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>See key customer information at a glance with the Customer Snapshot</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Track and follow up on sales leads with the Lead Center</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Search and access industry-specific report templates created by other QuickBooks</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Easily create a business plan</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Track your Balance Sheet by Class</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Forecast sales &amp; expenses</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Sample bills, invoices, and account statements tailored to your industry</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Consolidate reports from multiple company files 12</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Manage inventory using serial number or lot tracking, FIFO costing, and multiple location inventory 13</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Create custom reports with ODBC-compliant applications using a direct connection to the QuickBooks database 14</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

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System Requirements
To use QuickBooks Online Edition, users must have an Internet connection and appropriate browser software. A browser is a software program that allows the computer user to access the Internet. Internet Explorer (version 9.0 or higher is required) can be downloaded for free from http://www.microsoft.com/windows/internet-explorer/worldwide-sites.aspx. Mozilla Firefox (version 7 or higher - free from http://www.mozilla.com/en-US/firefox/firefox.html), Google Chrome (available from http://google.com), and Safari (version 5 or higher – available from http://apple.com/safari) are also supported. Minimum system requirements are:

Windows 7
- Starter, Home Premium, Ultimate, Professional
- 32- and 64-bit (if running in 32-bit mode)

Windows Vista:
- Vista Home Basic, Home Premium, Ultimate, Business
- Includes all service packs
- 32- and 64 bit (if running in 32-bit mode)

Adobe Reader 10.0 or higher (for printing invoices, etc. – free from http://www.adobe.com)

Excel 2007 or later for report export
(or Open Office’s “Calc” program – free from http://www.openoffice.org)

Microsoft Word 2007 or later for document export
(or Open Office’s “Write” program – free from http://www.openoffice.org).

A note from your instructor about program updates. As mentioned earlier, the publisher of the QuickBooks suite of programs is continually improving and changing the program and this can cause differences between the illustrations you will see in this course manual and what you might actually see on your computer screen. Some of the detailed instructions given to you in this manual may also go out of date. This manual is updated whenever a material change occurs, so if you notice an instruction or screen shot that requires revision please report it right away by writing to the author at cpence@my-accounting-tutor.com.

About this Manual
Part 1 of this course is divided into 8 modules, and each module combines written instructions with hands-on student participation. As you complete a lesson, you are required to mimic the steps that are presented in the manual, recording the same transactions for your QuickBooks
company. Once you have correctly completed the lessons that make up Part I of the course, you may then begin to work on your comprehensive practice set assessment problem (Part II). This comprehensive assessment requires you to apply your learning and record various transactions using QuickBooks Online Edition. If you are using this manual in a college course, your instructor will logon and check your work online. There is no need to use your printer or to email output to your instructor for grading.

**About Small Business Accounting Systems**

Most people associate accounting with taxes and assume that accounting records are used primarily in preparing the annual tax return. There is no doubt that tax records are important, but other business activities also rely upon accounting information. QuickBooks and other small business accounting programs can streamline all of the following business processes:

- Customer invoices must be prepared and collections from customer must be recorded.
- Bills from outside vendors must be processed and paid.
- The company’s cash balance must be managed, and bank reconciliations must be prepared.
- Inventory levels must be managed.
- Payrolls must be processed.
- Budgets must be prepared.
- Financial reports must be printed and distributed to the parties who need them.
- Financial data must be analyzed to identify problem areas that need management’s attention.

**QuickBooks’ Look and Feel.**

Before we begin working in QuickBooks, it will be helpful to describe the program’s *interface* (the way the user interacts with the program).

Traditional accounting textbooks teach students to use a *manual accounting system* which is composed of paper journals and ledgers, and in which debit and credit entries are physically entered into the accounts. This is known as *double-entry accounting*. Some accounting software programs do organize data entry this way, and the user enters debit and credit entries into the computer instead of writing them down on paper. They mimic the manual system that is presented in the textbooks.
QuickBooks *can* be used by accountants to make debit and credit entries into the accounting system, but debits and credits are not required when recording many types of business transactions. Instead, a *forms-based* approach is used, in which the data entry screen looks just like a business document (a check, bill, bank deposit etc.) instead of an accounting journal. Non-accountants would not be able to record transactions in a journal, but anyone can fill out a check to record a payment or complete an invoice to bill a customer. Therefore, this approach is more "user friendly" for persons who lack training in accounting, and it also allows the user to see what the final business form will look like when it is printed and delivered to a customer, vendor, or other party.

**Forms, Lists and Registers**

Most of the work that is done in QuickBooks will involve the use of a *form*, a *list*, or a *register*. Let’s examine these items a little more closely.

**Forms**

As we know, a *form* is often used to record many kinds of information. The illustration below shows us the form that is used in QuickBooks to record a bill received from a vendor. A vendor is another party, such as a utility company or an office supply store, from which something was purchased. When a bill is received, the "Enter Bills" form is used to record the bill in the accounting system:

![Forms illustration](image)

Once the information is entered into the form, the user clicks "Save" and QuickBooks records the bill as a debit-and-credit entry in the accounting system. The user, though, will not see it happen since the accounting occurs in the background, “behind the scenes.”
Lists
The information that is recorded in the forms might be typed into the form manually, entered automatically by QuickBooks from saved data (vendor addresses, products, prices, existing balances, etc.), or presented to the user in a list. In the Enter Bills form above, the information in the Vendor, Terms, and Account fields will be selected from lists. We need only click these boxes and select an option from a drop-down list (see above).

Lists and automatic data entry save time and ensure that information is entered accurately. The Enter Bills form is rather simple, but the Invoice form we will complete when we send a bill to one of our customers is more complex.

