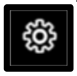
Solutions Manual for Computer Accounting with QuickBooks Online A Cloud Based Approach 2nd Yacht

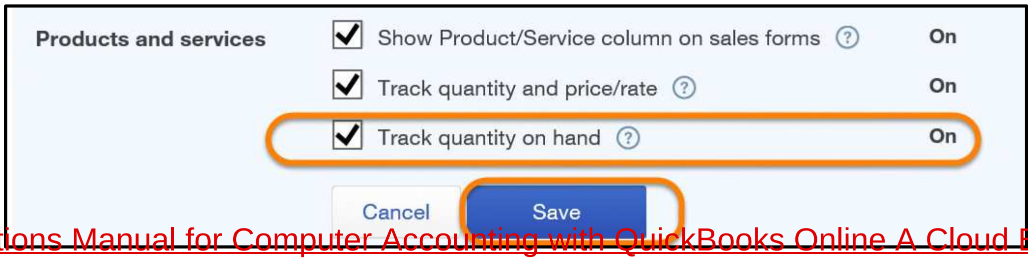
CHAPTER 2
NEW COMPANY SET UP AND CHART OF ACCOUNTS
INSTRUCTOR'S MANUAL AND KEY (IMK)

OBJECTIVES

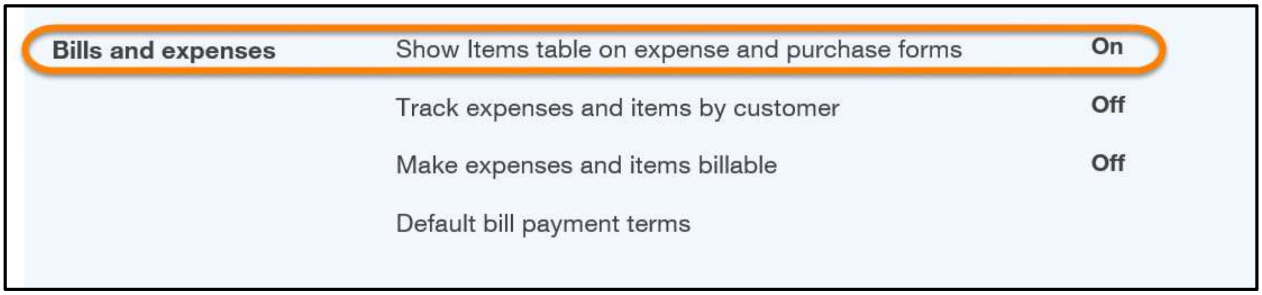
1. Start QuickBooks Online with your User ID and Password.
2. Set up the company, QB Cloud_Student Name (your first and last name).
3. Watch Explore the Power of QuickBooks videos.
4. Complete account and settings.
5. Create a Chart of Accounts.
6. Save Chart of Accounts as PDF file.
7. Export the Chart of Accounts to Excel.
8. Invite accountant and learn about user roles and access rights.
9. View the Audit Log.
10. Complete Check Your Progress assignments within the chapter.
11. Use the Online Learning Center, www.mhhe.com/qbo2e for additional resources.
12. Complete Exercises 2-1, 2-2, and 2-3.

QBO Tips

- Instructors can obtain unlimited access to QB Online (no time limit) at http://www.intuiteducationprogram.com/ > Educator Registration. For more information, refer to www.mhhe.com/qbo > Instructor Edition > Educator Registration. Additional information is also included in the Online Learning Center's Instructor's Manual. For the Instructor Edition's username and password, contact your Learning Technology Representative at https://shop.mheducation.com/store/paris/user/findltr.html.
- Using the License and Product numbers included with the textbook, student have access to QB Online (Plus version) for 12 months.
- Students should write down their User ID and Password. Each time QBO is started, the User ID and Password is needed.
- Students should use Invite Accountant *or* email the instructor their User ID and Password. If the student's User ID and Password is used, the instructor should set up a time with their student to receive the emailed 6-digit Confirmation code. (Refer to textbook pages 82-84.) To see the work completed by students, log into their company, then view the Audit Log. Select  > Audit Log. Or access various areas of student work.
  OR,
- For more information about viewing student work, Company Administrator, and access rights within QBO, refer to pages 82-84.
- Tracking inventory is part of Chapter 4. Two settings are important for that to work correctly. This is shown in Chapter 2 on textbook page 64, step 4.



