![Intuit QuickBooks logo]

Course 3

Record Transactions in QuickBooks Online

Table of Contents

About the Author

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Esther Friedberg Karp is an internationally renowned trainer, writer, business consultant and speaker who has been repeatedly listed as one of Insightful Accountant's Top 100 QuickBooks ProAdvisors in the world. She has also been named to their Top 10 list on two occasions: as Top International ProAdvisor and Top Trainer/Writer ProAdvisor.

Based in Toronto, Canada, Esther has the unique distinction of holding ProAdvisor certifications in the United States, Canada and the United Kingdom. She has authored materials and delivered educational and certification courses for Intuit in all those countries, as well as Australia where she conducted live QuickBooks Online training. She has spoken at Scaling New Heights, QuickBooks Connect and other conferences, and has written countless articles for Intuit Global.

Esther's clients include companies worldwide and accounting professionals who seek her out on behalf of their own clients. She is sought out for her expertise in multicurrency and various countries' editions of QuickBooks Desktop and Online, and for her talent in customizing QuickBooks usage for different industries. She also teaches QuickBooks Core and Advanced certification classes to accounting professionals in Canada.

Esther holds a BSc from the University of Toronto in Actuarial Science and Mathematics, and an MBA in Marketing and Finance from York University's Schulich School of Business.

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Training at a Glance

Use this as a guide to select specific activities you want to cover.

TOPIC	CONTENT
SALES & REVENUE TRANSACTIONS	• Sales receipts • Invoices • Payments • Deposits
EXPENSE & PURCHASE TRANSACTIONS	• Checks • Expenses • Bills • Bill payments
ADDITIONAL TRANSACTION TYPES	• Time tracking • Bank deposits • Transfers • Journal entries
OTHER TOOLS	• Banking Center • Bank reconciliation • Closing the books

QUICKBOOKS ONLINE TEST DRIVE

Most exercises contained inside this handbook can be completed using a QuickBooks Online "test drive" file. The test drive uses a sample company file called Craig's Design & Landscaping Services. It can be accessed through the following link to a sample QuickBooks Online Plus company:

[Craig's Design & Landscaping](#)

You don't have to create an account or sign in to access the test drive file; just complete the security validation and click **Continue**.

This test drive is designed for you to explore and try out new things without worrying you will break something or make a mistake. It is not designed to retain any changes you make. (Although you should change the *Sign me out if inactive for* setting to **3 hours** if you want to give yourself plenty of time.) Once you close this QuickBooks Online test drive company it is completely refreshed, so remember to allow sufficient time to complete each task.

Some exercises are designed to be completed in an actual QuickBooks Online company. These courses use a QuickBooks Online Plus company.

NOTE: *When you are working in an actual company file (not a test drive company), you may see Left Navigation bar tabs that differ slightly from what you see here. If that is the case, the actual company is being viewed in Business View (as opposed to Accountant View). The steps in this course are following the Accountant View option. If you are in Business View, click the* ***gear icon*** *in the top right and select* ***Switch to Accountant View*** *(and it can be toggled back to Business View).*

All QuickBooks Online companies, including test drive, can be toggled between Accountant and Business View.

Topic 1: **Sales and Revenue Transactions**

Whenever you set up a new area of QuickBooks, you need to review the Account and Settings related to that area. Before you go into Account and Settings, you need to make sure you understand the different types of sales and revenue transactions.

● **Estimates** are non-posting transactions that provide your customers with information on what you think you are going to charge them. Think of an estimate as a quote or proposal.

● **Invoices** are the sales transactions used when you want the customer to pay on account. An Invoice will increase accounts receivable, generally increase income and perhaps sales taxes if they are being collected.

● **Receive payment** is the type of transaction used to receive payment against an invoice. A Receive payment decreases accounts receivable and increases either a bank account or Undeposited Funds.

● **Sales receipts** are the sales transaction used when you receive payment at the time of sale; it has no effect on accounts receivable. It increases income and increases either a bank account or Undeposited Funds. Think of it as the equivalent of a cash register receipt when you buy a pack of gum at the store.

● **Credit memos** are used when a customer returns something or negotiates a lower price after the original invoice has been issued. This creates a credit in accounts receivable that can be used against future invoices.

● **Refund receipts** are also used when a customer returns something or negotiates a lower price, but with a refund receipt you are refunding their payment. It has no effect on accounts receivable. Refund receipts are often used if the customer to whom you are refunding the money has no outstanding accounts receivable balance with you.

● **Delayed charges and credits** are only available in QuickBooks Online Essentials, Plus and Advanced; they are non-posting transactions that reflect a potential revenue increase or decrease, as they are *reminders* to add these charges or credits to future invoices.

All these transactions relate to monies coming in. Most of these transactions can be launched from more than one access point, whereas others can be launched only from one.

APPROPRIATE SALES-RELATED SETTINGS

Account and Settings

Click the **gear** icon to access the **Account and Settings** under Your Company.
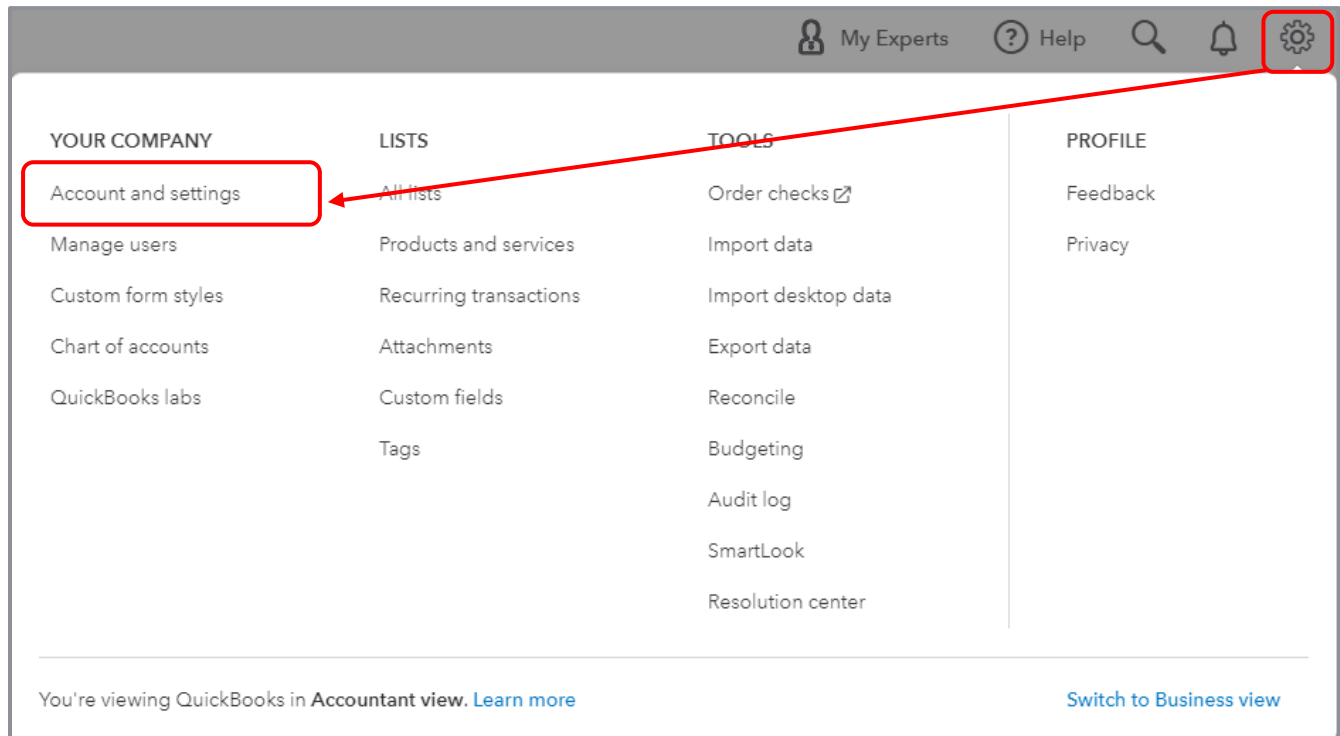

There are several tabs down the left side of Account and Settings to set the preferences you want to use with the company file. The Sales tab is its own category, but there are also sales-related settings under the Advanced tab.

NOTE: *In an actual QuickBooks Online company (as opposed to the test drive company below), you would see more tabs down the left side, including ones for Billing and Subscription, and one for QuickBooks Payments. Signing up for QuickBooks payments lets your customers pay online by ACH or by credit card (fees apply).*
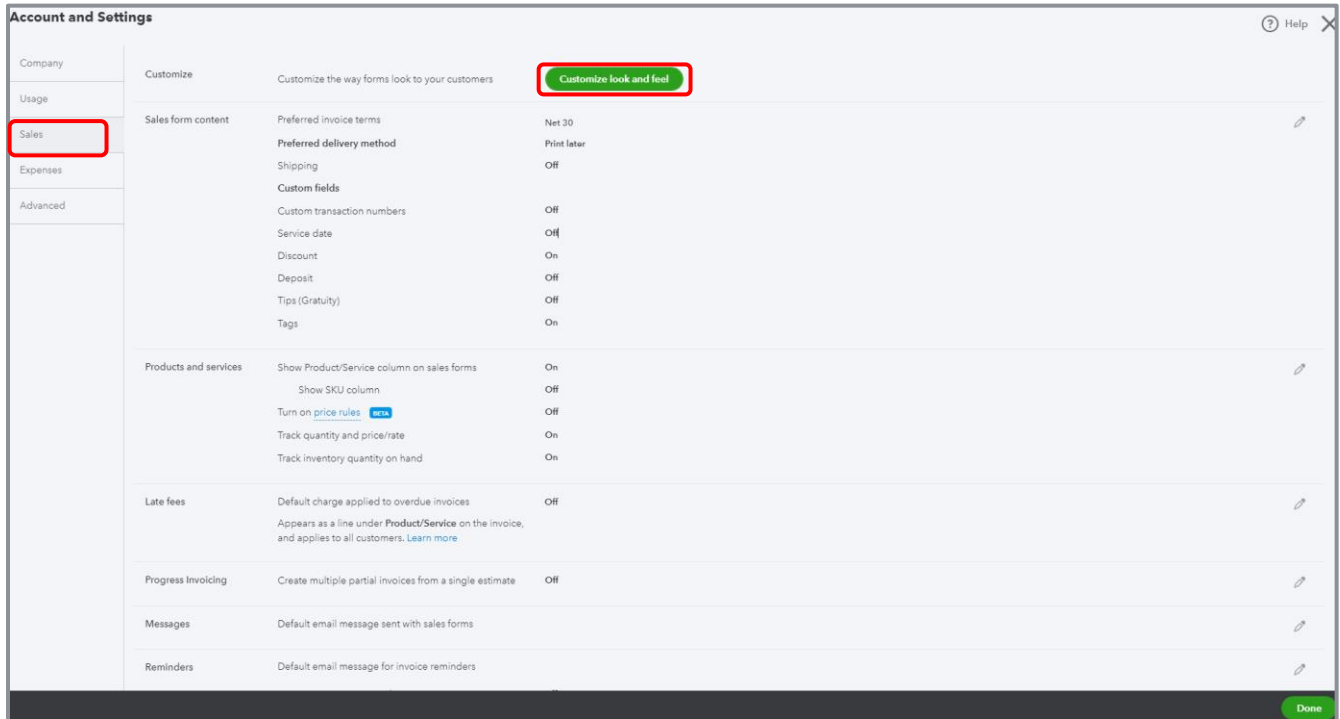
Customize Sales Forms

The first setting under the Sales tab allows you to customize the sales forms. Click **Customize look and feel**. Click **New Style**, then decide if you are going to create a new style for an invoice, estimate or sales receipt. Click **Invoice**.
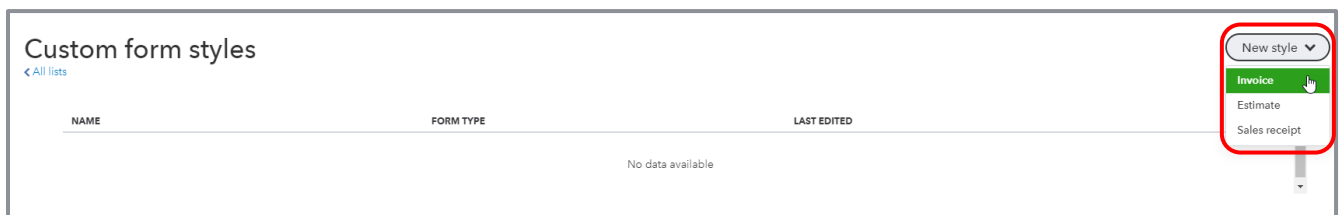
Change the name of the invoice template from the generic *My INVOICE Template – DD-YY (xxxxx)* to something meaningful.

In the Design tab, you can rename the title of this sales form, choose your template (Airy new, Airy classic, Modern, Fresh, Bold or Friendly), upload up to 10 logos (you can use only one at a time on a form), add color and choose your font. You can also print your in-progress template to test how it looks on plain paper or letterhead with various margins or preview a PDF of the form.

Click **Content** tab → **pencil** icon in any of the three sections (Header at the top, Table in the middle or Footer at the bottom) to review and edit the content in that section; you can also edit labels, column widths and so forth.

Make sure to look at the options for billable expenses and billable time if you invoice based on time and expenses. In the Table area you can include the employees' names on the form, and you can group activities by day, week, month or type, and have the groups subtotaled. If these options are not visible you can make them appear by clicking **Show more activity options**.

The Emails tab allows you to set the default email subject and message that accompanies the sent form (the Standard email), as well as the format of any Reminder emails you might send.

Sales Form Content

This section of the Sales tab of Account and Settings allows you to set options such as Preferred invoice terms and Preferred delivery method, which can be changed on an actual individual sales form. The Content section sets defaults. Here you specify if you allow custom user-entered transaction numbers on sales forms (as opposed to a numbering sequence put in place by QuickBooks, with no option to change the numbers) as well as a service date column. You can also add additional line items such as shipping, discount, deposit, tips fields or tags.

Products and Services

In this section of the Sales tab in Account and Settings, you identify if you want to Show the Product/Service column on sales forms so the drop-down list of products and services is available. Also, this where you turn on the preference to track inventory and price rules. Inventory tracking and price rules are available only in QuickBooks Online Plus and Advanced.

Late fees

You can turn on Late Fees, which applies a default charge to overdue invoices, either in the form of a flat fee or a percentage of the remaining balance. You can define the frequency, if it is an upfront, one-time fee, as well as the grace period and the terminology to be used for the charge (e.g., *Late fee*). Lastly, you can specify if sales tax is to be applied to this charge.