When we select a customer name from the drop-down Customer list, QuickBooks automatically fills in the address, the payment terms, and the customer’s sales tax status. We can also select a product or service item from the products list, and when we do, the price and description will be entered automatically.
Here is an example of the Customer List that is maintained in the Customer Center. There is also a Vendor List, and a Products and Services List.

<table>
<thead>
<tr>
<th>Customer List</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>Cecilia's Fine Food</td>
</tr>
<tr>
<td>Dats Delmonte</td>
</tr>
<tr>
<td>George Hentrobe</td>
</tr>
<tr>
<td>Jackson's Family Music</td>
</tr>
<tr>
<td>Sylia's Gift Shop</td>
</tr>
</tbody>
</table>

**Registers**

Registers are referred to as general ledger accounts in accounting and bookkeeping courses. They are similar, in concept, to the check book register that is found at the back of our check books.

A check book register is used to record the checks that were written and the deposits that were made to our checking accounts, and we use it to keep a running balance for our account. A QuickBooks account register is similar. All of the transactions that have affected the account are recorded in the register, and the balance in the account following each transaction is displayed.

In the illustration below, we see an example of a QuickBooks account register. The account is the “First Bank Checking” account. All of the transactions that affected the account are displayed here, along with the balance in the account. Each account has its own register, and many accounts are maintained for a business.

<table>
<thead>
<tr>
<th>Bank Register</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
</tr>
<tr>
<td>---------------</td>
</tr>
<tr>
<td>01/01/2008</td>
</tr>
<tr>
<td>01/20/2008</td>
</tr>
<tr>
<td>01/22/2008</td>
</tr>
</tbody>
</table>

**Final Note**

This ends our overview, and you are now ready to start working with QuickBooks. Before you begin, though, you should understand something about the program and the settings you will enter into QuickBooks as you complete the following section.
(1) It is always possible to change a setting later on. Do try to follow the instructions to the letter, but if you do make errors when you set up your company you will not necessarily have to live with them through the entire course.

(2) Transactions that you record in the program can always be edited and changed. You normally not have to deal with tricky correcting entries when correcting data entry errors. Since entries can be edited after they have been made, it is usually not necessary to delete a prior entry. In fact, deletions often cause unintended consequences and can result in a bit of an accounting mess. It is always best to edit rather than delete!

(3) Your work is automatically saved whenever you exit from the program or logout or lose your Internet connection.

These features make QuickBooks a very flexible, user-friendly program. If you do encounter trouble as you work through this tutorial, email your instructor (if you are enrolled in a college course). Describe your problem and the instructor will reply with tips and suggestions.

**Break Point!**

You have now completed the course overview, and you are about to begin working with QuickBooks. In the following section, you will set up your company and enter your company preferences. This may be a good time to take a little break!

### Getting Started with QuickBooks Online Edition

#### Subscribing to Quickbooks Online Edition

The publisher of the QuickBooks Online Edition program offers users a free 30-day trial subscription to the program. If you are *not* using this manual in a college course, you may use the free trial to complete this tutorial. If you are enrolled in a college course, you will be given a student subscription to QuickBooks Online Edition Plus. This special student subscription is good for a maximum of 6 months. You will most likely not need this much time to finish your course, but it is available “just in case.” To activate your subscription, you will need to have a referral code that your instructor will give you, and you need to go to a special internet address (a URL) in order to set up your QuickBooks company. When you enter your company information and the referral code, your 6-month registration will begin. The 30-day free trial does not require a referral code.
Caution! You must follow all the directions in the remainder of the module exactly as they are given. Do not attempt to customize your company name, type of business, preferences, etc.

Helpful Hint! As you complete our course, you will be entering information from this manual into the QuickBooks program. Click the link below to play a video presentation that shows you how to have both the course manual and QuickBooks visible and running on your computer screen at the same time.


A QuickStart Guide to Setting Up Your Company

1. Email your instructor and ask for the referral code (if you are enrolled in a course).
2. When you have received your referral code, enter the following address in your browser (or just click on the link) and go to the registration site:

https://qbo.intuit.com/redir/trynow?bc=QOE-TYN

If you happen to have previously set up a company in QuickBooks, you will see the following screen:

The login name you used previously will be displayed. Enter the password you used previously in the password box, or, if you don't want to use your previous account name, just click "create a new login?" and you will see the screen on the following page.
If you have not set up a QuickBooks company previously, or if you clicked "create a new login?" your screen will look like so:

Fill in the registration boxes above, entering your own unique username and password. Write your username and password down and store it in a safe place, since you will need to enter both each time you login to the program.

3. When you have completed screen 1, go to screen 2. For the type of business, scroll through the drop-down list. You MUST select the "Miscellaneous Services" heading, and then select “All Other Miscellaneous Services” (see opposite). Choose “Owner/Partner/CEO” as your role in the business. Select “Customers” in the last box (see below).
4. **Complete screen 3 as shown below.**

If a user has been using Quicken or a desktop version of QuickBooks, QuickBooks Online can convert the data and upload it. This eliminates the need to set up a new company “from scratch.” In this lesson, however, you will be learning how to create a new QuickBooks company, so you will need to **click the “No” response to the question “Do you want to start with data from another version of QuickBooks?”**

QuickBooks comes with standard sets of accounts for several different industries, and using them avoids the problem of having to set them up from scratch. **Select “Create accounts based on my industry.”**

Continue on down the form to the area where you are asked to enter your company name and address (see below).
5. **Enter your business name.** This must be your actual name, followed by “Service Company” (e.g., “John Smith Service Company”). Then **enter your own email address, and your own home address** (1313 Mockingbird Lane, Freeport, IL is shown in the illustration). Do not enter a telephone number.