On textbook page 65, step 6, the Bills and expenses setting is shown.



- ❖ If you are familiar with QuickBooks Desktop software, Account and Settings in QuickBooks Online is similar to Preferences in QB Desktop.
- ❖ To compare your students Excel spreadsheets to the Excel reports at www.mhhe.com/qbo2e > Instructor Edition > Excel Reports, use Microsoft Office's Spreadsheet Compare. This information is included in the textbook's Appendix A, Troubleshooting.

  Office Professional 2016: "Compare two versions of a workbook by using Spreadsheet Compare" at https://support.office.com/en-US/article/Compare-two-versions-of-a-workbook-by-using-Spreadsheet-Compare-0E1627FD-CE14-4C33-9AB1-8EA82C6A5A7E.

  "What can you do with Spreadsheet Inquire in Excel 2016 for Windows," at https://support.office.com/en-US/article/what-you-can-do-with-spreadsheet-inquire-in-excel-2016-for-windows-5444eb12-14a2-4d82-b527-45b9884f98cf.

  For **Office Professional 2013**, go to https://technet.microsoft.com/en-us/library/dn205148.aspx.

ONLINE LEARNING CENTER (OLC): www.mhhe.com/qbo2e

The OLC includes additional Chapter 2 resources. Students go online to www.mhhe.com/qbo2e > Student Edition > Chapter 2. The following links are included:

1. Narrated PowerPoints. Students listen to narrated PowerPoints for each chapter. The Instructor PowerPoints include answers to the Going to the Net exercise and analysis questions.

2. Online Quizzes: The Online Quizzes include 10 multiple-choice questions, and 10 True or False questions. Student answers can be emailed to their instructor. The

answers to the Multiple Choice and True or False questions are included in the IMK.

3. Analysis question: The analysis question is a Word file. Student answers can be emailed to the instructor.

4. Going to the Net: Students go online to QuickBooks Products > link to Try it free. Then answer questions about QB Online products.

5. Video: Watch Stay Organized with QuickBooks. The URL is https://www.youtube.com/watch?v=oU6BGWHg5As#t=36. This video is also identified in Chapter 2 in the Explore the Power of QuickBooks sections.

6. Glossary of terms: Words that are italicized and boldfaced are defined in the glossary. The glossary is included on the OLC and the in the textbook as Appendix B.

7. Problem Solving: This is the textbook's Exercise 2-3. In the second edition, the third end-of-chapter exercise is new.

INSTRUCTOR EDITION: www.mhhe.com/qbo2e

To access the password-protected Instructor Edition, contact your McGraw-Hill Learning Technology Representative at https://shop.mheducation.com/store/paris/user/findltr.html. The Instructor Edition includes the files exported to Excel, End of Chapter Solutions (files saved as PDFs), answers to Problem Solving (third exercise in each chapter), answers to Check Your Progress, answers to the Certification Multiple Choice questions, answers to the Going to the Net exercise, answers to Problem Solving, and answers to the analysis questions. The Instructor Edition also includes Educator Registration (unlimited access to QBO Accountant), Training Modules (included with QBO Accountant Educator registration), Instructor's Manual, Instructor PowerPoints, suggested Syllabi and a Test Bank. Choose a chapter to populate additional resources.

ANSWER TO GOING TO THE NET

Answers to Going to the Net are included on the OLC's Instructor Edition Link. They are also shown below.

Go online to QuickBooks Products > link to Try it Free.