Progress Invoicing

You can create multiple invoices from an estimate with Progress Invoicing, allowing you to keep track of the progress of a job. It is available in all subscription levels of QuickBooks Online. This is the section in the Sales tab of Account and Settings where you turn on the ability to perform Progress Invoicing.

Other Sales Settings

The Messages setting allows you to create default email forms when emailing sales forms.

The Reminders setting, like the Messages setting, allows you to create default emails when sending reminders.

Online delivery settings relate to emailing your forms and what you want the customer to see. There are options of sending as plain text, HTML or using an online invoice.
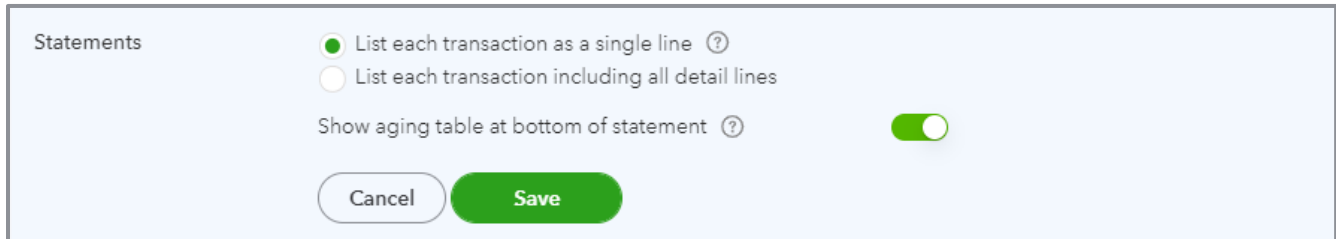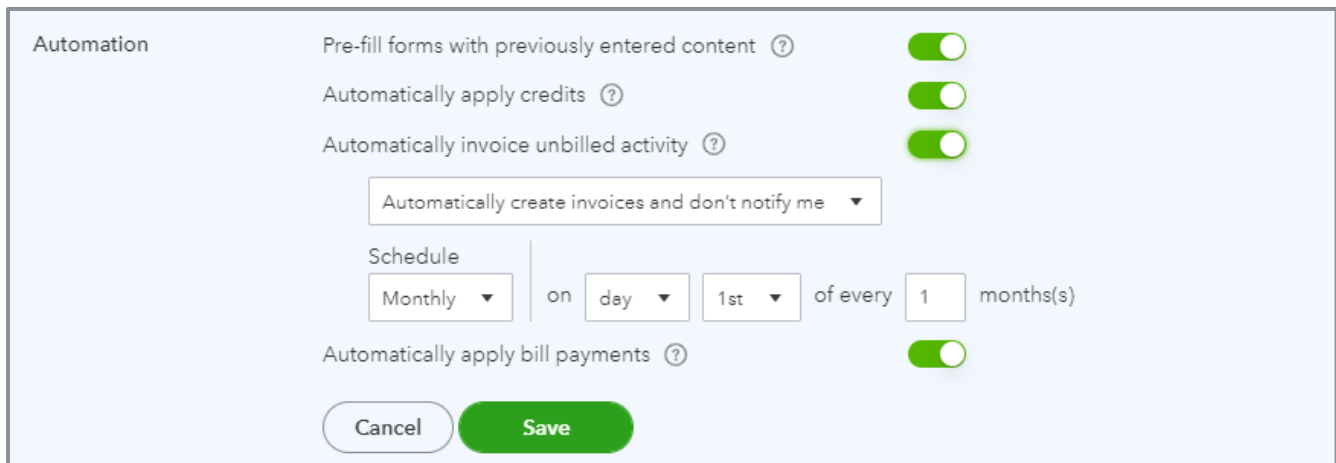
There are a couple of preferences to choose from regarding Statements. See below:

Advanced Settings

For more sales-related preferences, look at the Automation section of Advanced settings.

If you turn on the preference to **Pre-fill forms with previously entered content**, QuickBooks Online will copy the information from the last transaction using the same customer.

If you turn on the preference to **Automatically apply credits**, QuickBooks Online will apply any available credits to the next invoice. Beware of turning on this or any other automation preference. It may be that you don't want to apply the credit to the very next invoice, but instead to some future invoice.

You can turn on a preference to **Automatically invoice unbilled activity**. Once this preference is turned on, you then choose one of the following automation options:
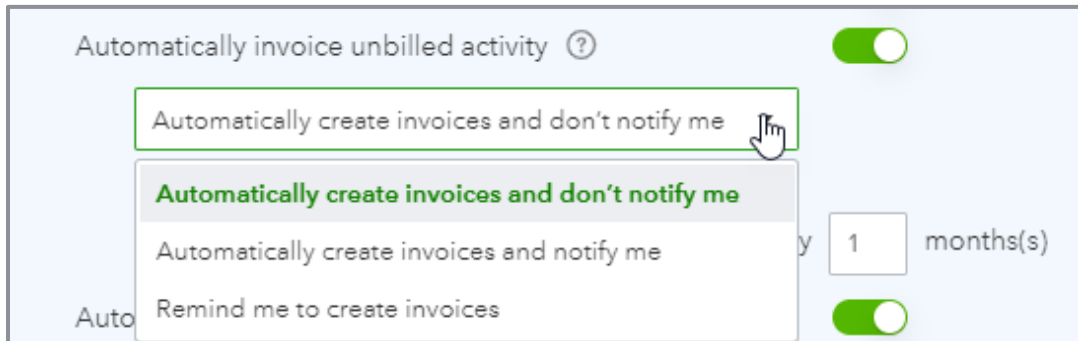
In addition, you specify a schedule regarding how often (in days, weeks, months or years) and when this automation function runs.

You need to understand the ramifications of the Automation preferences to know if they make sense for you. If you have problems with accounts receivable, check these settings.
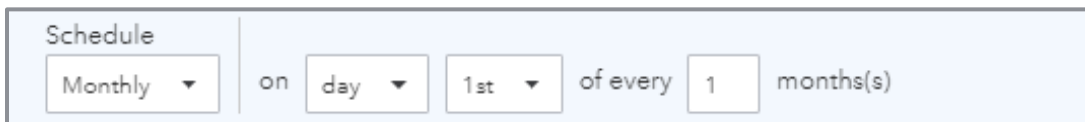
ALTERNATE ENTRY POINTS TO ENTER SALES TRANSACTIONS

Customer Center

The Customer Center, accessed by selecting **Sales → Customers** in the left navigation bar, is a dashboard for adding, editing and reviewing customers with whom your QuickBooks Online company does business. The list of customers can be printed or exported to Microsoft Excel®, and it can be sorted by various parameters or filtered. In the far-right Action column, beside each customer listing in the Customer Center, is a drop-down box from which to create transactions such as invoices or estimates, send a reminder of a balance due, or print or send a statement. In addition, batch actions can be performed for one customer, selected customers or the entire list: send or print statements and send emails directly from within QuickBooks Online.

Enter Transactions from the Customer Center

Step by Step: Create an Estimate

There are several ways to create an estimate in QuickBooks Online. To create an estimate from the Customer Center, follow these steps:

1. Select **Sales → Customers** from the left navigation bar.

2. If necessary, remove any filters from the search bar at the top of the customer list to produce a full list of customers.

3. Select the drop-down box in the far-right column for **Diego Rodriguez → Create estimate**.

4. Complete the on-screen estimate for Diego Rodriguez with the desired date, expiration date of the estimate (if any), products and services of your choosing, the quantity, description (override the description if you want) and rate (override the rate if you like) of each and the sales tax (check the **Tax** box for specific items, then select the **sales tax** to be applied in the drop-down box in the footer).

5. Complete any other desired fields such as Discount and Message displayed on estimate.

6. Select **Save and close** or (by clicking the **drop-down** next to Save and Send) **Save and new**.

Step by Step: **Create an Invoice from an Estimate**

To create an invoice from the estimate you just created, the easiest way to find that estimate is from the Money Bar in the Customer Center.

1. Select **Sales → Customers** from the left navigation bar.

2. Click the **Estimates** rectangle in the far-left section of the Money Bar to display a list of open estimates.

3. Locate Diego Rodriguez on the list of open estimates.

4. Find the estimate you want to turn into an invoice, then select **Start invoice** at the far right.

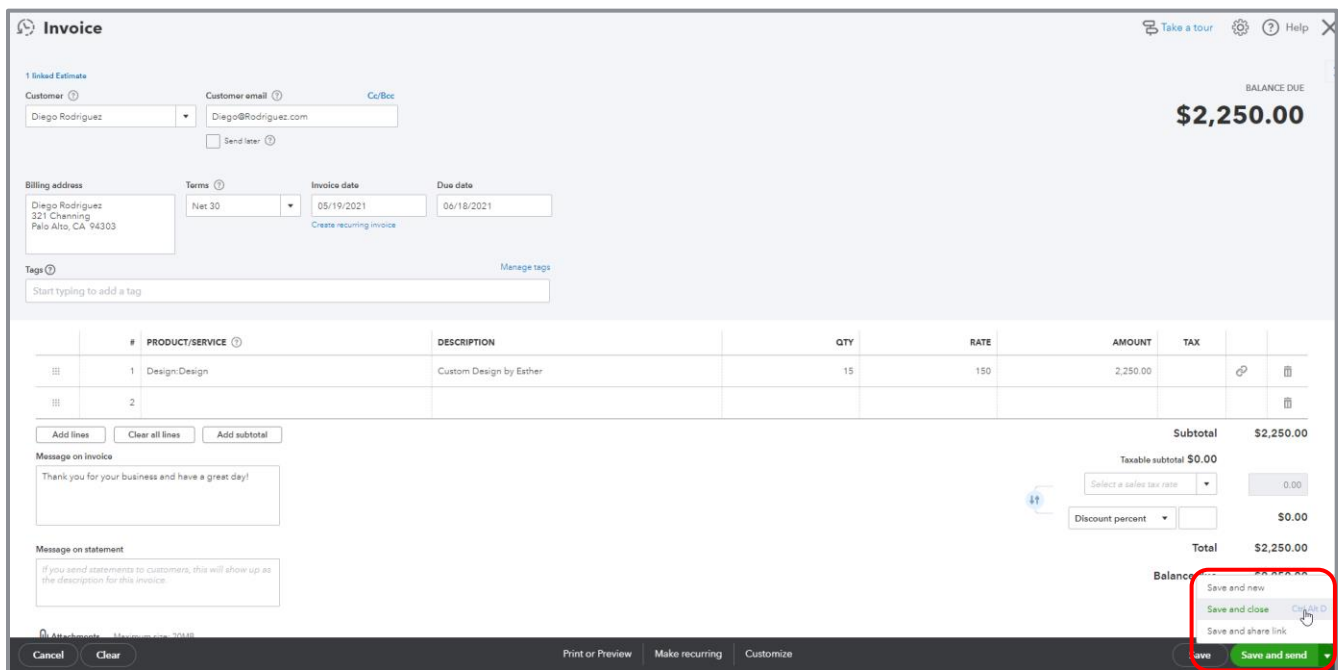5. **Add** the open estimate from the drawer on the right.
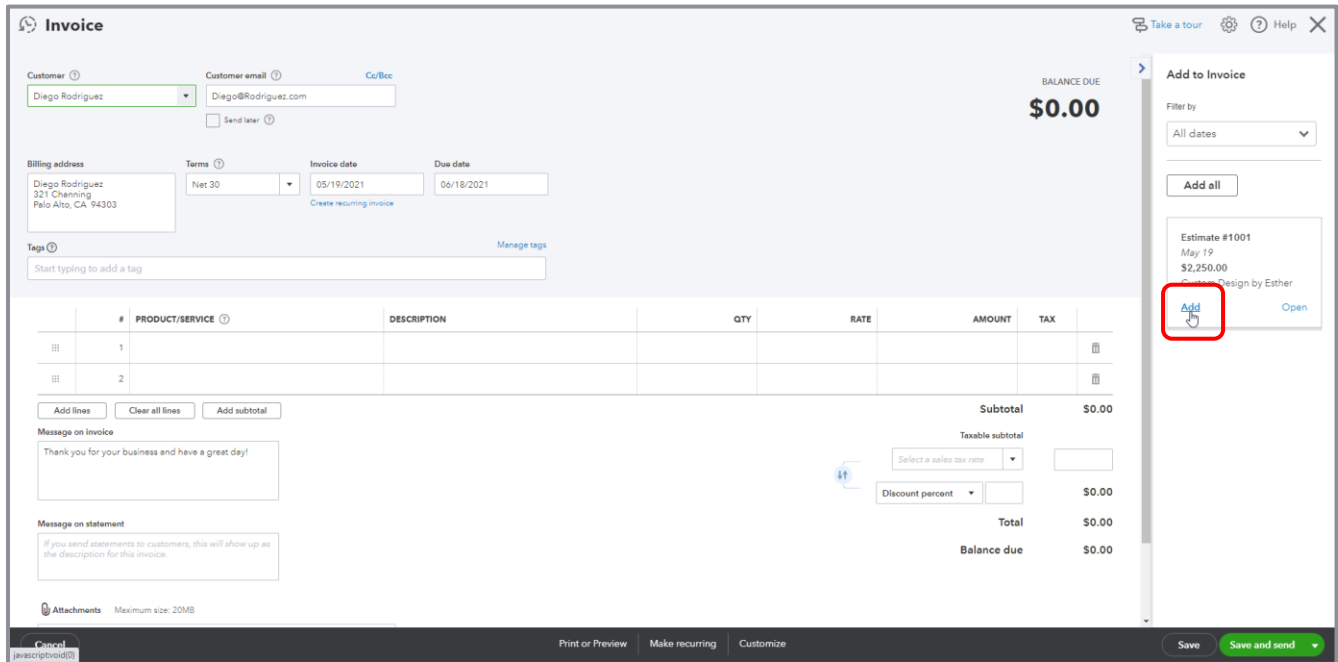
6. Make changes to the already-populated invoice, as required.

7. Select **Save**, **Save and close** (by clicking the drop-down box next to Save and Send), **Save and new**, or **Save and share link**.

When you create an invoice from the estimate, you can change the quantity of the line items on the invoice. If you are invoicing for a smaller quantity than on the estimate you have the option for QuickBooks Online to keep track of the quantity of each item on the original estimate and the cumulative number of each item sold on subsequent related invoices. For this, turn on Progress Invoicing. It will affect the number of each item available to bring over to future invoices from the same estimate.

