QBO Post Secondary Workbook

2015 - 2016

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# Background

Throughout this series of exercises we will be using a single company for our example. This should help you understand the process of basic bookkeeping for a single business entity.

Jenna Robins has always had the desire to work for herself. When she graduated from college with her Business Diploma, she knew that at some point in her life, she would want to run her own business. After gaining some real world experience with other employers, she now was ready to launch AIS Solutions Bookkeeping Services. The one thing that she understood early on was that she couldn’t do everything herself, and so has engaged your services to look after the Bookkeeping piece of her own personal business, while she provides services to her clients.

Her first goal is to rent some office space where her clients could come to meet with her. She found the perfect space inside an office building, which would allow her to expand, as she needed. Her new office is located in lovely Burlington, Ontario, which is a hop, skip and jump away from Toronto when she is ready to grow her practice.

She also is purchasing some Computer Equipment to get her started, has signed up her business to be run on QuickBooks Online, printed off some business cards, and started her advertising campaign with some direct mail flyers to let the businesses in the area know she was there.

As Jenna is just starting out, she isn’t yet ready to hire any employees, and so has brought your services on as a subcontractor.

Jenna needs to be able to focus on growing her new business and gaining exposure, as well as delivering services to her clients, so she will be looking for you to handle the full cycle of her bookkeeping needs and present her with financial statements or areas of concern as you encounter them.

So let’s begin on the exciting new journey with Jenna and AIS Solutions Bookkeeping Services!

# Setting Up a Company

## Create New Company

1. Create a new Company in QuickBooks Online with the following information:
	1. Name of Company – YOURNAME\_AIS Solutions Bookkeeping Services Inc.
	2. Address – 1245 South Service Road, Burlington, ON L7N 2G5
	3. Phone Number – 905-555-4789
	4. HST Registration Number/Business Number – 12654 6789
	5. Fiscal Year End – December 31
	6. The Company Address, Legal Address and Customer Address should all be the same as above
	7. Payment Methods to be Accepted – Cash and Cheque only
	8. Create a new account in the Chart of Accounts call Chequing Account. It will be a bank account.
2. Upload the Company Logo provided into the QBO database you’ve created.

## Import Lists

There are 3 lists that need to be imported into your newly created database for AIS Solutions Bookkeeping Services

1. Import the Chart of Accounts List provided in Excel
2. Import the Customer List provided in Excel
3. Import the Suppliers List provided in Excel

## Customize Settings

We now need to tweak the database a little, to more accurately work with how Jenna’s business will operate. In the Company Settings, do the following:

1. Set the accounting method to Accrual
2. Ensure that the Home Currency is Canadian, and as she doesn’t yet want to branch into the United States - Do not turn on the multi-currency feature
3. She is planning to pay her bills to her suppliers usually after 30 days to help her cash flow, so let’s set her Default Bill Payment Terms to 30 days
4. She wants to collect her payments quickly from her customers however, so let’s set her Default Customer Invoice Payment Terms to 10 days
5. Jenna’s brain works in MM-DD-YYYY formats, so let’s make sure that her database and all of the reports you provide to her are in that format.

## Customize Customer Invoice

One of the first things that Jenna has asked you to do is make her Customer Invoice ready to go, so that as soon as she is ready to invoice her first client, there is no delay.

1. Edit the Standard Invoice template that comes with QBO to:
	1. create a new template called AIS Invoice
	2. the “Friendly” format
	3. reflect her company colours of Orange by choosing the Orange Grid Colours, this will make some of the text on the invoice orange

## Set up Sales Taxes

So Jenna’s company is almost set up and ready to go! One last piece – you want to make sure that her Sales invoices and her Supplier invoices are calculating sales tax correctly. As AIS Solutions Bookkeeping Services is located in Ontario, there will be 13% HST on her sales and purchases.

1. Jenna has opted to file her HST Return Quarterly based on her December 31 year end. Set up her Sales Tax module in QBO to default to the same timetable

## Setting up an Accountant

QBO has the ability to invite Jenna’s accountant into the database to review.

1. In this case, invite your instructor into the database that you have created.

Your instructor will provide the email address that should be invited.

You are done! AIS Solutions Bookkeeping Services is now ready to go, and just in time, as Jenna has informed you that she landed her first client! Let’s move on to Section 2 where we will create her first invoice.