1. What Online products are available for independent contractors and small business?

   Independent contractor: Self-Employed. Small business: Simple start, Essentials, Plus (most popular). Plus is included with the textbook.

2. List each products' features.

Independent Contractors:
Self-Employed: Track miles, track income, organize expenses, maximize tax deductions, and send invoices.

Small Business:
Simple Start: Same features as self-employed, plus send estimates and track sales tax.
Essentials: Same features as self-employed and simple start with the addition of manage bills and multiple users. get all simple start features, manage and pay bills, multiple people can use it.

Plus: get all essentials features, plus track time, track inventory, prepare and print 1099. (Most popular.)

ANSWER TO ANALYSIS QUESTION

The Analysis question is included online at www.mhhe.com/qbo2e > Student Edition > link to Analysis Questions. Student can download the Word file, then email their answers to the instructor.

What is cloudware?

ANSWER:

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.

MULTIPLE-CHOICE QUESTIONS

The multiple-choice questions are online at www.mhhe.com/qbo2e; Student Edition, select Chapter 2, link to Multiple Choice Quiz. Students answer the questions online, then email the graded quiz to their instructor.

1. This term refers to software that is Internet delivered.

    A. Desktop.
    B. Dashboard.
    C. Account and settings.
    D. Cloudware
    E. All of the above.
2. Another name for the Chart of Accounts is:

    A. Account and settings.

   B. Account list.
   C. Balance sheet.
   D. Profit and loss.
   E. None of the above.

3. From the default page you can:

   A. See the dashboard.
   B. Profit and loss.
   C. Expenses.
   D. Bank accounts.
   E. All of the above.

4. The Navigation bar includes these selections:

   A. Dashboard.
   B. Banking.
   C. Reports.
   D. Employees.
   E. All of the above.

5. To create a transaction, select the:

   A. Search icon.
   B. Question mark.
   C. Plus sign.
   D. Minus sign.
   E. All of the above.

6. To configure QBO to work the way you want, go to:

   A. Export files to Excel.
   B. Print as Adobe PDF file.
   C. Set up a chart of accounts.
   D. Account and settings.
   E. None of the above.

7. The column on the chart of accounts that classifies accounts for financial statements is:

   A. Account number.
   B. Type.
   C. Account name.
   D. Description
   E. All of the above.

8. QBO exports reports to this file type:

A. Excel.
B. Transaction list.
C. Accounts.
D. Customers.
E. All of the above.

9. The search icon takes you to:

A. Help menu.
B. Creating transactions.
C. Activities.
D. Dashboard.
E. Recent transactions.

10. The gear icon can be used for:

A. Account and settings.
B. Manage users.
C. Import data.
D. All lists.
E. All of the above.

True or False: The True or False questions are online at www.mhhe.com/qbo2e, Student Edition, Chapter 2, True or False Quiz. Students can email the questions and answers to their instructor.

1. The company set up in Chapter 2 is QB Cloud with your first and last name.

   True

2. Cloudware refers to software accessed entirely from a Web server.

   True

3. A password can be set up with 4 characters or less.

   False. A password can be set up with 8 characters or more.

4. Each time you start QBO, you must type a Password. User IDs can be saved by your browser.

   True

5. To see the work you have completed, display the Audit Log.

   True.

6. The Navigation bar is on the left side of the QBO window.

   True

7. The Navigation bar's Accounting selection includes the Chart of Accounts.

   True.

8. To explore the power of QuickBooks, do an Internet search.

   False (To explore the power of QuickBooks, watch the videos included in Chapter 2.)

9. When the plus sign is selected, you can create new transactions, invoices, sales receipts, bills, and more.

   True

10. Preferences, also called settings, can be set as you work.

    True

CHECK YOUR PROGRESS

Within Chapter 2, students complete the Check Your Progress assignment.