NOTE: *If you do not want to invoice for the entire amount of the estimate, you can perform progress invoicing, which is available in all subscription levels of QuickBooks Online. First, ensure that Progress Invoicing is turned on. To do this click the* **gear** *icon* → **Account and Settings** *under Your Company* → **Sales** *tab* → **Progress Invoicing** → **pencil** *icon (or click anywhere in that section) and toggle* **Create multiple partial invoices from a single estimate**. *Then click* **Save** *and* **Done***.*
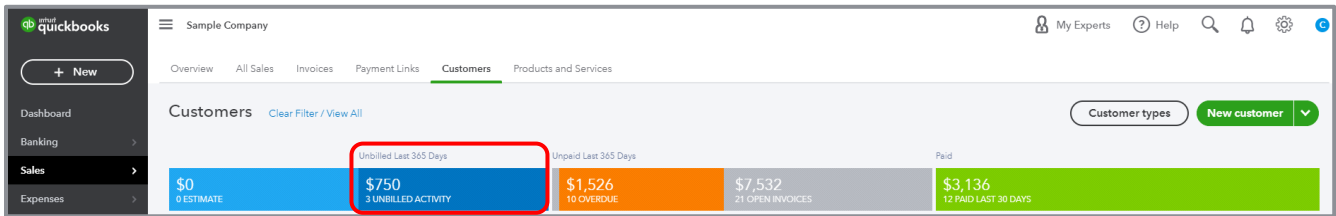
Step by Step: **Create an Invoice for Unbilled Activity**

You can also easily create invoices for any unbilled activity.

1. Select **Sales → Customers** from the left navigation bar.

2. Click the **Unbilled Activity** rectangle in the left section of the Money Bar to display a list of unbilled activity.

3. You could click **Start Invoice** in the far-right column from here to see the unbilled activity. Instead, however, click **Unbilled activity** for Amy's Bird Sanctuary.
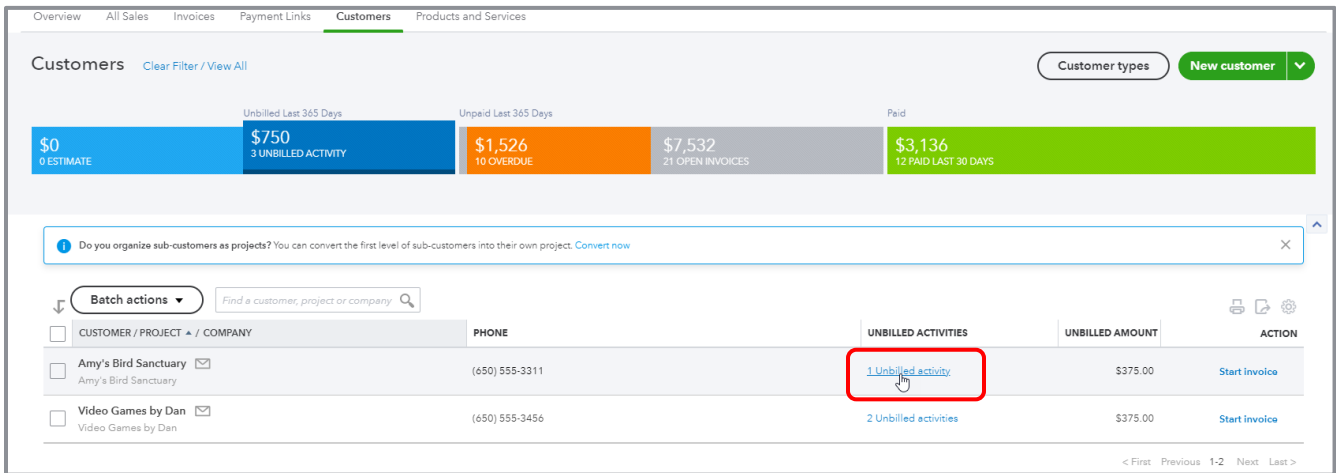
4. Find the one Time Charge activity that is outstanding (unbilled) for this customer; it will display Start Invoice in the far-right column. Click **Create Invoice**.
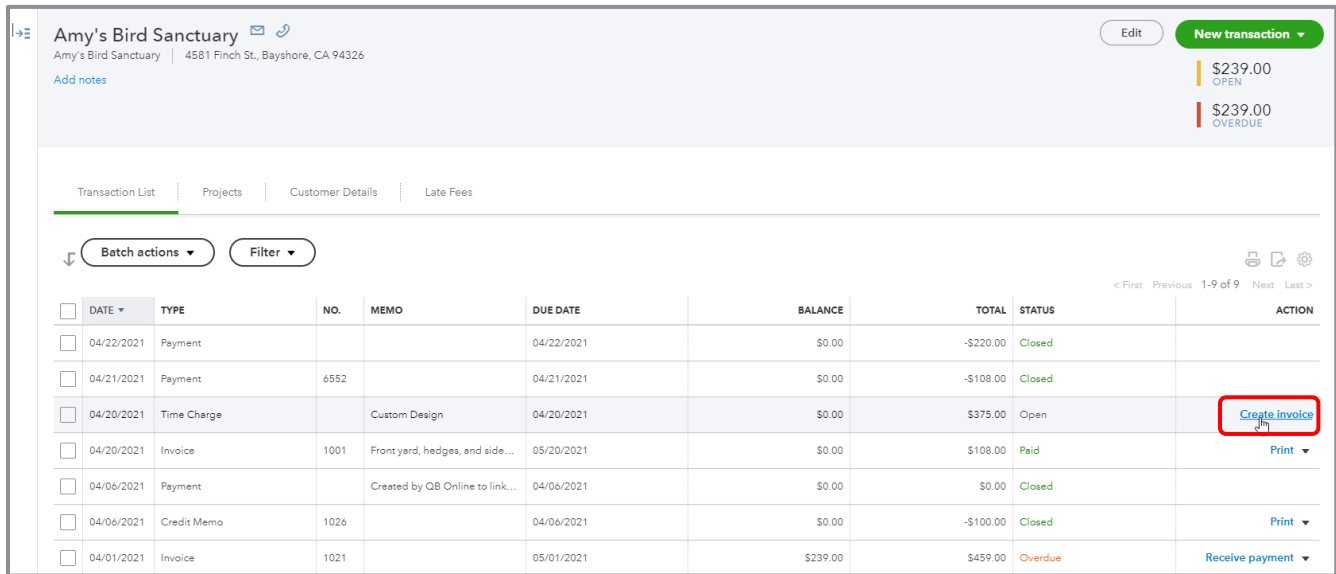
NOTE: *If you have multiple activities listed here (instead of just one), you can start an invoice for one unbilled activity and bring other unbilled activities in from the drawer on the right to add them as well.*

5. Add any additional charges, sales tax or discounts then click **Save**, **Save and close**, **Save and new**, **Save and send** or **Save and share link**.
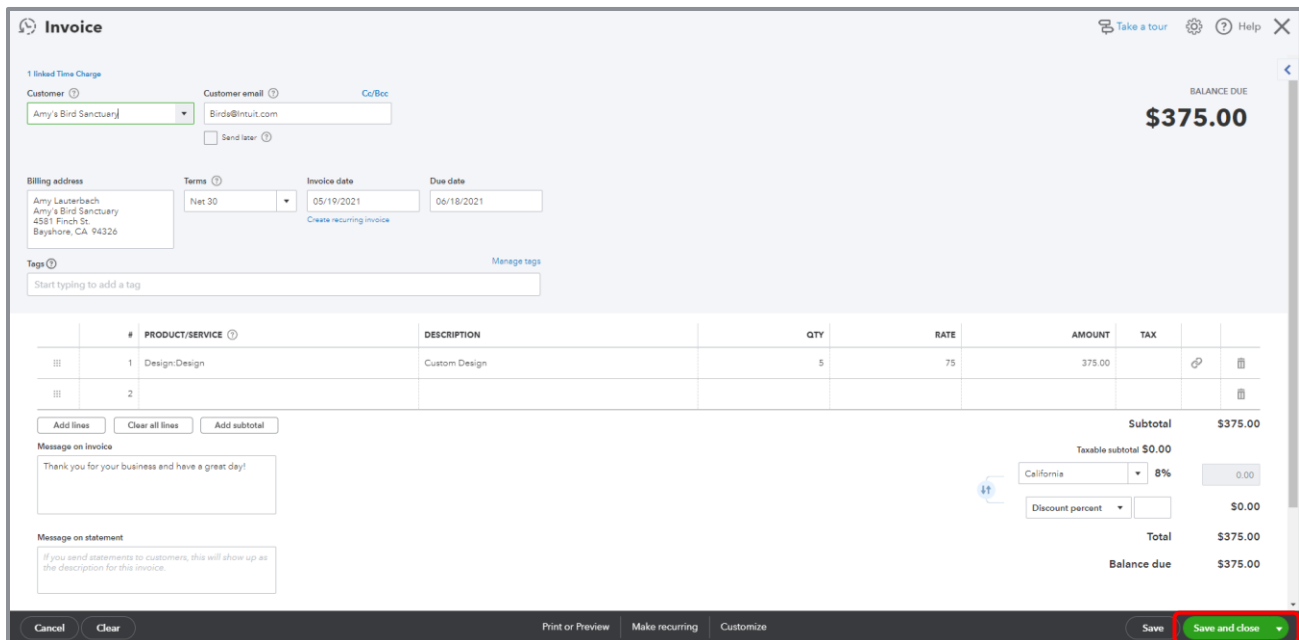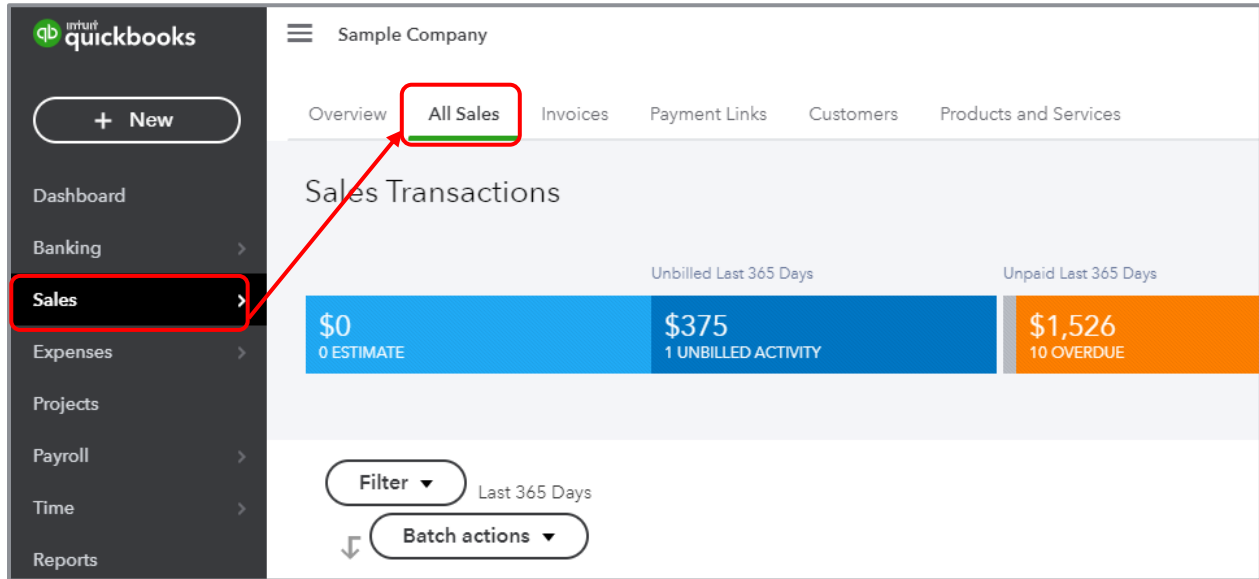
## Enter Transactions from the Sales Transactions Page (Sales Center)