# Accounts Receivable

## Setting up a New Service

1. Before we can sell anything, we need to set up the items that Jenna is going to sell.

Set up the following service items in your new database. For the income account for all of the items below, choose Sales:

|  |  |  |  |
| --- | --- | --- | --- |
| **Name of Service Item** | **Description** | **Price/Rate** | **Sales Tax** |
| Bookkeeping | Monthly Bookkeeping Services | 150.00/month | HST |
| Consulting | Project Consulting Services | $60.00/hour | HST |
| Tax Prep - Personal | Preparation of Personal Tax Return | $70.00/each | HST |
| QBO Subscription | Monthly QBO Subscription | $19.99/month | HST |

## Creating Customers

1. Create 3 new Customers in your new database with the following information, the last one, with only the name, and no Address or Phone info:

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** | **Address** | **Phone Number** | **Terms** |
| Sarah Geller | 99 Longview Road, Oakville, Ontario L7L 3G7 | 905-555-8749 | Due on receipt |
| Randall Wright | 345 New Street, Burlington, ON L3N 2G2 | 905-555-5412 | Due on receipt |
| Sharon Knoll |  |  | Due on receipt |

## Creating Customer Invoices

Now that you have some customers in your database, it is time to start generating some invoices for them!

1. Enter the following service invoices for AIS Solutions Bookkeeping Services. Please enter all dates with the current year. The invoices will be printed out later, so choose that as your default.

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Customer** | **Service Provided** | **Price Before Tax** |
| November 3 | Sarah Geller | 2 Personal Tax Returns | $70.00 each |
| November 15 | Sarah Geller | Monthly Bookkeeping – November | $150.00 |
| November 22 | Randall Wright | Monthly Bookkeeping – November and December | $150.00/month |

Now, print out the 3 invoices to be mailed out to her clients.

## Entering Delayed Charges

Jenna will be paying for one of her clients QBO subscriptions on their behalf. She wants to make sure that she doesn’t miss billing them, so wants you to set up a delayed Charge for their QBO Subscription for January 1st.

1. Set that delayed charge up for Sharon Knoll dated January 1st.

## Creating Invoice from Delayed Charges

Time flies when you are doing bookkeeping! It is now January 1st and time for that delayed charge to get sent out as an invoice to Sharon.

1. Convert the delayed charge from the section above to be a new invoice due for payment.

## Receiving Customer Payments

Jenna thinks that the best thing about sending out invoices is that people will pay her to do what she loves!

She has received the following payments for her invoices.

1. Enter them into QBO.

|  |  |  |  |
| --- | --- | --- | --- |
| Customer | Date | Amount | Payment Method |
| Sarah Geller | Nov 30 | $327.70 | Cheque # 5879 |
| Randall Wright | Dec 15 | 300.00 | Cash |

Randall forgot to pay her for the HST on the invoices, so leave the balance owing on Randall’s account so that Jenna can remember to collect.

1. Deposit both of these payments to the Undeposited Funds account.

## Creating Bank Deposits

Both of the above cheques were deposited by Jenna into her Chequing account on December 16.

1. Make that entry into QBO.

# Accounts Payable

Jenna has provided you with some bills that she has received. Some she has already paid, and for some she needs you to print some cheques.

1. Let’s set up the Suppliers first that you have received bills for.

## Creating Suppliers

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** | **Address** | **Phone Number** | **Terms** |
| Blanset Property Management | 179 Brant Street, Burlington, Ontario L7L 4G7 | 905-555-7635 | Due on receipt |
| Staples Office Depot |  |  | Due on receipt |
| Jammer Office Equipment | 899 Speers Road, Oakville, ON L4R 3L8 | 905-555-9888 | Net 30 Days |
| Intuit Canada |  |  | Due on receipt |
| Fidelity Insurance |  |  | Due on receipt |

## Entering Supplier Invoices

1. Let’s enter the bills for the supplier that Jenna has yet to pay.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Date** | **Supplier** | **Invoice #** | **Purchased** | **Account** | **HST/GST Taxable** | **Total Invoice before HST/GST** |
| October 31 | Jammer Office Equipment | JO-6543 | Office Jet Printer  | Office Expense | Yes | $299.00 |
| October 31 | Jammer Office Equipment | JO-7398 | Office Desk and Chair | Office Expense | Yes | $345.00 |
| November 1 | Fidelity Insurance | FI3298 | Monthly Liability Insurance | Insurance  | No | $286.00 |

## Paying Supplier Invoices

1. Now it’s time to prepare the cheque for the Jammer Office Equipment invoices. Jenna would like one cheque, which pays both invoices. Her first cheque number will be 11000 and should be dated November 15. Print the cheque on plain paper.
2. Fidelity Insurance will take the money out of AIS Solutions’ bank account automatically on November 5th. Enter the automatic payment of Bill#FI3298.

## Creating an Expense Cheque

Now it’s time to enter the bills for the purchases that Jenna has made, and has already paid for. We are going to enter those as expense cheques. Jenna paid for them with the debit card from her business chequing account.