1. The Account No. for Checking is **101**.

2. The Category Type for Checking is **Bank**.

3. The Account No. for Accounts Payable is **201**.

4. The Category Type for Accounts Payable is **Accounts Payable (A/P)**.

5. The Account Number for Common Stock is **301**.

6. The Category Type for Common Stock is **Equity**.

EXERCISE 2-1

Students add, edit an account description, and assign account numbers to the Chart of Accounts.

EXERCISE 2-2

Students save the Chart of Accounts as an Adobe PDF file and export it to Excel. The suggested files names are **Exercise 2-2_Chart of Accounts.pdf** and **Exercise 2-2_Chart of Accounts.xls**.

EXERCISE 2-3, PROBLEM SOLVING

On the Chart of Accounts, why are the category and detail type selections important? To explain the category and detail types, use 3 accounts – one asset, one liability and one expense account. Identify Category Type, Detail Type, Name, Number and financial statement.
The Category Type and Detail Type columns are important because they classify accounts for the financial statements. Student choices for accounts may vary.

Asset example:

Category Type	Detail Type	Name	Number	Financial Statement
Bank	Checking: tracks all your checking activity, including debit card transactions.	Checking	101	Balance Sheet

Liability account:

Category Type	Detail Type	Name	Number	Financial Statement
Accounts Payable	Accounts Payable (A/P)	Accounts Payable (A/P)	201	Balance Sheet

Expense account:

Category Type	Detail Type	Name	Number	Financial Statement
Expenses	Office/General Administrative	Depreciation Expense	607	Profit and Loss

FILES SAVED AND EXPORTED TO EXCEL IN CHAPTER 2

The Chart below shows the PDF and Excel files saved in Chapter 2 and Exercise 2-2.

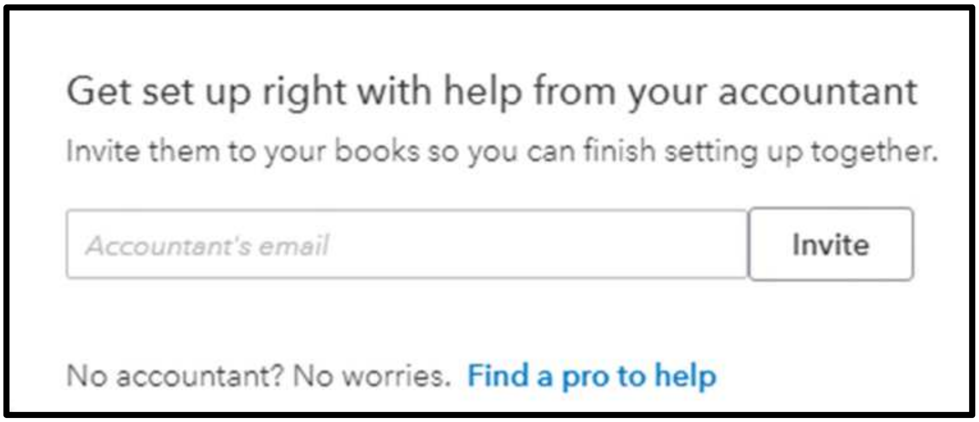
Chapter/Exercise	PDF & Excel	Page No.
2	Chapter 2_Chart of Accounts.pdf	81
	Chapter 2_Chart of Accounts.xlsx	82
2-2	Exercise 2-2_Chart of Accounts.pdf	90

	Exercise 2-2_Chart of Accounts.xlsx	90

For the Excel and PDF files saved within the chapter and in the exercises, go to www.mhhe.com/qbo > Instructor Edition > Excel Reports *or* End of Chapter Solutions (for the PDF files). The textbook files names and Instructor Edition files names are the same.

For access to students' accounts, refer to textbook pages 82-84.

1. Invite Accountant: Get set up right with help from your accountant is included on the Dashboard or Home page.



2. Use the students' User ID, Password and Confirmation Code. If using this step, the instructor should set up a time with their student to receive the emailed 6-digit confirmation code. Each sign-in is authenticated using the computer's IP address.
3. To add your students' companies as Clients from within QuickBooks Online Accountant go to www.mhhe.com/qbo2e > Instructor Edition > Student List. The QB Online Accountant version is obtained from the Intuit Education Program and is for educators only.