### Step by Step: Create an Invoice

1. Click **Sales** → **All Sales** from the left navigation bar.


2. This opens the Sales Transactions or Sales Center. Under the Action column (1), there are suggested next steps. You can filter the Money Bar (2) here the same way you can in the Customer Center. You can also create a New Transaction at the top right of the screen. Click **New transaction** → **Invoice** (3).
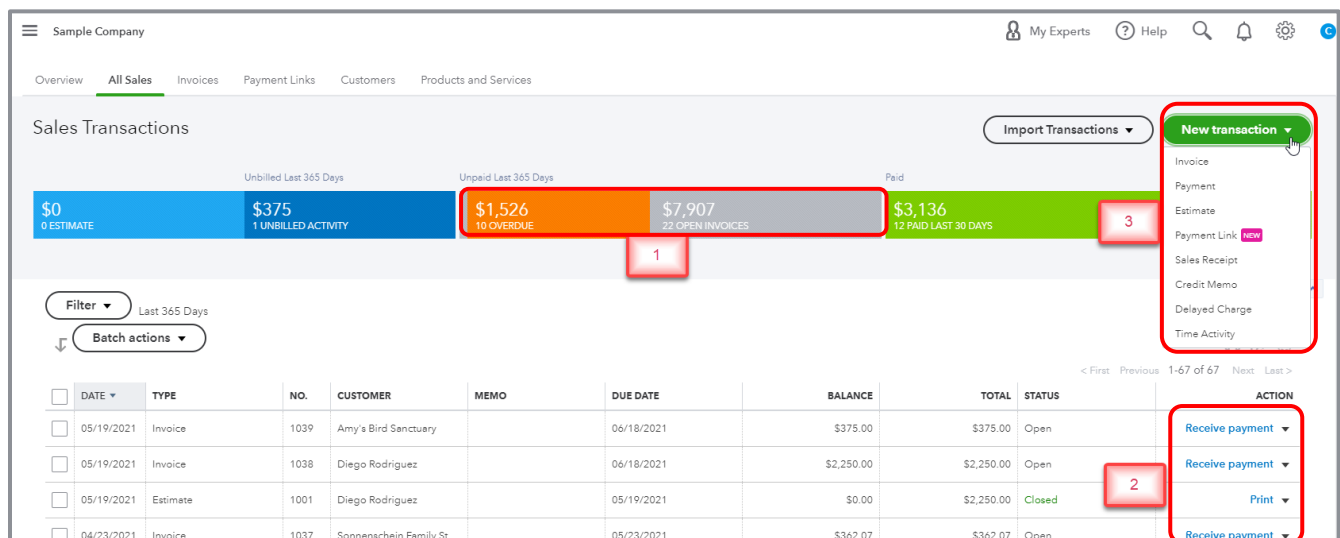
3. Create a new invoice for Video Games by Dan. When you enter the customer name, QuickBooks Online opens a drawer on the right that shows time or expense activities that have been marked billable or any delayed charges or credits for this customer. You can easily add them to the invoice. The difference between creating the invoice from here (in the Sales Center) vs. creating it from the Action column for that customer or activity, is in the Sales Center you have a choice of what you are adding (you can click **Add** for each item you wish to add or you can click **Add all** if you wish to add them all); if you create an invoice from the Action column, it automatically puts the unbilled activity on the invoice.
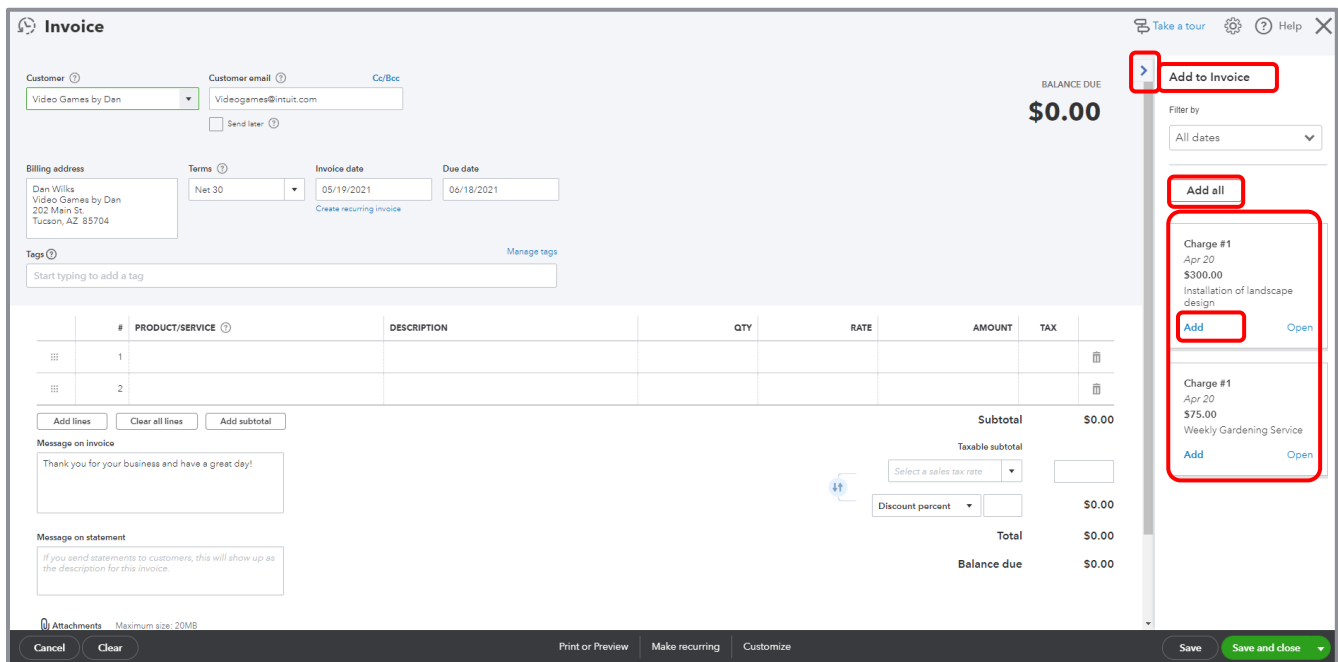
4. Invoice just for the installation by clicking **Add** (and you can collapse the drawer by clicking the sideways caret if you want, as indicated in the previous screen capture), and you'll see there is a hyperlink to 1 linked Charge in the top left portion of the invoice. Then **Save and close**.
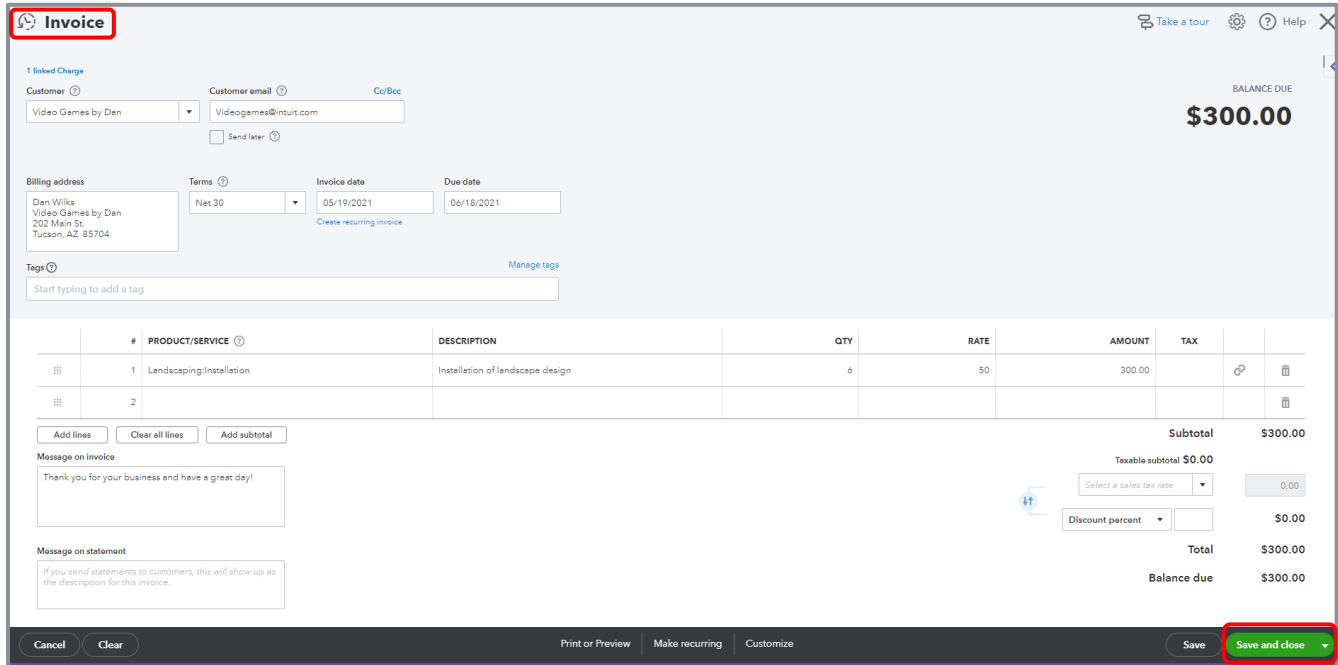
5. This brings you back to the Sales Transactions list. To clear any filter resulting from the Money Bar selection, so you can see all the transactions, click **Clear filter / View all** at the top of the table, if it is visible. Note this table is sorted by date. You can sort by any column header by clicking that column's **header** (clicking sorts by that parameter; clicking twice sorts it in reverse order).
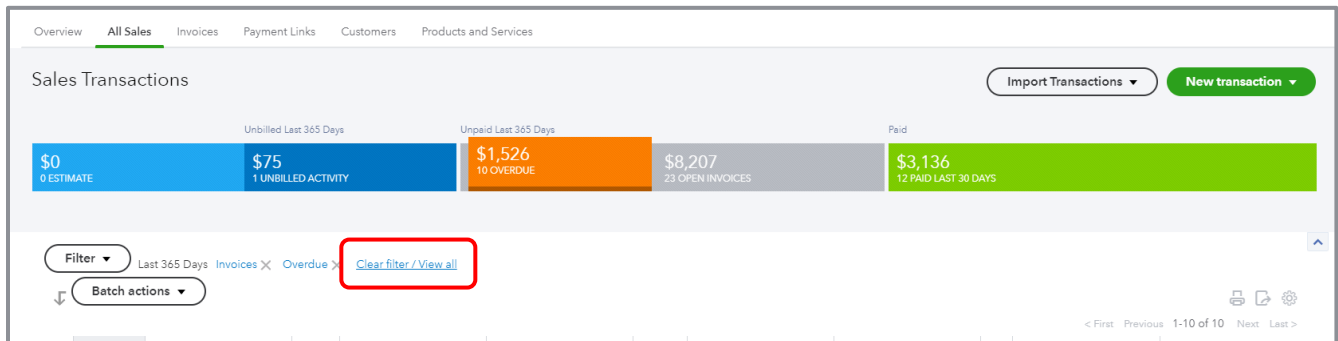
6. If you don't see the columns you need, click the **grid gear** icon above the Action column and choose the columns you want to display. Then click the **grid gear** icon again to make that list of columns disappear.

Step by Step: **Receive Payment**

1. The next step is to receive payment. Dan sent us a check for $300. Click **Receive payment** next to his name.

2. A list of Outstanding Transactions shows up for this customer with the invoice being paid checked. You can deposit to Undeposited Funds or directly into a bank account. In a real company, if you're signed up for QuickBooks Payments, you would see a box to check to process a credit card here. You'll learn more about payments in Module 5. Specify the **Payment date**, the **Payment method**, the **Reference no.** (check number), choose **Undeposited Funds** → **Save and close**.

From the Sales Transactions page you can enter transactions contextually based on the currently listed transaction (click the **drop-down** in the Action column for that transaction), or you can create new sales transactions (click the **New transaction** drop-down at the top of the page).

Enter Transactions from +New

If you have the expanded view of +New open, you can see a list of sales type transactions under the Customers column.

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

Show less

Step by Step: Enter a Delayed Charge

1. To open +New, click the **+New** sign at the top of the left navigation bar in QuickBooks; if you don't see the expanded view, click **Show more**.

2. Click **Delayed Charge**. A delayed charge is a non-posting transaction; you're telling QuickBooks Online you will need to invoice a customer for something in the future. Let's say you are a landscaping service and do gardening for multiple customers. Every day you record where you gardened that day, but you invoice only once a month. You can record that activity in QuickBooks Online as a delayed charge and, at month end, create an invoice.

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

Show less

3. Enter *Amy's Bird Sanctuary*. In the Date field type a *w* to select the beginning of the currently displayed week. Enter *Gardening* under the Product/Service column. Enter *4* under the QTY (Quantity) column and *$35* under the Rate column. Click **Save and new**.

4. Enter *Amy's Bird Sanctuary*. In the Date field, type a **k** and **+**. K brings you to the end of the currently-displayed week and the **+** advances a day, which brings you to the beginning of next week. Enter *Gardening* under the Product/Service column. (Some of this might be there already, if the Automation preferences are set to *Pre-fill forms with previously entered content* in Account and Settings.) Enter *3* under the QTY column and *$35* under the Rate column. Click **Save and close**.

Step by Step: **Create an Invoice from +New**

1. From +New choose **Invoice**.

2. Enter *Amy's Bird Sanctuary.* As soon as you enter the customer name, if there are any unbilled (delayed) charges (or credits) or unbilled time (or expenses), a drawer opens on the right so you can easily add them to the invoice.

3. Click **Add all** then **Save and close**.

## Step by Step: **Recurring Transactions**

If you have monthly recurring charges and you don't want to have to remember to enter them, QuickBooks Online can create an invoice automatically and email it to your customers. Use the Recurring Transactions feature. Most transactions (sales, purchases and journal entries) can be made recurring.

1. From +New click **Invoice**.

2. Type *Bill's Windsurf Shop* and choose **Pest Control** under Product/Service. Leave the quantity at 1 and the rate at $35. At the bottom of the screen click **Make recurring**.
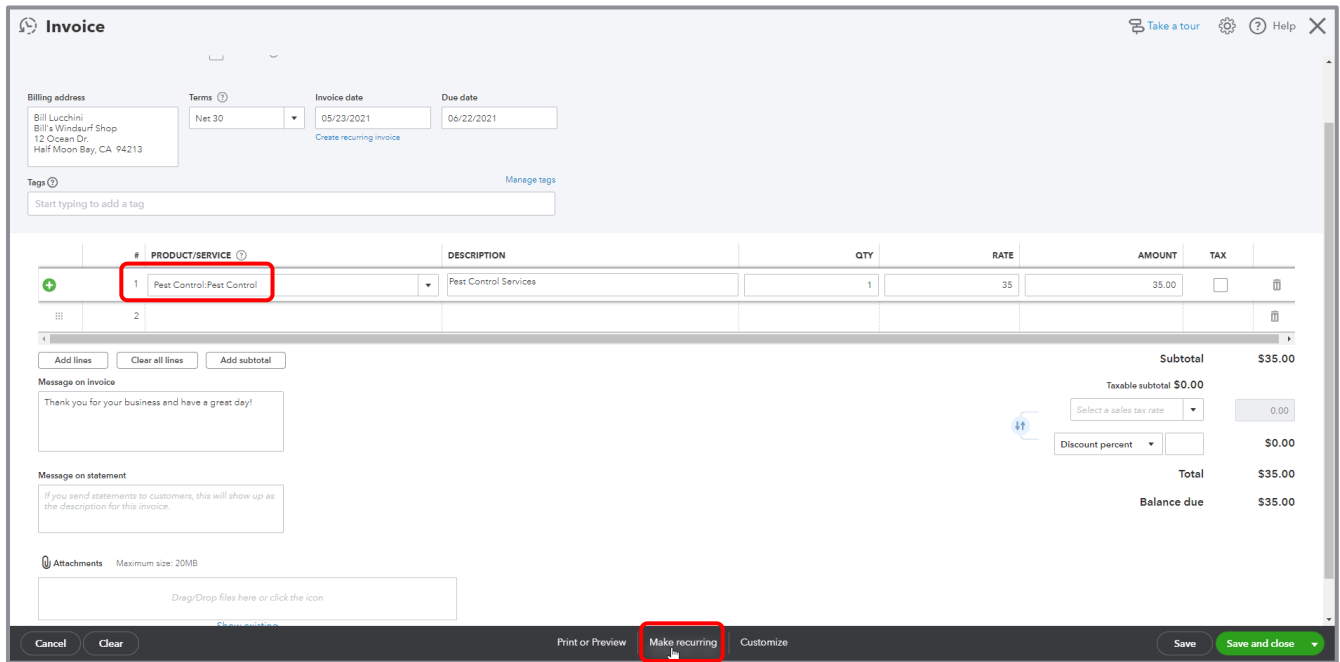
3. This opens a screen where you can create a recurring invoice template. You can name the template, say whether you want it automatically entered, choose to send an email automatically and, if scheduled, set up the schedule. Click **Save template**.

You have a lot of flexibility when creating a template. Experiment with it in the sample file. Note that if you have an already-recorded transaction and want to make it recurring, you can open it up and click **Make recurring** at the bottom of the screen. Remember that most transactions can be made recurring.

Step by Step: **Recurring Transaction List**

1. To see a list of recurring transactions, click the **gear** icon and open **Recurring Transactions** under Lists.

2. From here you can add new templates, edit an existing template, use an existing template, duplicate it (a good starting point for a new template) or delete it.

Topic 2: **Expense and Purchase Transactions**

Whenever you set up a new area of QuickBooks, you need to review the Account and Settings related to that area. Before you go into the Account and Settings, you need to make sure you understand the different types of expense and purchase transactions.

● **Bill** is a transaction you enter when you receive a bill from a vendor but want to pay it later. A bill will increase accounts payable and generally increase expenses. This is available in Essentials, Plus and Advanced only.

● **Expense** is a way to enter cash, check or credit card purchases all in one window. (Note that you cannot print checks that were entered from the Expense window.)