6. On the “Step 4” screen (see below), click the “I accept” button, and then, if you are enrolled in a college course, **enter the referral code you received from your instructor.** Be sure to enter this exactly as it was given to you (copy and paste is the safest way to do it). If the referral code is omitted or not entered correctly, you will not receive your 6-month student subscription and you will be operating on the free 30-day trial.
7. Once you complete these forms and submit the information, you will be asked to verify the information (see below).

![Confirm Company Details](image)

7. **Verify the information, then click “Continue.”**

8. **Click “Continue”** if all is correct, or make corrections if they are needed. You will next see the following:

![Get Started Right](image)

8. **Click “I want to jump right into QuickBooks Online.”** You may see the welcome screen below. If you do, then **click on the "Skip" link** at the bottom of the screen. We will do a more complete setup than this simplified process provides.

9. The first selection is helpful for new users, but we will not need to look at this introductory page now. Instead, **click “I want to jump right into QuickBooks Online.”** You may see the welcome screen below. If you do, then **click on the "Skip" link** at the bottom of the screen. We will do a more complete setup than this simplified process provides.
10. QuickBooks opens and we are taken to the **getting around page**: 

![Getting Around QuickBooks Online](image)

The “Getting Around” page is one of many that we can open under the “Home” tab. It is a graphical map of all the functional areas in QuickBooks. We can access these areas by clicking on the icons, or by clicking the tabs at the top of the screen. The same map is presented to us on the actual home page, along with other links in table form. **Click the house icon, 🏡, and you will open the actual “Home page”** (see below).
When we login to QuickBooks in the future, the program will always open on the "Home Page." If we want to go to other pages in QuickBooks, we access them by clicking a tab at the top of the screen, or, if we’re on one of the few pages that display the map, by clicking the icon on the map. **Move your mouse pointer to the "Company" tab at the top of the screen, then** **click the mouse.** The "Company" page opens, and we see the company's **chart of accounts:**
The chart of accounts is the list of accounts that are used to record the company's business transactions. These accounts were given to us by default when we selected "Other Miscellaneous Service" as the company type.

In addition to accessing the company's chart of accounts, the Company Page is used to set up budgets, administer the company, and many other activities. We will explore these features later in this course.

11. You have now registered your company with QuickBooks Online. When you return to QuickBooks in the future, you will only need to enter your username and your password in order to return to your company.

12. Let’s practice this. *Exit from the program* by clicking on “logout” or by simply closing your browser window.

13. Now *go to the QuickBooks Online Edition* login page at [https://qbo.intuit.com](https://qbo.intuit.com). You should see the screen below. You may want to bookmark the page and add it to your “Favorites” list, or write this address down and keep it near your computer.

14. *Enter the username and password* you established in the registration process and *click “Login:”*
15. You should now be in QuickBooks and back on the home page. Note that we will always see the home page when we return to QuickBooks. Move your mouse to the “Company” tab but do not click. The ribbon of company area functions drops down:

![QuickBooks ribbon](image)

The drop-down menu lists most of the functions and resources that are contained in the Company area. Clicking on anything in the list will start the function, and is a convenient way to access it. Let's practice doing this. Move your mouse pointer to the "More" function, and another list of functions appears:

![QuickBooks More function](image)

Click on "Rearrange Menu" and the screen shown opposite appears. "Recurring transactions" will not be used in our course, so click on this item and drag it to a new location between "Lists" and "Import QuickBooks Desktop Data." Then click on "Save," and when the screen refreshes click on the "Company" tab. We see that the functions on the ribbon at the top of the company page have been rearranged according to our specifications:
16. Before we leave the "Company" page, let's look at one more feature that is available to us. Click the "How Do I?" button on the right side of the screen (see below).

The screen shown opposite appears. The listed questions (all related to the functions on the Company page) can be clicked to read the answers to them, and general explanations are also available. This constitutes a general information file about the Company area. You are encouraged to click on any of these questions to read the answer that is provided. When you are finished, click “My Account” in the title area at the top of the page:

17. The screen below appears. The items listed under Current Selection can be checked to verify your subscription status and the QuickBooks features available to you. Verify the fact that you have a 6-month student subscription by making sure that the ending date listed on your screen is six months past the current date.
18. When you are finished, click “Manage Users” (see above). The screen below appears. Your name should be listed, since you are the only user registered for your company at present.

19. Click on “New” (see above). The screen shown opposite appears. You will now add your instructor, Craig Pence, to your company’s user list. As you can see, several types of users, each with their own rights and capabilities within the program, can be established.

Click the “Company administrator” button and then click the box beside “This user is my Accountant.” A complete description of the various types of users and the considerations that go into determining the appropriate status for a given user is provided in the section below.
20. **Click the “Next” button** to advance to the screen below. Enter your instructor’s email address (cpence@my-accounting-tutor.com) and name, as shown below, then **click the “Next” button** at the bottom of the screen.

![Enter user’s email address](image)

Your instructor is now listed along with you in the user list. The status for the new user is shown as “Invited.” This will change to “Active” when your instructor accepts your invitation and joins your company. Clicking the “Resend” button resends the invitation to the invited user. Note that you can also use the “Edit” button to change a user’s contact information, user rights, etc. You can also click the “Activity” button to view a report concerning all that the user has done in your company’s records.

21. You now see a summary screen that explains that the new user will be emailed. **Click “Finish”** and you will then see the summary screen below.

![User List](image)

22. You have now added me, your instructor, as a user to your company. This means I will be able to access your company online and check your work in order to give you credit for
the course. I will also be able to look into your company’s files and help you solve any problems that you may run into. The section below provides details about user types and issues related to internal control.