ANSWERS CHECK YOUR PROGRESS, CHAPTER 2

Within Chapter 2, students complete the Check Your Progress assignment.

1. The Account No. for Checking is **101**.
2. The Category Type for Checking is **Bank**.
3. The Account No. for Accounts Payable is **201**.
4. The Category Type for Accounts Payable is **Accounts Payable (A/P)**.
5. The Account Number for Common Stock is **301**.
6. The Category Type for Common Stock is **Equity**.

Answers Going to the Net, Chapter 2

Go online to QuickBooks Products > link to Try it Free.

1. What Online products are available for independent contractors and small business?

   Self-Employed (independent contractors)
   Simple Start (small business)
   Essentials (small business)
   Plus (small business) – included with textbook.

2. List each products' features.

   Independent contractors: Self-Employed, Track miles, track income, organize expenses, maximize tax deductions, and send invoices.

   Small Business:

   Simple Start: Same features as self-employed, plus send estimates and track sales tax.

   Essentials: Same features as self-employed and simple start with the addition of manage bills and multiple users. Get all simple start features, manage and pay bills, multiple people can use it

   Plus: get all essentials features, plus track time, track inventory, prepare and print 1099. (Most popular)

Chapter 2, Answer Problem Solving

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

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Expense account:

Category Type	Detail Type	Name	Number	Financial Statement
Expenses	Office/General Administrative	Depreciation Expense	607	Profit and Loss

Chapter 2
New Company Set Up and Chart of Accounts

Setting up a new company

- Cloudware refers to software that is built, installed, delivered and accessed entirely from a remote Web server. This is called the "Cloud."
- The company set up in Chapter 2 is called QB Cloud_Student Name. To identify your company, add your first and last name after QB Cloud.
- QB Cloud provides hosting services for retail businesses, schools, and medical and legal offices.

QBO Tips

- Students should write down their User ID and Password. Each time QBO is started, the User ID and Password is needed.
- For instructor access to student work, you can use QBO's Invite Accountant feature.
- O*r,* email the instructor your User ID and Password. If using this step, the instructor should set up a time with the student to receive the emailed 6-digit Confirmation code.
- For instructor access to student work, refer to Chapter 2's Company Administrator steps. Instructors can see their students' work by logging into the company, then viewing the Audit Log (Gear > Settings Menu > Audit Log).

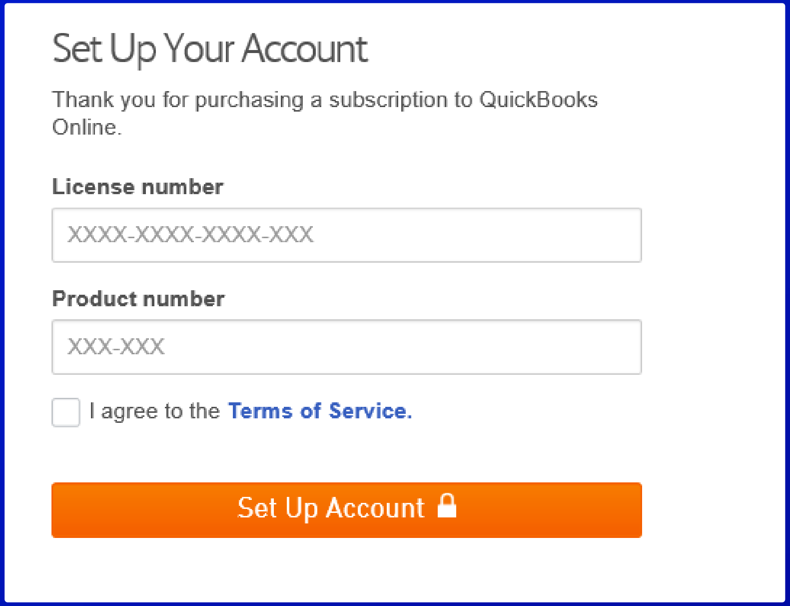
Files Saved in Chapter 2

The chart shows the PDF and Excel files saved in Chapter 2. Files can be saved to a USB flash drive, hard-drive location, network, or external media. To identify your file, add your name at the end of the suggested file name.