● **Checks** are a way to enter transactions that reduce your bank account. You can assign check numbers for manual checks or checks that have already been printed. Or you can set checks to **print later** and print them when you're ready.

● **Bill payment** is a transaction used to pay the bills entered. A bill payment reduces accounts payable and can be from a bank or credit card account. This is available in Essentials, Plus and Advanced only.

● **Purchase order** is a non-posting transaction used to tell a vendor you want to order goods or services. This is available in Plus and Advanced only.

● **Vendor credit** is used to record either a refund or return from a vendor that reduces accounts payable. This is available in Essentials, Plus and Advanced only.

● **Credit card credit** is a transaction that records a credit card refund from a vendor

All these transactions relate to monies going out. Most of these transactions can be launched from more than one access point, whereas others can be launched only from one.

APPROPRIATE EXPENSE-RELATED SETTINGS

Account and Settings

Click the **gear** icon and choose **Account and Settings** under Your Company.
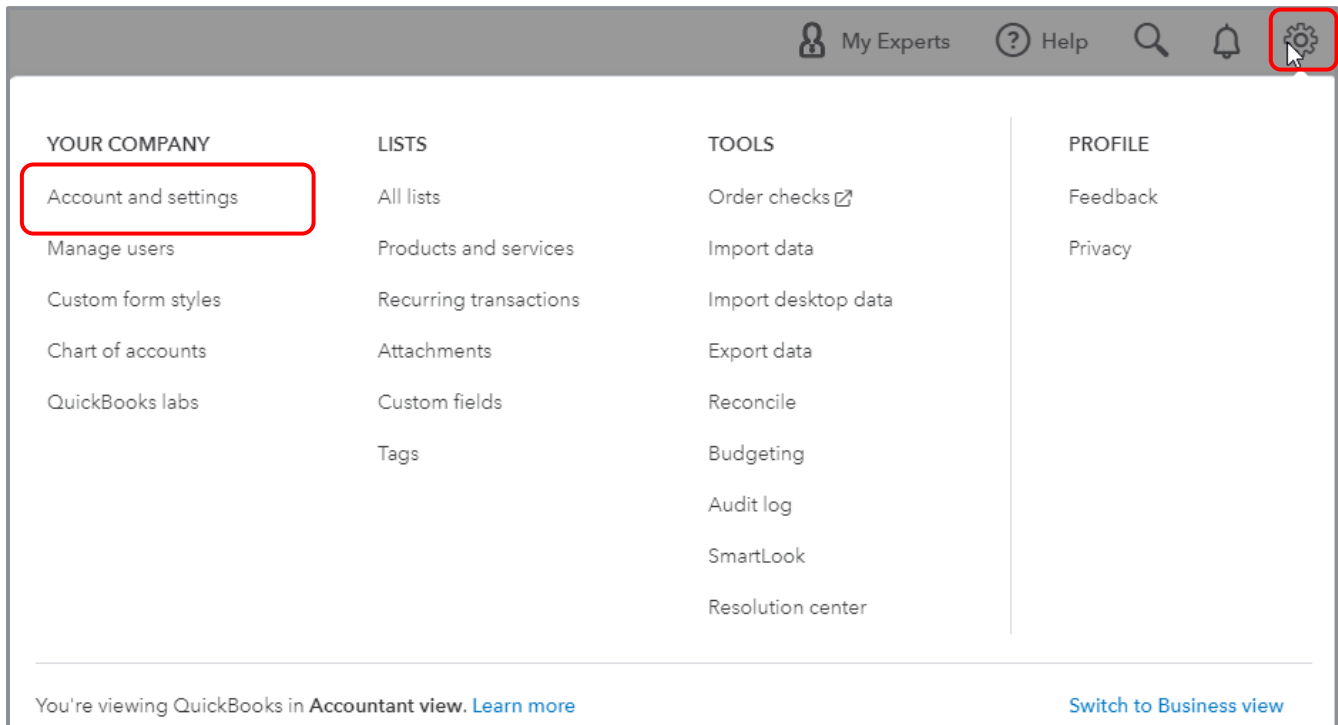
There are several tabs down the left side to set the preferences you want to use with the company file. There is a separate tab for Expenses, but there are also expense-related settings included in the Advanced tab.

NOTE: *In an actual QuickBooks Online company (as opposed to the test drive company below), you would see more tabs down the left side.*

Click **Expenses**. The Bills and expenses preferences allow you to use items on expense and purchase forms (in addition to general ledger accounts), track purchases by customer and mark them billable. You can also define the default bill payment terms.

There is also a place to set up the default email message sent with purchase orders.

NOTE: *Your subscription level determines whether you can use some of these features. For example, purchase orders can only be used in QuickBooks Online Plus and Advanced.*

Click **Advanced**. You'll see the same types of automation choices you saw with customers. Do you want QuickBooks Online to apply bill payments automatically? Think about it before you turn it on.

Under the Other preferences section, it's a good idea to turn on the duplicate check and bill warnings.
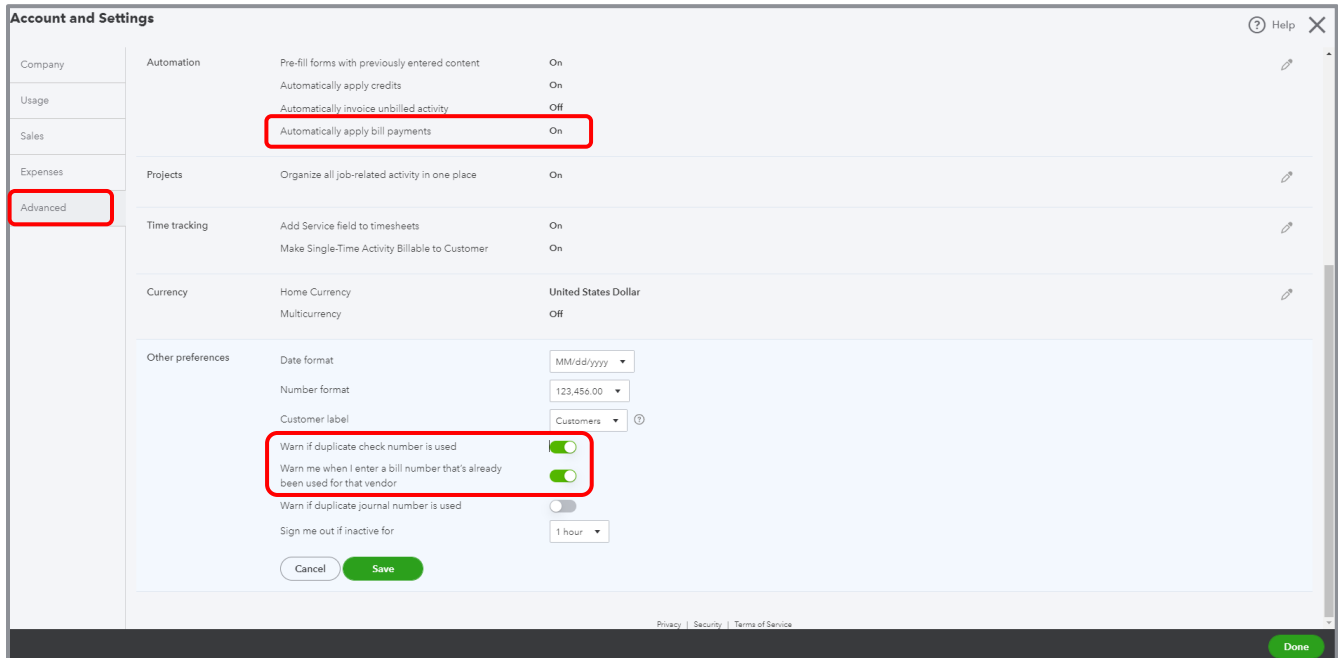
ALTERNATE ENTRY POINTS TO ENTER PURCHASING TRANSACTIONS

Vendor Center

The Vendor Center, accessed by selecting **Expenses → Vendors** in the left navigation bar, is a dashboard for adding, editing and reviewing vendors with which your QuickBooks Online company does business. The list of vendors can be printed or exported to Excel, and it can be sorted by various parameters or filtered. In the far-right column, beside each vendor listing in the Vendor Center, is a drop-down box from which to create transactions such as bills or checks, or to make a vendor inactive. In addition, you can email vendors in batch by using the Batch Actions drop-down list at the top of the list of vendors in the left corner. These emails can use your choice of web-based email or email client.

Enter Transactions from the Vendor Center

Step by Step: Create a Bill

1. Go to **Action → Create bill** for Bob's Burger Joint.

NOTE: *Because of the setting* Show items table on expense and purchase forms (*in the Expenses tab of Account and Settings), you have the choice to assign the detail portion of bills directly to one or more accounts on the Chart of Accounts, or use one or more items from the Products and Services list, or use a combination of the two functionalities.*

2. Assign a bill number *1234*. Under Category details enter Advertising for *$2,500*, billable to customer Amy's Bird Sanctuary.
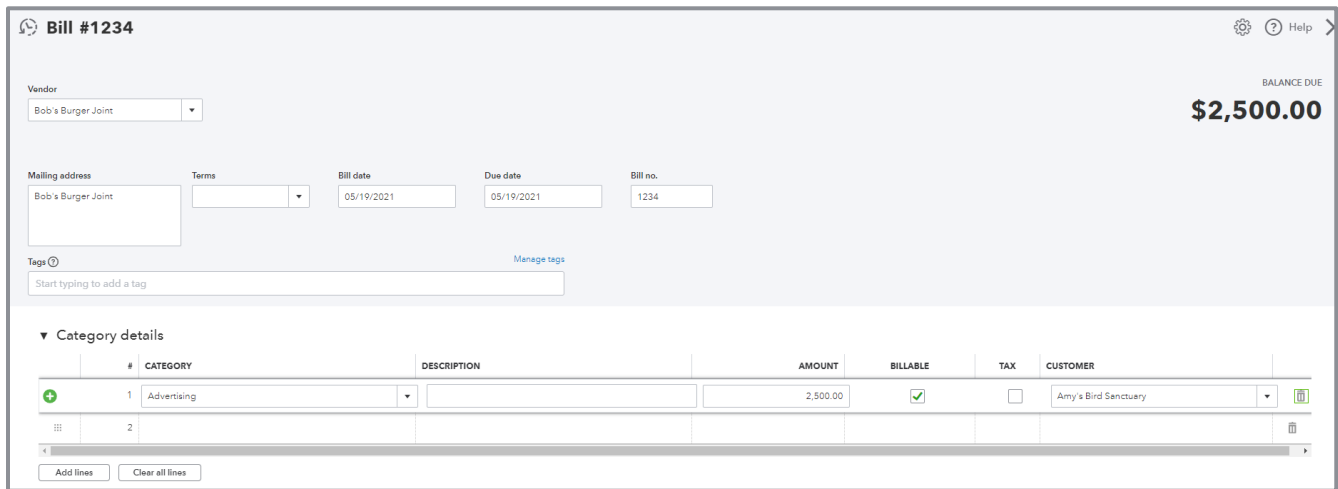
3. Use the keyboard shortcut **Ctrl** + **Alt** + **s** to save this bill and open a new bill entry screen.

4. Enter a second bill *#1333* for Bob's Burger Joint for Meals and Entertainment, *$250* then **Save and close**. (Because the Company Setting *Pre-fill forms with previously entered content* is turned on (under **Account and Settings → Advanced → Automation**), you'll have to overwrite the Advertising account that appears with Meals and Entertainment; you'll also have to change the amount of the expense from $2,500 to $250.)

Notice that when you used your keyboard shortcut to save bill 1234, QuickBooks Online saved the transaction and assumed you wanted to enter an additional transaction of the same type. But QuickBooks Online does not assume you want to use the same vendor. Therefore, in this case you needed to enter Bob's Burger Joint as the vendor in the second bill.

Now you see Bob's Burger Joint has $2,750 as an Open Balance in the Vendor Center:
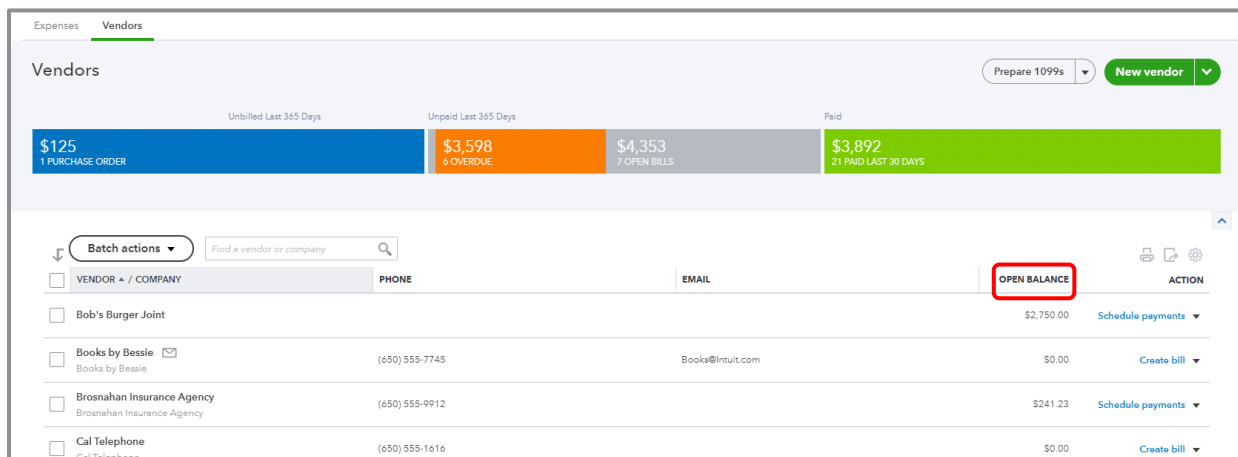
If you click the name **Bob's Burger Joint** in the Vendor Center, you will see the two open bills adding up to $2,750. You can then make a payment by clicking **Mark as paid** in the drop-down of the Action column in the far right next to one of the bills. If you want to pay the second bill on that same payment, you would be able to add the second bill to the payment transaction from the Drawer that opens on the right of the Bill Payment screen. This is just one way to pay one or more bills. (Don't pay these bills for now; we'll pay them in the next section.)

However, you don't have to go down to the individual bill level to tell QuickBooks Online to pay a vendor's bills. There are many ways to pay bills in QuickBooks Online. We will cover bill payments next.

Step by Step: **Pay Bills**

1. Go back to the Vendor Center if you have left it. From the Action column, click **Make payment** in the drop-down for Bob's Burger Joint.

2. QuickBooks Online opens the Bill Payment screen with that vendor's outstanding bills listed and already checked for you to pay. At the top of the screen you can choose to pay via a bank account or credit card. Specify the date of payment and a reference number if possible.