More About Adding Users to Your Company

All companies have to be concerned about unauthorized access to the accounting records. As a result, they create controls in the accounting system aimed at securing the data. This is called providing internal control over the accounting records. There are several ways to protect QuickBooks data, and the most fundamental and obvious is for the Company Administrator to select a hard-to-crack password and then keep it secret. For a guide to selecting a strong password, click here.

It is a bad idea to write the password down on paper, and if we don’t have a written record then we must memorize the password and rely upon our (faulty) memories to retrieve it when we wish to work with the company. What’s more, it is a good idea to change the password periodically, and even more mental gymnastics will be required of us when we do this. Remember that QuickBooks offers us the opportunity to enter a security question when we go through the company setup. If we enter a security question and then do forget the password, QuickBooks will send it to us if we are able to answer the security question. This question, of course, should be something that can only be answered by the Company Administrator.

While we do want to restrict access to the accounting records, it is often necessary (and desirable) to give others limited access to them. There may be bookkeepers or other employees who need to record transactions, employees may need to enter their work time, or the CPA may need to be able to access the data in order to prepare reports. We want to allow these users to enter the program and work with the accounting system, but we also need to limit their access to the data and their ability to alter it. This can be done by adding them as users to the program (as you just did with your instructor), and selecting an appropriate user category for each individual. You may even customize each user’s rights within the program, and limit their access to specific parts of the program. When we wish to end a user’s access to the program, the user may be deleted from the user list. The person will then have no access to the program at all. QuickBooks Online Edition allows up to 20 users for one company.

User Categories

As a new company is set up in QuickBooks, the name and email address of the Master Company Administrator is entered into the program. Once the Master Administrator is established, up to
19 more users can be added. Other users can be made administrators, but there can only be one master administrator. administrators can:

- Add new users
- Delete existing users.
- Change another user’s access privileges.
- Import and export data.
- Change company information (such as name, address, fiscal year, etc.).
- Set or edit closing dates.

The master administrator is typically the owner of the company or the head accountant (called the controller). The master administrator and other administrators have the same unlimited rights within the program, but the master administrator is the only user who cannot be deleted from the user list and he or she is the only user whose access rights cannot be changed.

If it becomes necessary to remove a former master administrator and create a new master administrator, we may transfer the master administrator role to another user. This is done by opening the user list and clicking transfer the master administrator (see below, but do not click the button and actually make a transfer). Once the transfer has been accomplished, the previous master administrator may be deleted from the user list.

The administrator may also choose to limit new or existing users to “reports only” or to “time tracking only.” a “reports only” user can only access quickbooks reports (but not those that would list vendor, customer or employee contact information), and a “time tracking only” user will only be able to enter his or her work times in quickbooks. These users do not “count” toward the 20-user limit. Other users can be given limited, specialized rights by clicking the “regular or custom user” button (see below) during setup.
When “Regular Custom User” is selected, the following screen appears and we are able to customize the user’s rights.

Users may be given “all rights,” which gives them all the rights of an Administrator except for the ability to add and delete other users, modify the rights of other users, change company contact information, and manage the QuickBooks subscription. However, any or all of these rights can also be given to the user when the “Next” button is clicked.
When “limited rights” are given, we can prevent the user from printing checks, deleting or altering transactions, view or edit the payroll records, etc. These features provide for strong internal control by allowing us to authorize only certain individuals to access the company’s cash, record payroll amounts, view sensitive employee information, make purchases, and so on.

![Image of user access rights](image)

When “Limited” is clicked, we may then add rights as described in the screens below.

![Image of client and sales access rights](image)

Later, you set the user’s administrative abilities (creating other users, changing company information, and subscribing to services).
Auditing User Activities
Another strong internal control measure in QuickBooks is the Activity Log Report. This report can be run by clicking a link on the Company page, and it can be used to monitor the users’ activities in QuickBooks (see below).

Account additions and deletions, transactions, and every other activity carried out by each user in the system are listed in this report. The screen shot below shows my recent activities in QuickBooks. In order to view the details of these activities, we only need to click the icon in the “History” column. (Note that your dates will differ from the older dates shown in the log.)
If we click the “Customize” button, the report can be set to view a single user’s activities, to limit the date range the report covers, or to restrict the report to certain types of activities.

| Break Point! | You have now established your company, but we have not yet finished the setup process. This might be a good time for a break! When you are ready, continue on with the section below. If you close out of QuickBooks, remember that you can always return to https://qbo.intuit.com, login, and then resume your work. |

Setting Company Preferences

Before we begin to use QuickBooks to record company transactions, we need to tell the program about the business. We will do this by setting the company’s preferences in QuickBooks. Setting up the company file properly is important in order to correctly account for the business, but preferences can also be changed at a later date. What we do in the following section is not “carved in stone.” If changes (or corrections) need to be made later on, we will be able to do so.

1. Because we are using the QuickBooks Plus package, we are given payroll features along with other accounting functions. QuickBooks assumes that we have employees (even though we do not), and requires us to enter our company information in the Payroll area before we can enter our company preferences. This is done to ensure that we comply with all the rules and regulations regarding payroll taxes, withholdings, and reporting.

   Therefore, let’s begin the process of entering our company preferences by setting up the company’s payroll preferences (located under the “Employees” tab). Remember, until we do this, QuickBooks will not allow us to enter any other company preferences.

   **Login to Quickbooks, then click on the “Employees” tab** (see below).

2. The screen shown below opens. Note that the company profile shows that our company profile is not yet complete (it is shown as “in progress”). This is because we have not yet
entered the information about our employees and payroll dates. **Click the “Edit” button.**

3. We now see the first of two information windows (see below).

![Diagram of employee information](image)

This screen is filled in with the information that was entered during the initial company registration process, and it should all be correct. If changes need to be made, enter them now, then **click the “Continue” button.**

4. We now see a screen titled “About Your Business” (see the illustration on the following page).

![Diagram of business information](image)

Again, the information from our initial setup is displayed here. If changes need to be made, make them. Then **select “Other Services”** for the business type, **enter your telephone number**, then **select “None yet”** for the number of people that you employ and pay.
Once the form is filled out, **click “Continue”** and you will see the screen opposite.