Here are the details:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Date** | **Supplier** | **Invoice #** | **Purchased** | **Expense Account** | **HST/GST Taxable** | **Total Invoice** **before** **HST/GST** |
| October 1 | Blanset Property Management | October Rent | October Rent | Rent | Yes | $2250.00/month |
| November 2 | Staples | Nov02 | Paper, Pens, Toner for Printer | Office Supplies | Yes | $92.89 |
| November 15 | Intuit Canada | IN7643 | QBO Subscription- November | Dues and Subscriptions | Yes | $19.99 |

1. Enter the above transactions into QBO.

# Automating in QBO

## Create Recurring Customer Invoice

Sarah Geller and Randall Wright were extremely happy with the bookkeeping services that Jenna has provided and have agreed to continue the use of AIS Solutions Bookkeeping Services. The fee is the same every month, so let’s set up a recurring invoice for them, so that it generates in QBO automatically on the 1st of every month with no end date.

1. Set up the following with the Template name as <Customer Name> - Monthly Bookkeeping:

|  |  |  |  |
| --- | --- | --- | --- |
| **Start Date** | **Customer** | **Service Provided** | **Price Before Tax** |
| December 1 | Sarah Geller | Monthly Bookkeeping  | $150.00/month |
| January 1 | Randall Wright | Monthly Bookkeeping  | $150.00/month |

## Create Recurring Vendor Expenses

Similar to the above, Jenna has some expenses that are going to be the same every month, so let’s do the same for her Supplier Bills as we did for her customers and set the expenses up automatically to come out of her bank account with no end date.

1. Here are the details:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Start Date** | **Supplier** | **Invoice #** | **Purchased** | **Expense Account** | **HST/GST Taxable** | **Total Invoice before** **HST/GST** |
| November 1 | Blanset Property Management | Rent | Monthly Rent  | Rent or Lease Payment | Yes | $2250.00 |
| December 15 | Intuit Canada | QBOSub | QBO Subscription | Dues and Subscriptions | Yes | $19.99 |

# Company Administration

## Setting up a New User

As Jenna has tried logging in to look at something in QBO and you’ve been logged in, she has decided she wants to have you both set up as separate users. As Jenna is already set up, you will need to set yourself up as another user.

1. Complete this process so that you both can login to QBO. Jenna will be the Master Admin on the account and you will be an Administrator.

# Advanced Learning

## Journal Entries

It isn’t often that Journal Entries are needed to be entered in your QBO database, but here is an instance where it can be used. To get her business started, Jenna invested some of her own personal money to cover initial expenses. On October 3rd, Jenna deposited $8000 into the AIS Solutions Bookkeeping Services Inc. bank account. She would like this money to be paid back to her once the business can afford it.

1. Enter in Jenna’s opening investment into the database through a journal entry.

## Bank Reconciliation

Although AIS Solutions Bookkeeping Services don’t have a lot of monthly transactions, the monthly bank reconciliation is still something that Jenna wants done for her books.

1. Complete the first bank reconciliation for her main chequing account as at October 31. As the account was only opened in October, the opening balance is 0.00. The bank charges for the month were $9.00 and her ending balance is $7991.00.

## Filing Sales Taxes

It’s January, and the first GST/HST return is needed for AIS Solutions Bookkeeping Services Inc.

1. Print the first return for the period of October 1 – December 31 in your QBO database and submit to your instructor.

# Reporting

## Running Balance Sheet and Income Statement

It is now time for Jenna to see how she is doing.

1. Run a balance sheet for her from January 1 to January 31. Save the report with the name January Balance Sheet and share this report with all other company users.
2. Run a Profit and Loss Statement for her for the Fiscal Year to Date at January 31st. Save the report with the name January YTD P&L and share this report with all other company users.

## Customizing Content of a Report

Jenna loved the reports that you sent her, but has asked for a specific report. She would like you to run a Profit and Loss statement for her for the months of October to December, but would like to see the individual months on the report, not just a total for the three months.

1. Run the report for Jenna and save it with the name October to December Monthly Profit and Loss. Again, choose the option to “Share this Report with Other Users”

## Exporting Reports to Excel

Jenna has asked for her Profit and Loss statement to be exported into excel and emailed to her so that she can play around with some of the numbers to see what her business could do.

1. Run the Profit and Loss statement for the Fiscal Year to Date to January 31. Export it into Excel and email it to your instructor. The filename should be as follows YourName\_P&LJan31.xlsx

## Create an Automated Report

Now that Jenna has some income and expenses, she would like to receive a report on the 15th of every month that tells her how she is doing. So that we don’t forget to send this to her, let’s set up the report to automatically generate and be emailed to her.

1. Run a Profit and Loss statement with the date range as “Last Month’”. Save this report with access for all users, and then set it up to automatically email to Jenna on the 15th of every month with the report attached as an excel file to the email.

And you are done! Jenna’s business is thriving and you’ve laid down the foundation for her to track her monthly revenue and expenses, and receive some reports on a regular basis. Congratulations ☺