3. If you are not paying all the outstanding bills, uncheck the ones you aren't paying.

4. If you are partially paying one or more of the bills, overwrite the amount you are paying in the Payment box for each partially-paid bill.

5. At the bottom of the screen click **Save and close**.

As with the Customer Center, you can click the vendor name and get a list of transactions you can act upon, or create new transactions by clicking the **New transaction** button at the top right.

Enter Transactions → Expenses

If you click **Expenses → Expenses** in the left-hand navigation bar, QuickBooks Online opens a list of the last 365 days of Expense Transactions (all kinds of money-out transactions), regardless of vendor or payee. This screen can be filtered to modify the view. You can drill down on any transaction. You can also enter a new transaction or print checks.

Step by Step: Enter an Expense Type of Transaction

1. From the New Transaction drop-down menu, choose **Expense**. To recap: an *expense* transaction (a specific transaction type under the broad Expense transactions category, including transactions such as bills or checks) allows you to either reduce your bank account (including cash) or increase your credit card payable for a purchase made for the company. An expense transaction is a good transaction type to use when inputting a backlog of receipts that have been collected but not sorted by payment type. With the expense transaction, there is *no need* to sort the receipts first by credit card, check, other bank account or cash. Rather, you can enter them using this one Expense screen by specifying the account (specified bank account, petty cash or a specified credit card) at the top.

2. Enter an expense for the vendor Books by Bessie. It was paid with a MasterCard and was for Dues & Subscriptions for $10. (It's also a good practice for tracking purposes to enter a meaningful reference number, even if one is not supplied by the vendor.)
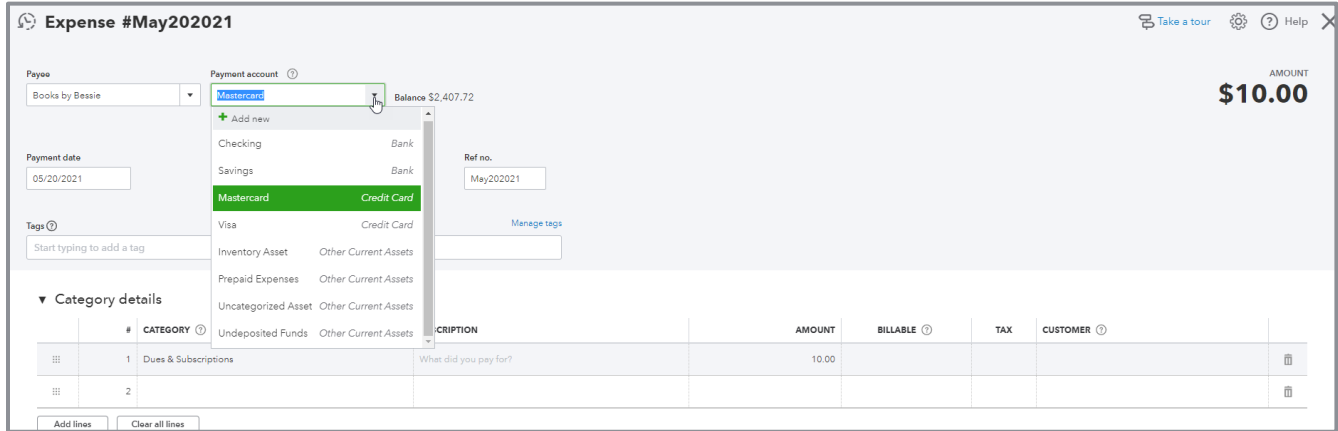
3. At the bottom of your screen click **Save and new**.

4. Enter a transaction for Computers by Jenni. It was paid out of Checking with manual check #32 on the same date. It was for Commissions and Fees for $100. **Save and close**.
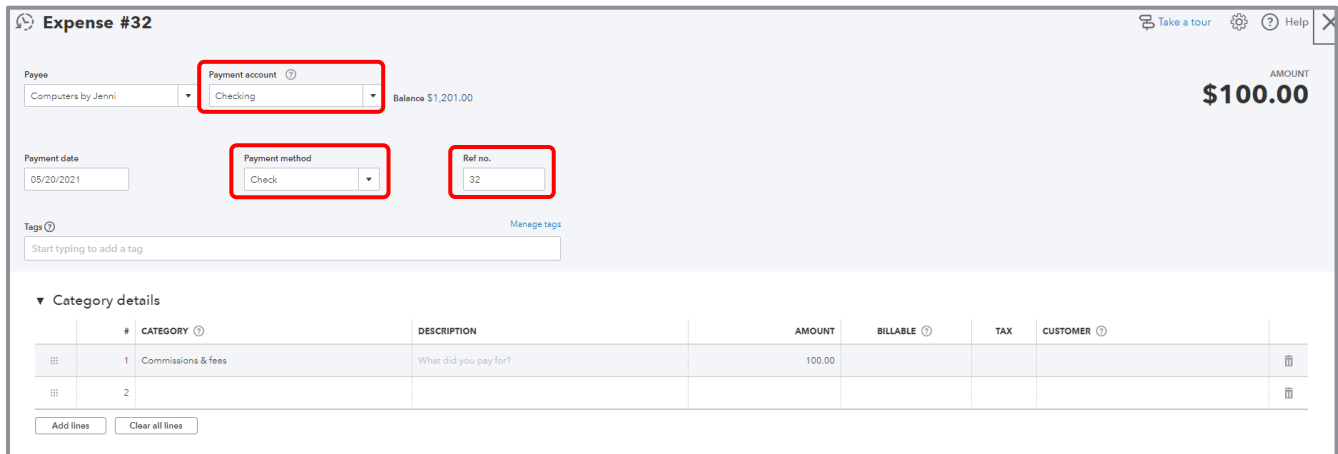
On the Expense Transactions page both expenses appear, but one affected the bank account (Checking) and the other a credit card account (MasterCard). If you are entering all checks, use the Check feature rather than the Expense transaction. Remember, the Check feature allows you to print checks while the Expense transaction does not.

Enter Transactions from +New

Previously you learned how to pay one or more bills from the Vendor Center, but this would allow you to pay only one vendor at a time. If you want to pay bills from multiple vendors at one time, you need to access **Pay Bills** from +New at the top of the left navigation bar.

Step by Step: Pay Multiple Bills

1. Click **+New** then, under Vendors, select **Pay Bills**.

2. Select **Checking** as the Payment account.

3. Enter the Payment date (this method assumes you are paying all the selected bills on the same date) and check the box for **Print Later** (instead of specifying a starting check no. for manual checks). You can sort the list by clicking the column headers as in the Vendor and Customer centers. This allows you to sort how you want to see the bills listed. You can also filter the list. Select which bills to pay by placing a checkmark in the far-left column next to the bill(s). If you are going to pay less than the open balance on a bill, enter that amount in the Payment column. The footer area tells you how much you have in the bank account after making these payments. Click **Save and print**.

When you click **Save and print** QuickBooks Online will give you a list of bills paid as well as print the bill payment checks. (You may see a Print Checks setup screen first if you haven't printed checks before.)
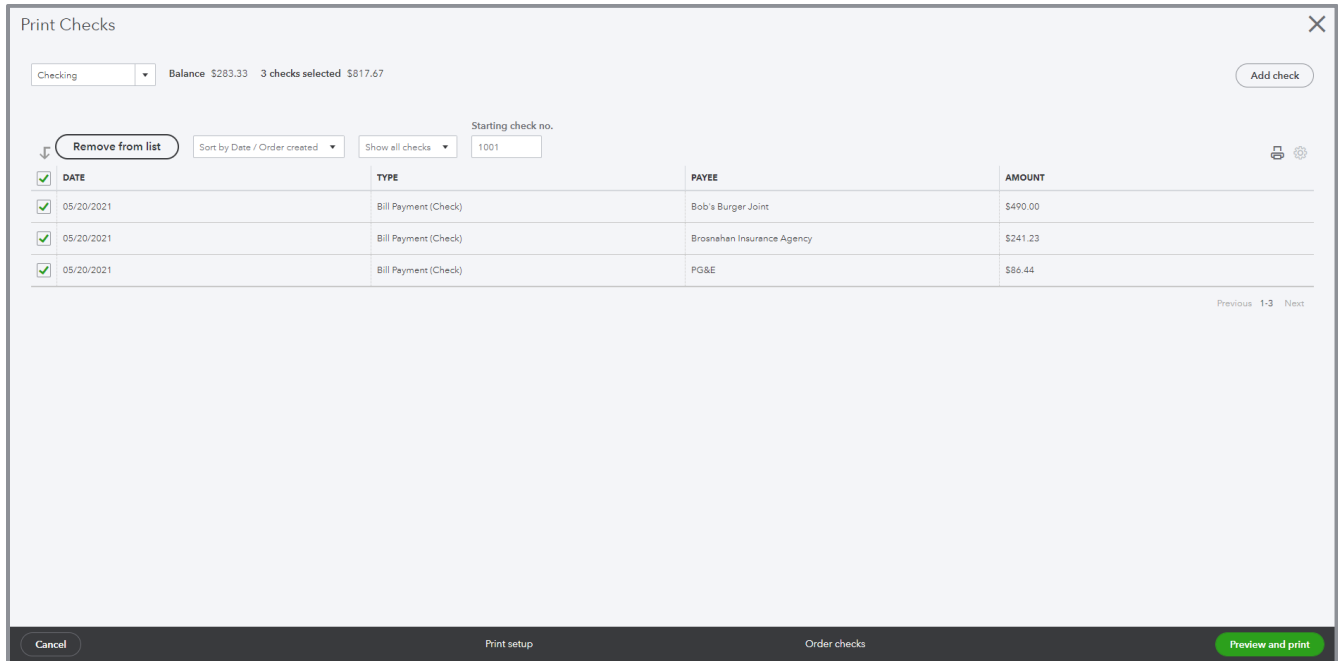
If you chose the payment method of Printed Check but decided *not* to print them immediately from this screen, that's fine. These checks can be batch printed later. You'll learn about that shortly.

## Step by Step: **Create a Check (write a check to pay a bill)**

1.   Click **+New** then, under Vendors, select **Check**.

2.   Enter the vendor *Diego's Road Warrior Bodyshop*. If you enter a vendor name and there is an outstanding bill related to that vendor, a drawer opens on the right-hand side of the page which allows you to add the bill to the check. The accounting effect is to decrease the bank account balance and decrease accounts payable. This feature will help prevent you from writing a check for a bill already entered and posting it to an expense account, thereby double-counting the expense and never clearing the payables.

3. Click **Add** to add the bill to the check. This changes the transaction type from Check to Bill Payment. (Note *Check #To print* changed to *Bill Payment #To print* in the top left corner of the transaction.) If desired, remove the checkmark in the box next to **Print later** to assign a manual or already-assigned check number. Click **Save and close**.
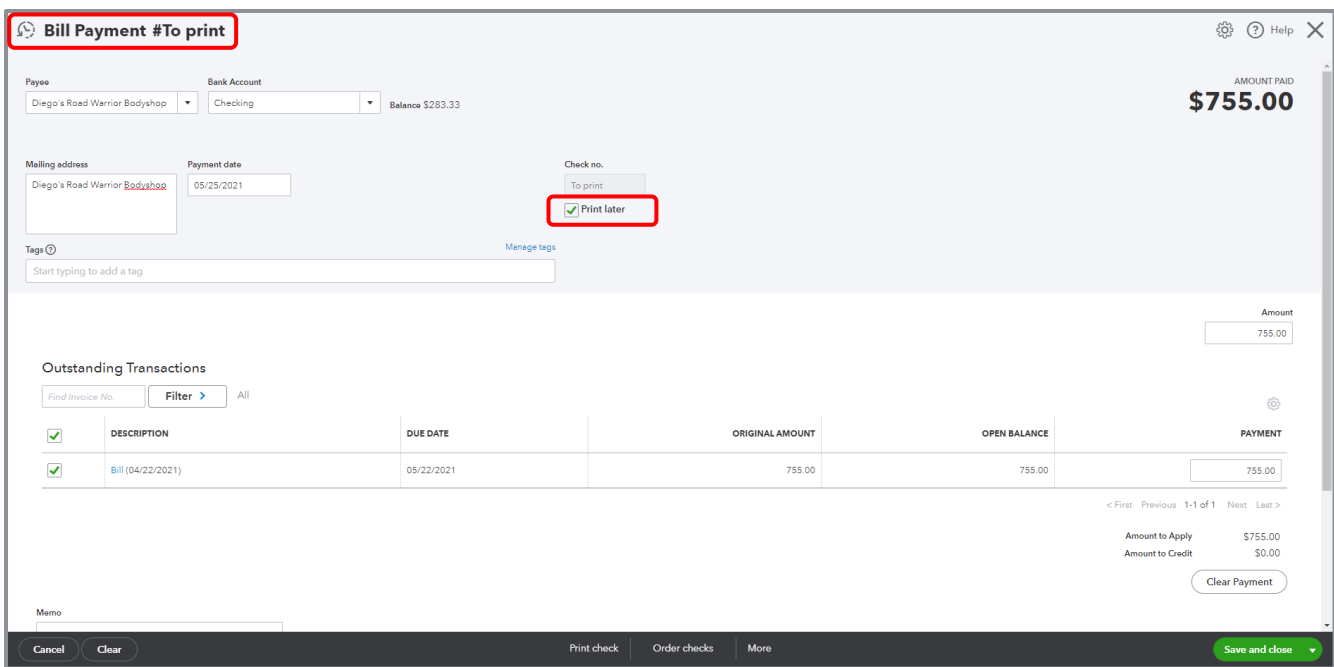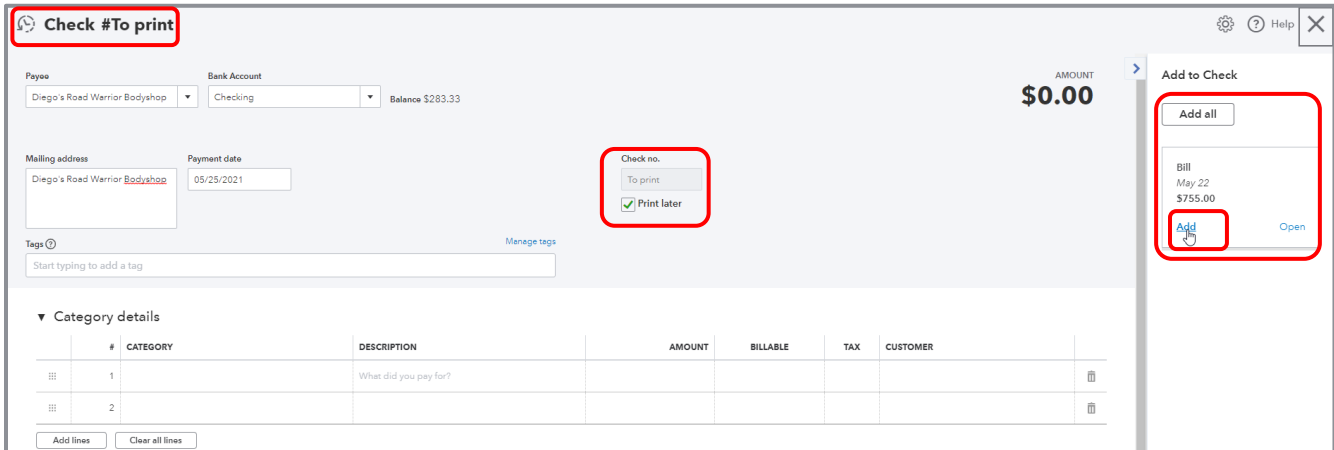
If this check wasn't intended to pay an outstanding bill, don't add anything from the drawer, even if there is a bill there, and enter the account or item details in the body of the check.