The profile is now marked “Done,” so all of our company information has been entered in the payroll area. This means that QuickBooks will now allow us to enter our other company preferences.

5. **Helpful Tip:** When the payroll function is activated for your company, the company name, address, telephone number, number of employees, etc., must be entered in the “Employees” area before other preferences can be set. This is only true when the Payroll feature is active in the program. Otherwise, this information can be entered directly in the “Preferences” area under the “Company” tab.

6. We have many other preferences to set up now that cannot be entered in the “Employees” area, so **place your mouse pointer on the “Company” tab**, and then **click on “Preferences”** from the menu ribbon (see below).
7. The first of the “Preferences” screens should now appear, and the company name and email address should be shown (see below). Make any corrections that might be needed.

Note that while we entered a telephone number in the Payroll setup screen, we did not list one for our company during initial setup. Do this now **by entering 815-555-5555 in the telephone number box**. Company information can be changed any time you want by returning to this page.
8. Scroll down the page and enter the EIN (see illustration on the following page). QuickBooks Online is able to process payroll records and can generate the required payroll reports quickly and accurately, though in this course we will not use the payroll feature. Businesses with employees must obtain an “Employer Identification Number” (or EIN) from the IRS and use it on the various payroll tax forms that must be filed with the IRS. Small business owners with no employees are not required to obtain an EIN, and they may instead use their own Social Security numbers (SSAN) for tax reporting purposes. However, even though we have no employees, we did set up the payroll function. Therefore, Quickbooks assumes that we do have employees and the program will not allow us to enter our SSAN. Instead, enter the following EIN: 55-5555555.

We are also required to enter the first month of the business’ fiscal year. A businessman can choose to operate on either a calendar year basis or a fiscal year basis. A calendar year begins on January 1 and ends on December 31. A fiscal year can begin on any calendar date, and end 12 months later. A fiscal year might be chosen because the end-of-year activities (taking inventories, preparing financial statements, etc.) are difficult to complete in December and January, the end of calendar year. If it is easier to do these things in the summer when business is slower, then a fiscal year that ends on, say, July 31 might be chosen instead. A small business that is not incorporated is required to use a calendar year basis for tax reporting, so most will also use a calendar year for accounting purposes. Make sure that “January” is selected as the “first month of the fiscal year.” If it is, then either button, “first month of the fiscal year,” or “January,” can be clicked.
9. Further down the page (see below) we see that the “tax form” must also be selected. Since our business is a single owner/operator type of business and is not incorporated, select the “One owner” (sole proprietor) button.

The owner of an unincorporated small business files the business tax return as part of his or her own individual tax return (Form 1040). Schedule “C” on the Form 1040 tax return reports the business profit or loss. Computerized tax programs (such as Intuit's "TurboTax") will allow the user to import data electronically from a QuickBooks data file, saving data entry time and effort for the taxpayer.

What Kind of Business Should You Start?

Choosing the legal form of the business is one of the first decisions that must be made when a new business is started. Should the business be organized as a sole proprietorship, a corporation, a partnership, a limited liability company, or one of the other business forms acceptable under state law? There are advantages and disadvantages associated with any of the choices, and the decision should not be made without the professional advice of your accountant or lawyer.

A small business that is not incorporated is required to use a calendar year basis for tax reporting, so to simplify their accounting processes sole proprietorships and partnerships will normally use a calendar year for accounting purposes as well. This requirement exists for unincorporated businesses because the business income “passes through” the business and is reported on the owner’s personal tax return. The business, itself, does not file a tax return. Corporations, however, do file corporate income tax returns, and they pay their own business taxes on the corporate profits. Therefore, corporations may adopt a fiscal year that does not end on December 31. If they do, the corporation’s tax return is due three and one-half months after the end of the fiscal year.

Professional corporations (PC) and professional limited liability companies (PLLC) are formed for the purpose of providing professional services. State laws determine what constitutes professional services and this classification often differs from state to state. Under Illinois law, a professional corporation can be formed to
render services within one specific professional category (such as accounting, law, medicine etc.). State laws dictate the indicator that must be part of the corporate name: PC for Professional Corporation, PA for Professional Association, and PLLC for Professional Limited Liability Companies. Depending upon the state in which the business is incorporated, there may also be restrictions that require the profession to be listed as part of the company name (i.e., Smith Architects, PC).

A professional corporation may elect to be treated either as a standard business corporation (a “C-corp”) or as a “Sub-chapter S” corporation. “Sub-S” corporations are required to use the calendar year for tax reporting. Click here to view a summary of the advantages and disadvantages associated with the various legal forms the business may take.

10. Next, check the “Closing the books” box and enter a “Closing date” of December 31, 2010:

The closing date must be set to December 31 of the previous year. Since this manual was written in 2011 and all the entries are dated in 2011, the closing date must be set to 12/31/2010.

The books are closed after the financial statements have been prepared and distributed to the owner, the creditors, partners, etc. A bookkeeping or accounting course explains this process in detail, and it is not necessary that you understand it in order to complete this course. You should, though, have a basic understanding of the procedure.

In general, the closing process occurs at the end of each business year. When the books are closed, the revenue, expense and withdrawals account balances are transferred into the owner’s Capital account. After this is done, there will be no balances left in these accounts, and a new accounting period begins. The revenues, expenses and withdrawals in this new period are again recorded, and the balances that accumulate will represent the total revenues, expenses and withdrawals for this new period. They can then be used to prepare the financial statements for the period, after which the accounts are again closed.
This cycle repeats itself during each successive accounting period.