PDF & Excel	Page
Chapter 2_Chart of Accounts.pdf	81
Chapter 2_Chart of Accounts.xlsx	82
Exercise 2-2_Chart of Accounts.xlsx	90
Exercise 2-2_Chart of Accounts.xls	90

Sign up

To create your company in Chapter 2, QB Cloud_Student Name, complete the Set Up Your Account page. Type your first and last name, a valid email address, and password. Because QBO updates automatically, your sign-up page may look different. Write down your User ID and Password.



Settings Menu

One of the first things you want to do is complete settings for your company. Each setting, or preference, configures QBO to work the way you want.

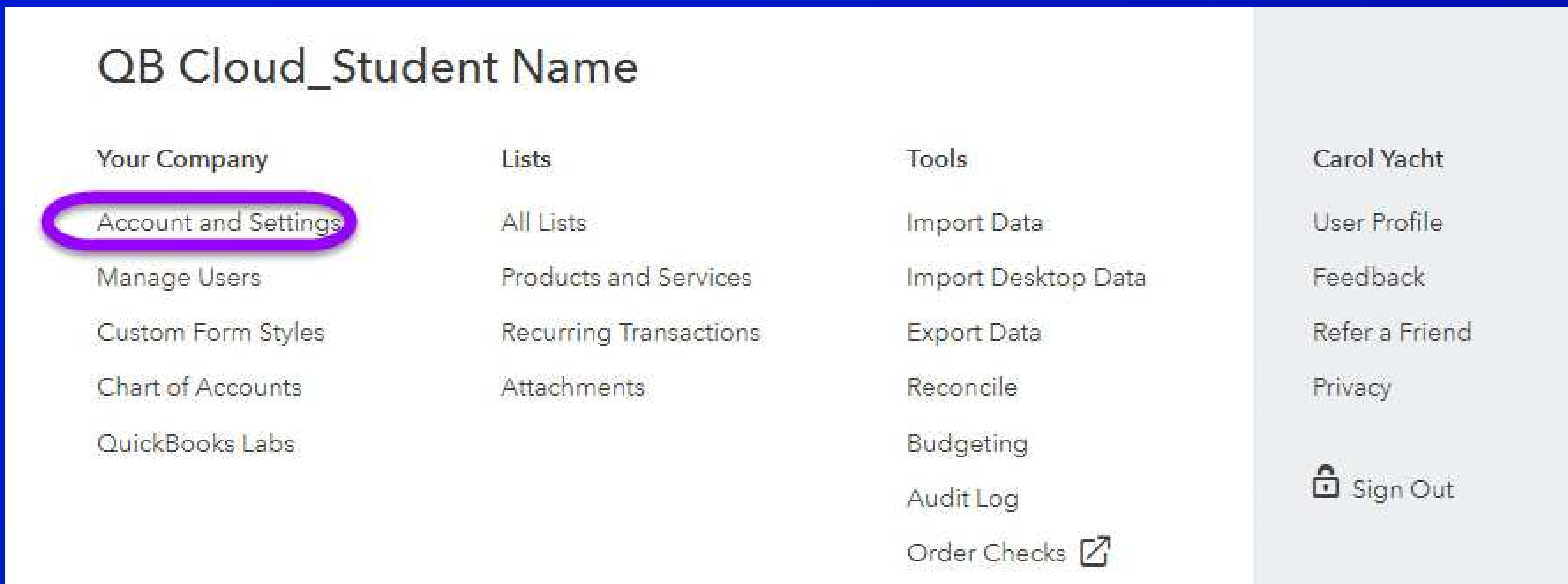


Chart of Accounts

In Chapter 2, you set up a Chart of Accounts for your company, QB Cloud (your first and last name). This slide shows a partial chart of accounts (or account list) exported to Excel.