Step by Step: **Print Checks in Batch**

1. Click **+New** then, under Vendors, select **Print Checks**.

2. The first time you click **Print Checks**, you must make sure your checks align correctly. Once you have done that, all checks marked to be printed later will appear in the Print Checks screen. You can create a new check and add it to this Print Checks screen by clicking **Add check** in the top right corner. (You can also return to the Print setup screen for proper alignment with your printer by clicking **Print setup** at the bottom.)

3. Place a checkmark in the box next to each check you wish to print, then select **Preview and Print**. Before you do that, you need to *make sure the starting check number is correct*. Overwrite it if it's not.

Banking

The Banking Center allows you to link your bank and credit card accounts to QuickBooks. Once that is done, QuickBooks Online automatically downloads transactions nightly, though you can download manually at any time by clicking **Update** in the upper right-hand corner.

Step by Step: Use the Banking Center

1. Select **Banking → Banking** from the left navigation bar.

2. At the top of the screen, the linked bank and credit card accounts are displayed as cards, as well as the number of transactions that have been downloaded and need to be either entered or matched. Although QuickBooks Online automatically downloads transactions nightly, you can click **Update** to import the latest transactions at any time.
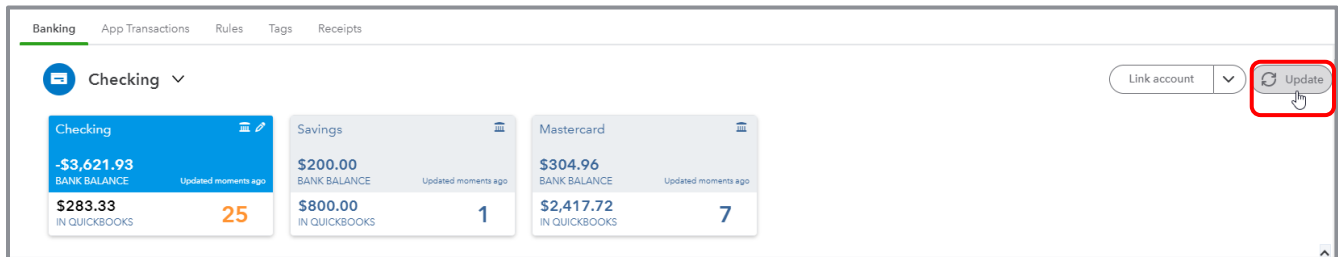
3. If your bank account does not connect to QuickBooks, choosing **Upload from file** in the drop-down under Link account allows you to import CSV, QFX, QuickBooks Online or OFX formatted files. You can also add new accounts to connect to QuickBooks Online by clicking **Link account**.
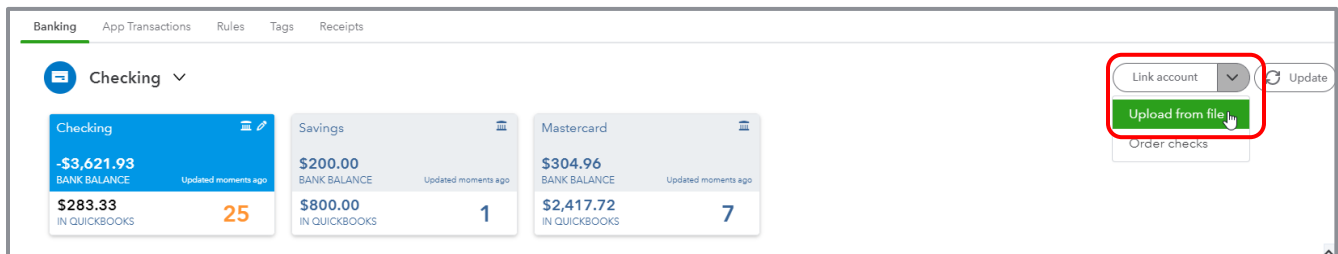
At the top of the screen click **MasterCard** to ensure you are reviewing that account. It will turn blue, indicating that it's been highlighted.

4. Further down the page for Banking, there are three tabs: For Review, Categorized and Excluded:

- **For Review –** These are the newly downloaded transactions. They are the ones upon which you need to take action.
- **Categorized –** These are transactions that have been matched or added from the For Review tab. Although there are none in the sample file, once you start using the Banking Center in a live file, you will see many transactions listed there.
- **Excluded –** These are downloaded transactions you have decided not to enter into QuickBooks. Typically, it is because they've already been entered and reconciled. Already-reconciled transactions will not show up as a match. This typically occurs when you first use the Banking Center.

5. In the For Review tab, a list of downloaded transactions appears. The default is to show all downloaded transactions, but you may see a drop-down choice indicating that only a subset of all downloaded transactions is listed, for example Recognized transactions. Other filters are available to help you view just the transactions you want to see. These are transactions that are either matched from the bank download to entries already in QuickBooks Online, or QuickBooks Online has guessed how you want to enter based on past transactions and rules. You might want to take care of those first, just to clean up the list.
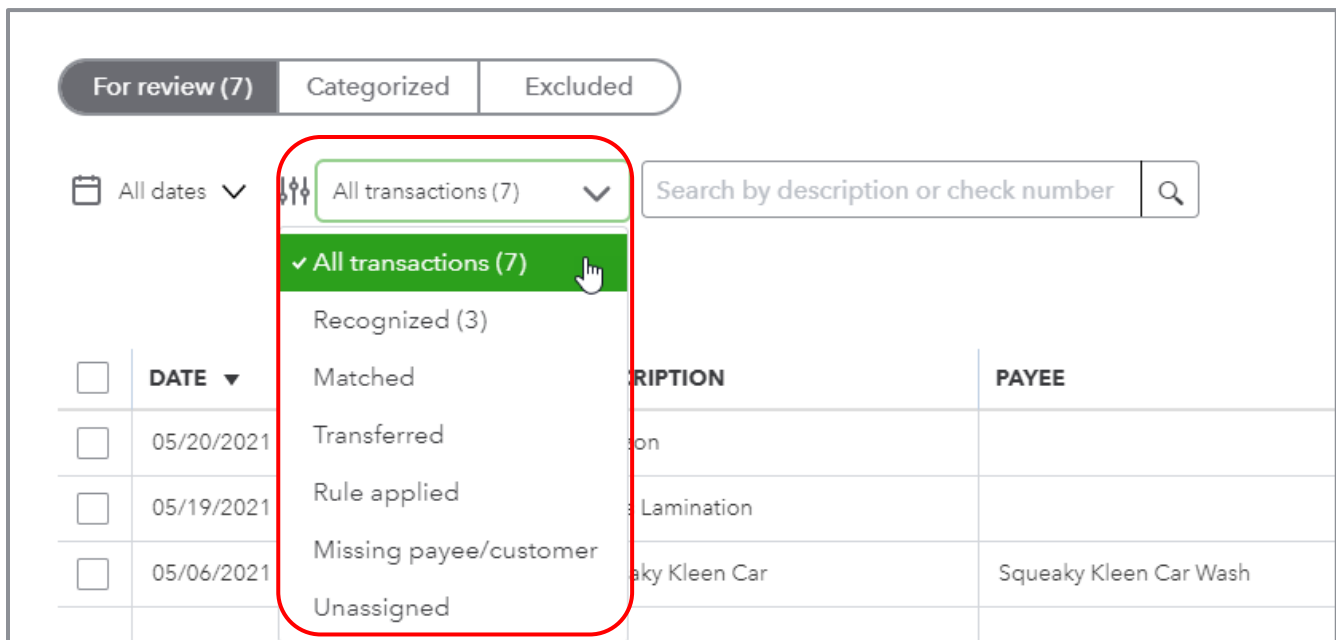
6. Notice to the far right there is a printer icon and a grid gear icon. You can print the list of transactions.

7. Click the **grid gear** icon. You can set preferences as to which columns you want to see and how many rows you want to see in the Banking Center.

8. If it's not selected already, check **Copy bank detail to memo**.

9. Click the **grid gear** icon again to make the list of options disappear.
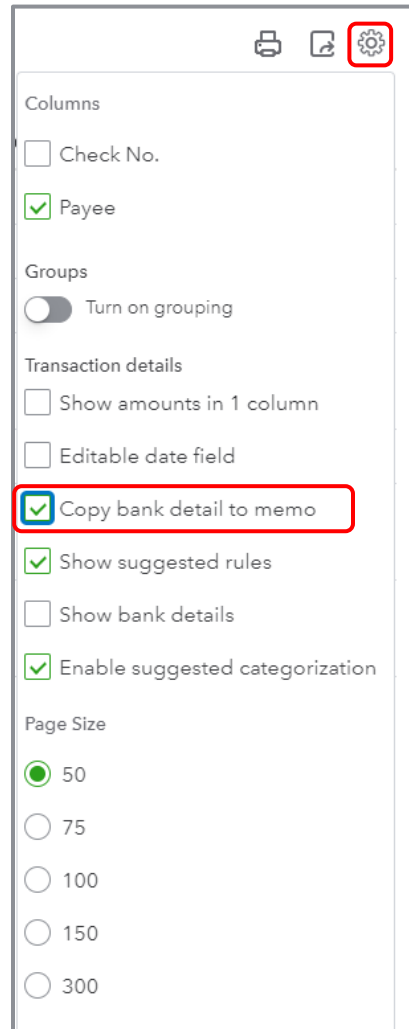
This *Copy bank detail to memo* feature tells QuickBooks Online to copy the bank's transaction description to the Memo field automatically. The Memo field can show up on reports. It's also useful for troubleshooting entries. You can edit the memo before adding a transaction to QuickBooks.

The transactions can be sorted by any column parameter by clicking the **column header** (clicking twice sorts it in reverse order). As you scroll down, notice in the Category or Match column that QuickBooks Online has already matched several transactions.

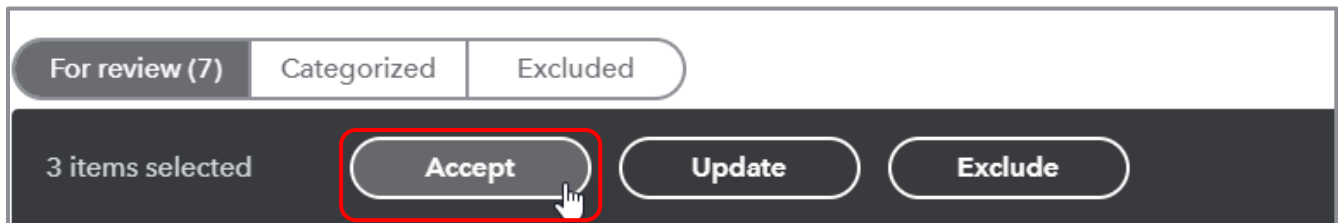10. Click the column header **Category or Match**.

QuickBooks Online automatically looks for a match for downloaded transactions that have passed through the banking system. The match could be against a check, bill payment, deposit, payment received from customer, etc. If upon a quick review you agree, you can match each one individually by clicking **Match** under the Action column one at a time. Alternately, if you want to enter several transactions in a row at one time, select the first transaction you want to enter, hold your **Shift** key down and click the last transaction you want to enter. A black band at the top of the grid will appear, allowing for batch actions to be taken on multiple transactions. Click **Accept**. That matches the selected downloaded transactions against transactions that were already entered into QuickBooks.

11. Click the selection box for **Bob's Burger**. Hold your **Shift** key down and click the selection box for **Tania's Nursery**.

By holding down your **Shift** key, QuickBooks Online selects all the transactions between Bobs Burger Joint and Tania's Nursery.
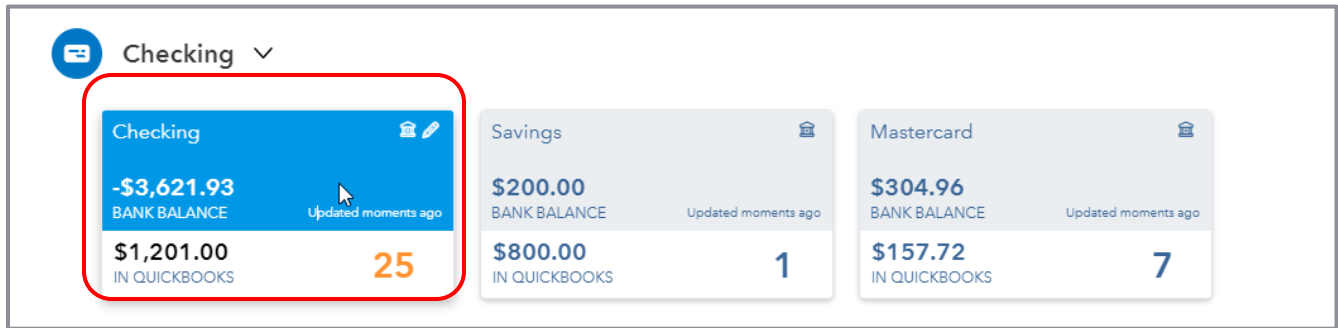

12. In the Batch Actions black band, choose **Accept**.

Those transactions move from the For Review tab to the Categorized tab. If you accepted any transactions in error, click **Undo** in the Action column for those transactions. That will send them back to the For Review tab.