Therefore, it is necessary to close the revenue, expense and withdrawals accounts so that their balances, at the end of any given year, will equal only that year's revenue, expense and withdrawals amounts. If these accounts were not closed, their balances would simply accumulate year after year, and it would be very difficult to determine the current year's income or loss.

11. For the following preference item select the “Only Warn” option.

<table>
<thead>
<tr>
<th>Closing date warning type</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Only warn</td>
<td>A warning message appears.</td>
</tr>
<tr>
<td>Warn and require password</td>
<td>A warning message appears and the correct password must be entered. The password</td>
</tr>
</tbody>
</table>

In QuickBooks, it is always possible to return to a previously recorded transaction and change it. This is often necessary when errors are discovered that must be corrected. *When a change is made to a previous accounting period’s transactions, the amounts that were reported on the financial statements for that previous period will no longer agree with the account balances for the period.* They have been changed. Theoretically, changes should not be made to previous periods’ transactions, and a prior period’s error should be corrected by making a “correcting entry” in the current period. This eliminates the problem of having account balances that do not agree with the financial statement balances that were reported for the earlier period.

By checking “Closing the books,” we ask Quickbooks to help us prevent changes to prior periods’ transactions by either warning us when we attempt to make a change to a prior period or by requiring a password before allowing us to do so. This is why the closing date had to be set to 12/31/2010 if the entries were going to be recorded during 2011. Had the date been made 12/31/2011, any transaction we attempted to record with a 2011 date would have generated a warning message. Now, if we mistakenly enter a 2010 or earlier date when recording 2011 transactions, we will receive the warning.

One of the reports that is available in QuickBooks is the *Exceptions to Closing Date* report. It will document any changes that might be made to a previously closed period’s transactions.
12. Many other preferences follow, and you should set them as follows:

a. **Leave the “Log out after inactivity” box set to “1 hour.”** Check the “Account Numbers” box, but remove the check mark from the “Show Account Numbers” box. **Leave the “Enable QuickFill Autosuggest” box unchecked,** and click the “Customers” button in the “Terminology for Customers” list (see below).

<table>
<thead>
<tr>
<th>Account numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>When Account numbers is checked, you can add a number next to each account name, like this:</td>
</tr>
<tr>
<td>2600 Accounts Payable</td>
</tr>
<tr>
<td>2100 Payroll Liabilities</td>
</tr>
<tr>
<td>2200 Sales Tax Payable</td>
</tr>
<tr>
<td>etc.</td>
</tr>
<tr>
<td>You can use any numbering scheme you want. <strong>How do I assign account numbers?</strong></td>
</tr>
<tr>
<td>If you uncheck Account numbers, any numbers previously assigned to accounts are preserved.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Show account numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>When checked, QuickBooks Online inserts the number before the account name in the chart of accounts. The account number also appears in Account fields and in reports with accounts listed.</td>
</tr>
<tr>
<td>Unlike other preferences, Show account numbers applies just to you, not to everyone using this company. For example, a business owner can have ‘Show account numbers’ unchecked, and your accountant can have it checked.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Enable QuickFill Autosuggest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filter QuickFill results based on what you type (recommended for lists of more than 100,000 items)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Terminology for Customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>What do you call the people who give you money?</td>
</tr>
<tr>
<td>● Clients</td>
</tr>
<tr>
<td>● Customers</td>
</tr>
<tr>
<td>● Donors</td>
</tr>
<tr>
<td>● Guests</td>
</tr>
<tr>
<td>● Members</td>
</tr>
<tr>
<td>● Patients</td>
</tr>
<tr>
<td>● Tenants</td>
</tr>
</tbody>
</table>

b. **Leave the “Email alerts” box unchecked** (see below).

<table>
<thead>
<tr>
<th>Email alerts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turn on this preference to receive alerts from your home page emailed to you. That way, you won’t have to log into QuickBooks Online to know about important events related to your company. You can specify which type of alerts you want emailed: things to do, messages, and critical alerts.</td>
</tr>
<tr>
<td>Starting with the next alert that is added to your company home page, alerts will also be emailed to the following address. <strong>How do I change this address?</strong></td>
</tr>
<tr>
<td><a href="mailto:your.name@my-accounting-tutor.com">your.name@my-accounting-tutor.com</a></td>
</tr>
<tr>
<td>Email the following:</td>
</tr>
<tr>
<td>● Critical Alerts</td>
</tr>
<tr>
<td>Urgent issues that prevent access to your data, shown at the top of your home page.</td>
</tr>
<tr>
<td>● Things To Do</td>
</tr>
<tr>
<td>Task reminders, such as printing checks or depositing funds.</td>
</tr>
<tr>
<td>● Messages</td>
</tr>
<tr>
<td>Informational notes, such as notes about new features. You might also receive messages from other users.</td>
</tr>
</tbody>
</table>
c. **Check the “Enable auto recall”** box (see above). This is a time-saver, since QuickBooks will “remember” details about customers and vendors, and will automatically fill in many of the data fields on invoices, checks, etc.

d. **Skip over “Restart setup interviews”** and continue on to the “Categories” area. **Leave the “Location Tracking” and “Class Tracking” boxes unchecked** (see below). These are other methods that can be used to record details about sales and expenses. We will not use these methods in this course.

e. Continue on to the Products and Services” area (see below). **Check the “Products and services for sales” box and the "Products and services for purchases" box.**
This will allow you to record details about your sales and better track the areas where sales are strong and where they are weak. Since ours is a service business, we will not have an inventory of products to worry about. Check "Quantity and Price/Rate," but leave "Quantity on Hand" unchecked.

f. Continue on to the Sales Form Entry area. Leave “Custom Fields” and “Custom Transaction Numbers” unchecked.
g. **Leave “Delayed Charges,” “Deposits,” “Discounts,” and “Estimates” unchecked as well:**

- **Delayed charges**
  
  With QuickBooks Online, you can always bill customers immediately by entering a charge directly on an invoice. However, if you also want to be able to enter charges and bill customers for those charges later, turn on the Delayed Charges preference.

