**CHAPTER 2**

**NEW COMPANY SET UP AND CHART OF ACCOUNTS**

**INSTRUCTOR’S MANUAL AND KEY (IMK)**

**OBJECTIVES**

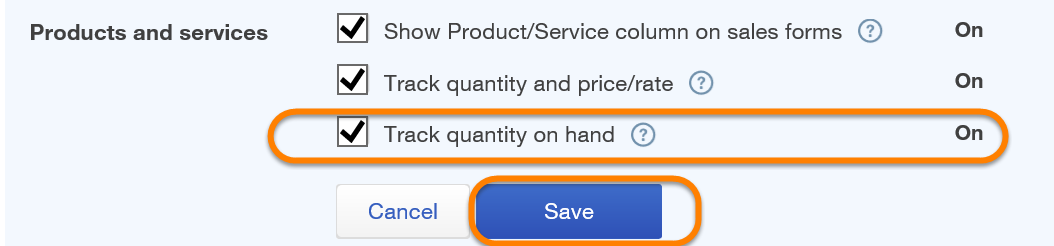
1. Start QuickBooks Online with your User ID and Password.
2. Set up the company, QB Cloud\_Student Name (your first and last name).
3. Watch Explore the Power of QuickBooks videos.
4. Complete account and settings.
5. Create a Chart of Accounts.
6. Save Chart of Accounts as PDF file.
7. Export the Chart 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](http://www.mhhe.com/qbo2e) for additional resources.
12. Complete Exercises 2-1, 2-2, and 2-3.

**QBO Tips**

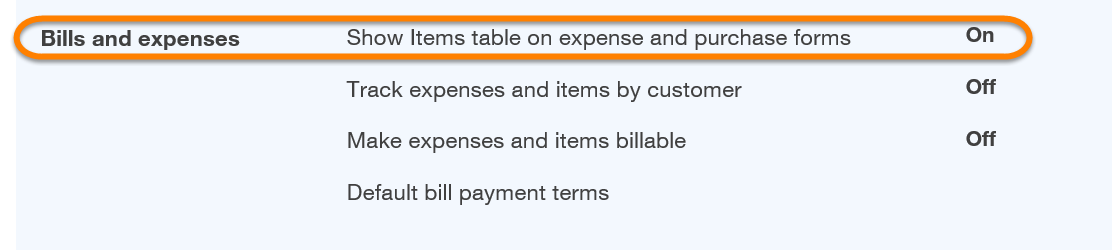
* Instructors can obtain unlimited access to QB Online (no time limit) at <http://www.intuiteducationprogram.com/> > Educator Registration. For more information, refer to [www.mhhe.com/qbo](http://www.mhhe.com/qbo) > Instructor Edition > Educator Registration. Additional information is also included 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](http://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**](http://www.mhhe.com/qbo2e)

The OLC includes additional Chapter 2 resources. Students go online to [www.mhhe.com/qbo2e](http://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](http://quickbooks.intuit.com/products) > link to [Try it free](https://quickbooks.intuit.com/pricing/). Then answer questions about QB Online products.
5. Video: Watch [Stay Organized with QuickBooks](https://www.youtube.com/watch?v=oU6BGWHg5As#t=36). 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**](http://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](http://quickbooks.intuit.com/products) > link to [Try it Free](https://quickbooks.intuit.com/pricing/?trial=true).

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.

1. 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](http://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](http://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.
2. Desktop.
3. Dashboard.
4. Account and settings.
5. **Cloudware**
6. All of the above.
7. Another name for the Chart of Accounts is:
8. Account and settings.
9. **Account list.**
10. Balance sheet.
11. Profit and loss.
12. None of the above.

3. From the default page you can:

1. See the dashboard.
2. Profit and loss.
3. Expenses.
4. Bank accounts.
5. **All of the above.**

4. The Navigation bar includes these selections:

1. Dashboard.
2. Banking.
3. Reports.
4. Employees.
5. **All of the above.**

5. To create a transaction, select the:

1. Search icon.
2. Question mark.
3. **Plus sign.**
4. Minus sign.
5. All of the above.

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

1. Export files to Excel.
2. Print as Adobe PDF file.
3. Set up a chart of accounts.
4. **Account and settings.**
5. None of the above.

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

1. Account number.
2. **Type.**
3. Account name.
4. Description
5. All of the above.

8. QBO exports reports to this file type:

1. **Excel.**
2. Transaction list.
3. Accounts.
4. Customers.
5. All of the above.

9. The search icon takes you to:

1. Help menu.
2. Creating transactions.
3. Activities.
4. Dashboard.
5. **Recent transactions.**

10. The gear icon can be used for:

1. Account and settings.
2. Manage users.
3. Import data.
4. All lists.
5. **All of the above.**

**True or False:** The True or False questions are online at [www.mhhe.com/qbo2e](http://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

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

True

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

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

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

True

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

True.

1. 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**

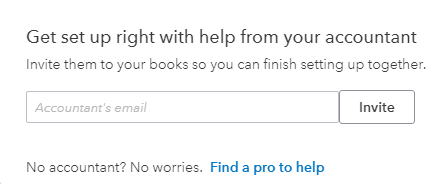
The Chart below shows the PDF and Excel files saved in Chapter 2 and Exercise 2-2.

|  |  |  |
| --- | --- | --- |
| 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](http://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.



1. 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.
2. To add your students’ companies as Clients from within QuickBooks Online Accountant go to [www.mhhe.com/qbo2e](http://www.mhhe.com/qbo2e) > Instructor Edition > Student List. The QB Online Accountant version is obtained from the [Intuit Education Program](http://www.intuiteducationprogram.com/signup/qbo/) and is for educators only.