QB Cloud_Student Name

Account List

Account #	Account	Type	Detail type	Description	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
125	Prepaid Insurance	Other Current Assets	Prepaid Expenses		0.00
130	Undeposited Funds	Other Current Assets	Undeposited Funds		0.00
	Uncategorized Asset	Other Current Assets	Other Current Assets		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
301	Common Stock	Equity	Common Stock		0.00
305	Opening Balance Equity	Equity	Opening Balance Equity		0.00
318	Retained Earnings	Equity	Retained Earnings		0.00
401	Sales	Income	Sales of Product Income		
	Billable Expense Income	Income	Sales of Product Income		
	Discounts	Income	Discounts/Refunds Given		
	Gross Receipts	Income	Sales of Product Income		
	Refunds-Allowances	Income	Discounts/Refunds Given		
	Shipping, Delivery Income	Income	Other Primary Income		
	Uncategorized Income	Income	Sales of Product Income		
501	Cost of Goods Sold	Cost of Goods Sold	Supplies & Materials - COGS		
503	Freight & delivery - COS	Cost of Goods Sold	Shipping, Freight & Delivery - COS		
	Cost of labor - COS	Cost of Goods Sold	Cost of labor - COS		
	Other Costs - COS	Cost of Goods Sold	Other Costs of Services - COS		
	Purchases - COS	Cost of Goods Sold	Other Costs of Services - COS		
	Subcontractors - COS	Cost of Goods Sold	Cost of labor - COS		
601	Advertising	Expenses	Advertising/Promotional		

Audit Log

The Audit Log contains a list of all the changes that have ever been made to your company data and by whom. The first column shows your current date, time, and time zone. Where the author's name is shown, your name appears.

DATE CHANGED	USER	EVENT	NAME	DATE	AMOUNT	HISTORY
Mar 10, 5:49 pm US Mount...	Carol Yacht	Logged in.				
Mar 10, 5:37 pm US Mount...	Carol Yacht	Edited Account: Prepaid Insurance				View
Mar 10, 5:12 pm US Mount...	Carol Yacht	Added Account: Telephone Expense				View
Mar 10, 5:09 pm US Mount...	Carol Yacht	Edited Account: Depreciation Expense				View
Mar 10, 5:08 pm US Mount...	Carol Yacht	Edited Account: Opening Balance Equity				View
Mar 10, 5:08 pm US Mount...	Carol Yacht	Edited Account: Shipping and delivery expense				View

Online Learning Center

- Go online to www.mhhe.com/qbo2e for additional resources. Link to Student Edition > select Chapter 2. The Online Learning Center includes:
  - Glossary
  - Multiple-Choice Questions
  - True or False Questions
  - Analysis Questions
  - Check Your Progress
  - Going to the Net
  - Narrated PowerPoints
  - Problem Solving
  - Videos

Video

Watch the Stay Organized with QuickBooks video.

Going to the Net

Go online to QuickBooks Products > link to Try it Free.

Answer these questions:

1. What Online products are available for independent contractors and small business?

   Self Employed (independent contractors)
   Simple Start (small business
   Essentials (small business)
   Plus (small business) – included with textbook

Going to the Net (concluded)

2. List each products' features.

   - Independent contractors: Self-employed, track miles, track income, organize expenses, maximize tax deductions, and send invoices.

   For small business:
   - Simple Start: same features as self-employed, plus send estimates and track sales tax.
   - Essentials: Same features as self-employed and simple start with the additional of manage bills and multiple users. Get all simple start features, manage and pay bills, multiple people can use it.
   - Plus: get all essential features, plus track time, track inventory, prpepare and print 1099. (Most popular)

Analysis Question

What is cloudware?

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.