  With this preference on, charges (and credits) you enter will be listed on the next invoice you send. If you use Invoice, you can select the charges to include. If you use Invoice: Unbilled Activities, or unbilling invoicing, all unbilled charges are included.

  If you only bill your customers as soon as each transaction occurs, you may want to turn off this feature. If you do, Charges is removed from the Customers menu. You can still enter charges on invoices you create and send immediately.

- **Deposits**
  
  If you allow customers to put down deposits, select Deposits. This places a Deposit field at the bottom of invoices so you can subtract the customer’s deposit from the total to automatically compute the balance due.

- **Discounts**
  
  Selecting Discount lets you apply a discount percentage or a flat discount amount to any estimate, invoice, sales receipt, refund receipt, or credit memo.

- **Estimates**
  
  You can use estimates to give your customers quotes of work to be done. Turning on the preference adds Estimates to the Customers menu.

  Then when you’re ready to bill your customer for the work, you can include charges from the estimate onto an invoice.

h. **Enter a message in the “Messages to customers on invoices and other sales forms” box.** This message will be automatically written in whenever an invoice or other form is prepared for your customers. The message might be something like “Thanks for your business!” However, you are free to enter any brief message that would like your customers to see.

i. **Check the “Sales Tax” box.** The “Updating Sales Tax” popup box appears (see below).
In the “Updating Sales Tax – Web Page Dialog” box, check the boxes beside “Make all existing products and services taxable” and “Make all existing customers taxable.” Next, click on “OK.” In Illinois, only products are taxable, but this preference can be overridden easily when nontaxable sales are made. This will be illustrated later in the course.

The popup box now goes away. Check the boxes beside “New customers are taxable” and “New products and services are taxable.” Leave “Sales tax payable” in the “Sales tax account” box, and then enter “6.25” in the “Rate” box. Your screen should appear as follows:

j. Leave the “Service Dates” and “Shipping” boxes unchecked, and leave “Net 30” in the “Default Invoice Terms” box. The “Automatically Apply Credits” box must be unchecked. Your screen should appear as follows:
 Terms

For each invoice you create, QuickBooks Online starts with the Invoice Date and adds the terms in effect.

Here is how you know which terms are in effect:

- If the customer has a Terms setting, those terms are used by default.
- If the customer has no Terms setting, the Default Invoice Terms (if they are set) are used by default.
- If neither of the above are set, the Terms Field is blank by default. This means that the Due Date is in

Set your company’s default invoice terms below.

Default Invoice Terms: Net 30

Automatically apply credits

Turn on this preference if you want to automatically apply existing credits to the next invoice you create.

k. In the Sales Form Delivery area, skip over the “Customize forms” section, and leave the Delivery method default set to “Print.” Leave the “Greeting” box checked, and do not change the wording in the Subject or Message boxes. Check the “Copy me” box checked and leave the “Print a copy” box unchecked. Uncheck the “Include delivered by QuickBooks Online in your email message” box. Your screen should appear as follows:
1. **Check the boxes beside “Email sales forms as attachments” and “show aging information.”** Leave “HTML emails” unchecked. Click the “Summary information” and “Show Summary” buttons.

- **Email sales forms as attachments**
  - When you email a sales form, you can include it as an Adobe PDF (Portable Document Format) matter which email readers your customers use.
  - However, if you prefer to send only plain text, turn off this preference. When you send sales form settings, don’t appear.
  - In addition to the PDF attachment, include this in the body of the email:
    - **Summary information**
      - This displays the important data from your sales form such as Date and Amount Due.
    - **A full plain text version of sales form**
      - This duplicates your entire sales form in plain text format in the body of your email.

- **HTML emails**
  - Replace the plain text version of invoice emails with a simpler, nicely formatted HTML version.

**Statements**

Many of the choices you make in Customized Sales Forms apply to statements. The next two preferences allow you to control the way QuickBooks presents information about accounts receivable.

- **Show aging information**
  - This preference adds a table that shows amounts owed by their days overdue. It appears at the top of the Sales Discount form.
  - **Current**
  - 30 Days Past Due
  - 60 Days Past Due
  - 90 Days Past Due
  - Amount Due

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>30 Days Past Due</th>
<th>60 Days Past Due</th>
<th>90+ Days Past Due</th>
<th>Amount Due</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$50.00</td>
<td>$10.00</td>
<td>$3.00</td>
<td>$2.00</td>
<td>$75.00</td>
</tr>
</tbody>
</table>

**Show summary or details**

- **Choose the amount of information to provide to your customers about each transaction:**
  - **Show summary**
    - Just one line appears for each invoice, sales receipt, or credit memo included in the transaction.
  - In the example below, “Monthly maintenance” is a text, and the notes field of invoice #12.
    - Invoice #12: Date 02/08/2002: Monthly maintenance.
    - Invoice #1: Date 02/08/2002: Monthly maintenance.
    - Items: Service $10.00 + $100.00 = $110.00
    - Discount: 10% of $150.00 = $15.00

**m. Skip over the “Invoice Automation” button, “Accept credit cards, and Accept Online Payments” areas. Proceed to the “Vendors and Purchases” area.** Check the “Manage bills to pay later” box. Leave the “Expense tracking by customer” unchecked. Your screen should appear as follows:

- **Vendors & Purchases**
  - **Manage bills to pay later**
    - Do you want to keep track of bills you owe, but want to pay them until later?
    - With this preference, you can enter bills and payments repeatedly, as you step print manager your outstanding bills.
    - However, if you don’t need these features, you can just pay bills in the same way you do Cash on the boom: if that simpler, one-stop approach meets your needs, don’t.
  - **Expense tracking by customer**
    - When selected, QuickBooks Online places a Customer field where you enter expenses (minus expenses) in the Income by Customer report.
    - You wouldn’t want to select this check box unless you have expenses for individual cu.
n. Leave the “Use billable expenses and products/services,” box unchecked. Check the “Multiple split lines,” “Duplicate check warning” and the "Duplicate bill warning" boxes:

<table>
<thead>
<tr>
<th>Use billable expenses and products/services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Check this box to indicate that an expense or product/service is billed. Credit card charge. These billable items then flow automatically onto the customer's bill.</td>
</tr>
<tr>
<td>You should only use these items that are directly related to a customer's service.</td>
</tr>
<tr>
<td>- Buying lumber for a customer's construction project.</td>
</tr>
<tr>
<td>- Buying furniture for a customer's interior decorating.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Multiple split lines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Select this option to automatically display multiple lines on forms like what.</td>
</tr>
<tr>
<td>This is helpful if you often invoice a single transaction into multiple expenses.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Duplicate check warning</th>
</tr>
</thead>
<tbody>
<tr>
<td>When selected, QuickBooks Online will warn you when you are trying to record a check from the same checking account.</td>
</tr>
<tr>
<td>This causes QuickBooks Online Plus to take more time to record a check with the same account.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Duplicate bill warning</th>
</tr>
</thead>
<tbody>
<tr>
<td>This is useful if you need to manually bill a customer for items that have been marked as billable.</td>
</tr>
</tbody>
</table>

o. Set the “Default Bill Terms to “Net 30” and uncheck the box beside “Automatically apply bill payments.” Your screen should appear as follows:

**Terms**

For each bill you enter, QuickBooks Online starts with the Bill Date and adds the terms in effect.

Here is how you know which terms are in effect:

- If the vendor has a Terms setting, those terms are used by default.
- If the vendor has no Terms setting, the Default Bill Terms (if they are set) are used by default.
- If neither of the above are set, the Terms field is blank by default. This means that the Bill Dates in your company's billing system are used by default.

You can always override the Terms field on an individual bill.

Set your company’s default bill terms below.

Default Bill Terms: **Net 30**

**Automatically apply bill payments**

This preference controls how bill payments work when you add them from the register. With this preference, QuickBooks will automatically apply payments and then record the bill when the payment is made.

p. Leave the “Purchase Orders” box checked, but do not enter anything in the "Custom fields" boxes. Place a check in the "Custom transaction numbers" box. Do not enter anything in the "Message to vendors on purchase orders" area.

q. Proceed to the “Time Tracking” area and leave the “Use services” and “Bill customers for time” boxes unchecked. Do not change the “First day of the work week” day.
r. Skip over the “Payroll” area (Payroll preferences were set earlier), and proceed to the “Reports” area.

s. In the “Reports” area, click the button beside “Accrual” under “Default accounting method for summary reports,” and check the box beside “Turn on text wrapping in report columns.” We will discuss the difference between accrual basis accounting and cash basis accounting in Module 2. Click the button beside “In Parentheses” under the “Show Negative Numbers” heading, and check the “Except Zero Amounts” box. Your screen should appear as shown below.

t. Congratulations! You have now set up your company. When you click “Save” at the bottom of the screen, your preferences will be saved. Be sure to click the “Save” button. If you do not, your preferences will not be recorded. Note that preferences can be changed later on by simply returning to the "Company" area and clicking on "Preferences" in the menu ribbon (though company name, address, etc., must be edited in the payroll setup screens), but it is always best to set the company up correctly the first time.

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u. After clicking “Save,” you will be taken to your Payroll Setup page. Since we have no more setup information to enter regarding employees, we have nothing more to enter. Our company has been set up! You may now **click “Sign Out”** and exit the program.

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**Caution:** Now that QuickBooks has your email address, you may begin to receive emails from Intuit, the publisher of the program, notifying that your monthly bill is due, your customer accounts are overdue, or your payroll deposits are due. **Ignore all such notices since they do not apply to you, and never enter a credit card number to pay for any part of your student subscription.** If you do encounter a disruption in your service prior to the end of your 180-day student subscription, email the instructor. The following is an example of an email that students have just begun to receive after 30 days of service. It, along with any others like it, should be ignored.

Dear Your Name:

QuickBooks Online Payroll has been unable to process your monthly service charge for 01/09/12. The credit card we have on record ( account null) is not being accepted by our processor. As a result, your account will be placed on hold.

If this card is no longer active, please update your account.

To update your billing information, visit: https://qbosso.onlinepayroll.intuit.com/elink?a=bi

If you cannot click this link, copy then paste it into your browser. For your protection, **DO NOT send account or credit card information in an email. Email is not secure. Make the change on the website.**

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**Multiple Companies**

The IRS expects taxpayers to clearly show all sources of income and match any business expenses they claim as deductions against each income source. Therefore, if a user operates more than one business, it is usually best to set up a separate QuickBooks company for each of the businesses.

In QuickBooks Online Edition, each additional company requires a separate subscription. The subscriptions are available at reduced rates for users who wish to set up multiple companies. Note that the desktop versions of QuickBooks allow users to maintain multiple company files at no additional charge.
Conclusion
Congratulations! You have completed Module 1. We will review basic accounting concepts and principles in the following module, and then set up the accounts and their opening balances for your company.

-- End --