13. At the top of the screen, click the **Checking** card to ensure you are now reviewing that account.

14. Go to the **For Review** tab and click the **Description** column header twice. Now the transactions in this tab are sorted reverse-alphabetically by the contents of the Description field.
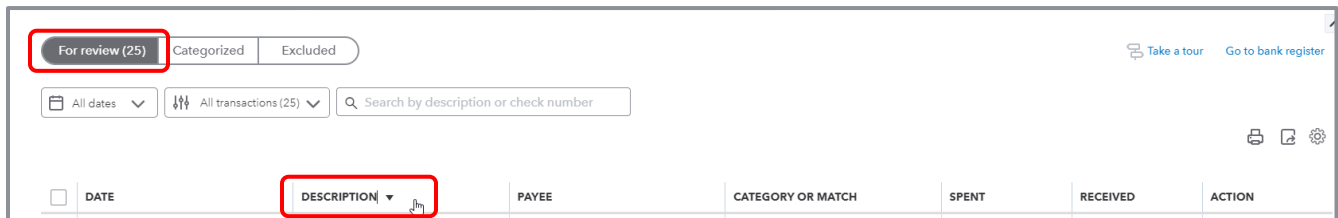
15. Scroll down until you see the two expense transactions for A Rental (one for $1,200 and one for $800). QuickBooks Online does not know the vendor name or the account to use. Click one of those expenses. The row expands to allow you to categorize it manually. You will see A1 RENTAL in the Bank Detail and that text was also automatically copied to the Memo field.
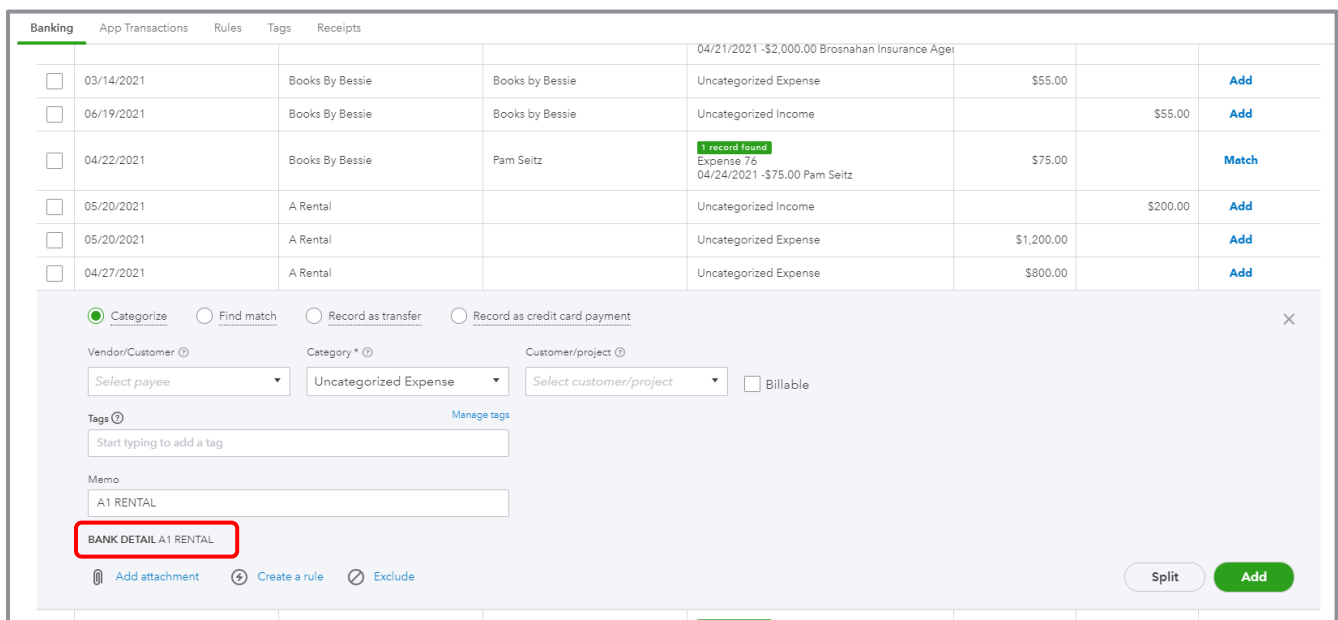
16. Type *A1 Rental* in the Payee field. There is no name in QuickBooks Online for A1 Rental. Add it on the fly as a new vendor by clicking **+Add A1 Rental**. Ignore the Details hyperlink and **Save** this name as a new vendor.

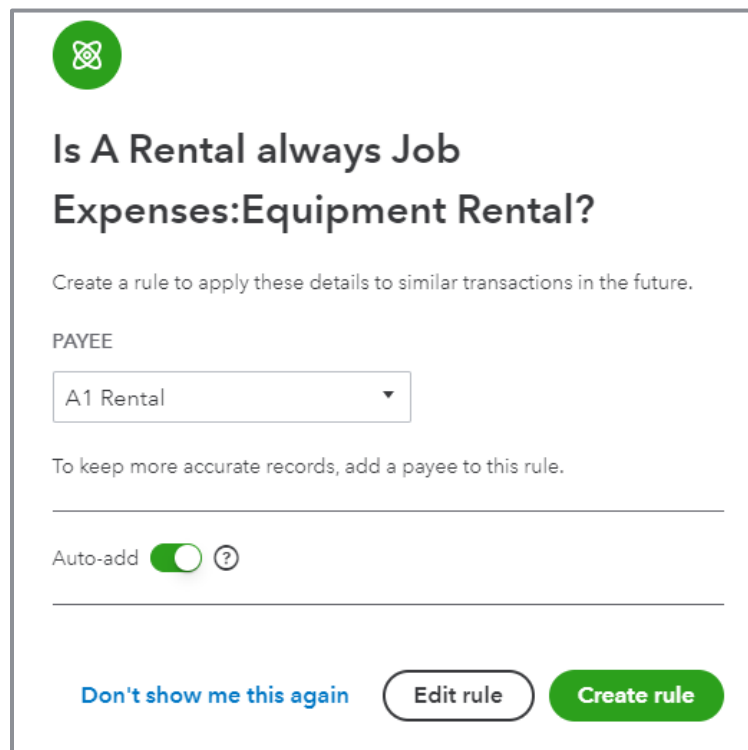
17. Choose **Equipment Rental** as the posting account.

As soon as you do that, QuickBooks Online assumes you want the other expense transaction for *A Rental* to use the A1 Rental vendor and post to Equipment Rental. If you need to split a transaction, you can do so by clicking **Split**.

You could click **Add** to add each transaction individually or click the selection boxes in the far-left column next to each transaction, then in the black Batch Actions band choose **Accept** as you did earlier in this exercise.

Rules

After you categorize a vendor's bank-fed transaction for the second time, QuickBooks Online will prompt you with a Suggested rule, which you can dismiss (by clicking the **x** in the top right corner) or create a rule or edit one. You can also click **Don't show me this again** if you don't want QuickBooks Online to suggest rules for you.

We'll cover rules now.

1. Locate Hicks Hardware, an uncategorized expense for $24.38. QuickBooks Online does not know where to post this transaction.

2. Click **Rules** from the horizontal list of sub-tabs and choose **New rule**.
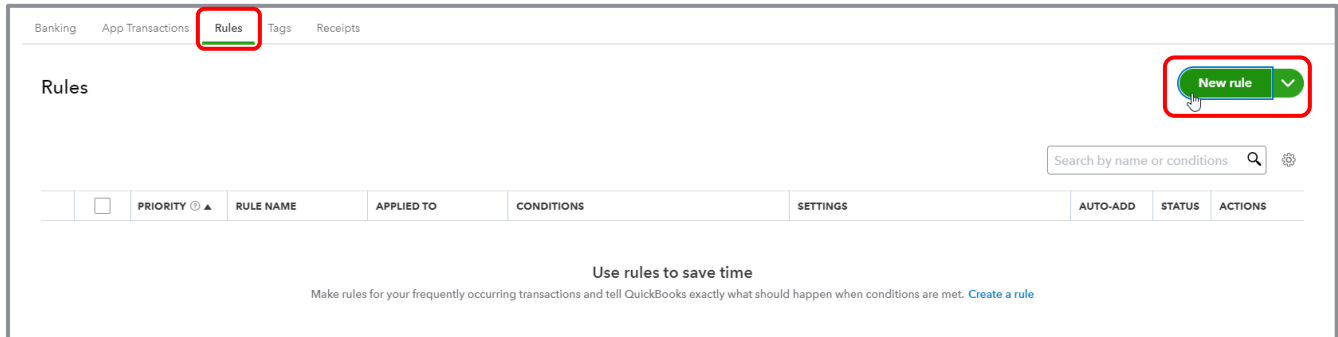
3. Enter *Hicks Hardware* as the Rule name and specify that this rule will apply to **Money out** transactions. Choose **All bank accounts** (which means all bank and credit card accounts). If you wanted to fine-tune this rule and have it apply to only selected bank or credit card accounts, you would click the drop-down next to **All bank accounts** and place a checkmark next to all accounts to which this rule is to apply.

4. Enter *Hicks Hardware* as the contents of the Description condition field (you may have to check the drop-down next to Bank text to reveal Description).

5. Select **Supplies** as the Category and **Hicks Hardware** as the Payee.

6. If you want the rule to populate more fields, click the **+Assign more** hyperlink.

7. Check the toggle next to **Auto-add**.

8. Click **Save**. You will see a confirmation that the rule has been added, as well as any transactions that have been added automatically to the company's books as a result of this new rule.

   You can click **Edit** in the Action column to see this rule and make any changes.

If you ever want to delete a rule or inactivate it, you can go back into the Rules tab. To keep the rule but disable it for the time being, click **Edit** in Actions column on the far right, then slide the **Enable rule** slider button to off:
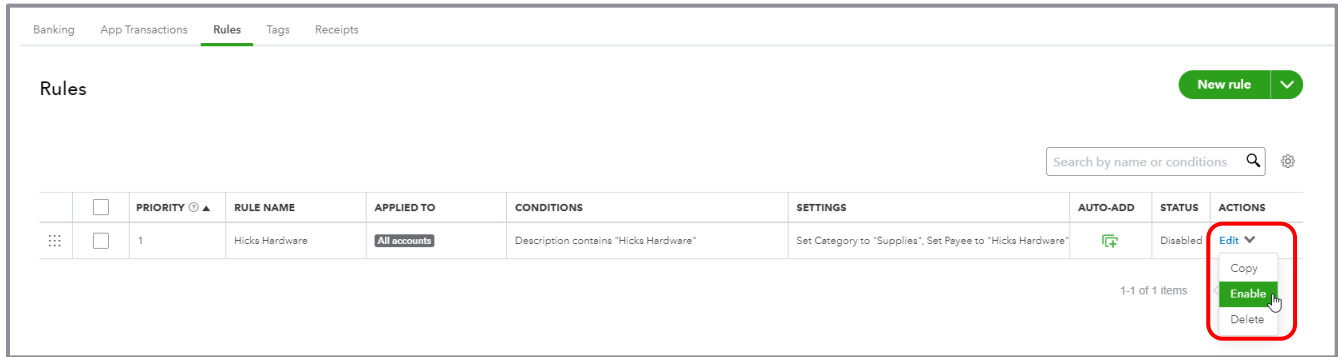
9. Back in the Rules window, click the **Banking** tab at the top.
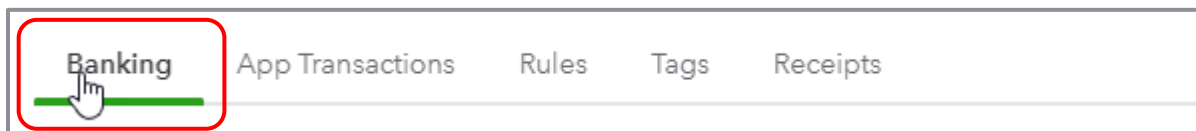
10. Remember, you're still in the Checking account. Click the **Categorized** tab. Hicks Hardware transactions now appear in this tab and indicate this posting was set by a rule. It also indicates, by the green plus sign inside a picture of a document, that the rule added these transactions to the books automatically without the need for further work by the user.

    If we had not checked the box next to Automatically add to my books, you could see these transactions in the For Review tab. They would be available to you to add each rule-categorized transaction one at a time or via Batch actions. When you're just starting out with rules, you may not want to choose auto-add, in order to have more control over what is happening.

11. If you look at each posting in the Added or Matched column, you'll see that Supplies was the posting account. You can also click the **purple hyperlink** for each transaction to open it. In the case below, you can see there is a blue hyperlink at the top left indicating it is matched to online banking.

This rule was very simple. You can create some complex rules. For example, if a Hicks Hardware expense is less than $500, post to **Supplies**. Then create a second rule that states if a Hicks Hardware expense is greater than $499.99, post to **Equipment**.

You can also create rules for splits using percentages or amounts. For example, Cal Telephone transactions should be split 60% to Telephone and 40% to Internet, if you added this new general ledger expense account.

When you click a transaction in the For Review tab, there are four radio buttons: Categorize, Find Match, Record as transfer and Record as credit card payment. This last type appears only in Money out transactions.

You've been working with Categorize. If you think there should be a match, change the radio button to **Find match** and QuickBooks Online will try to find matching transactions. If you can't find it, perhaps the transaction was already reconciled in QuickBooks Online. If that's the case, and you don't want to enter that transaction because it's already in QuickBooks Online, check the box next to this transaction then, in the black Batch Actions band that appears, click **Exclude**.

The Record as transfer button is used to indicate that this transaction is paying down the credit card you select for the amount of this transaction.

The Record as credit card payment button is used to indicate this transaction is a transfer between two accounts in this QuickBooks company file.

Topic 3: **Additional Transaction Types**

ADDITIONAL TRANSACTIONS INITIATED USING THE +NEW MENU

There are other transaction types that can be accessed from the +New button. One such transaction type the is time tracking. Time can be tracked using the Single Time Activity or the Weekly Timesheet function. This feature can be used even if you are not signed up for QuickBooks Online Payroll. You might also find a Time tab in the left navigation bar as well.

If Time tracking is not already enabled in your company, enable it via the **gear** icon → **Account and Settings** → **Advanced** → **Time tracking**.

Time tracking is available in QuickBooks Online Essentials, Plus, and Advanced.

Step by Step: **Fill out a Single Time Activity**

1. Select **+New** at the top of left navigation bar. (Note: you can also alternately select **Time > Overview** in the left navigation bar.)

2. If necessary, select **Show More**.

3. Under Employees, select **Time entry** (it may also appear as **Single time activity**).

4. If you see a window giving you options for time tracking, select **Stick with basic time**.

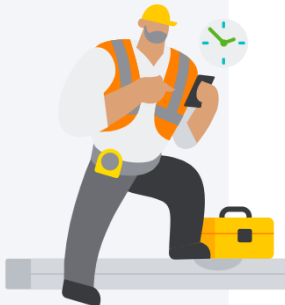5. Select **Add time entry**.

6. If no employees exist in this company, follow the prompts to add one or more employees. Make sure that the *First name*, *Last name*, and *Display name as* fields in the Employee Information pop-up window are populated. Click **Save**.

7. Select the name of the employee whose time is being tracked.

8. In the Add time window, select the **date** for which the time is being tracked. If the date is not displayed in the default week, select the drop-down next to Last week and choose another date.
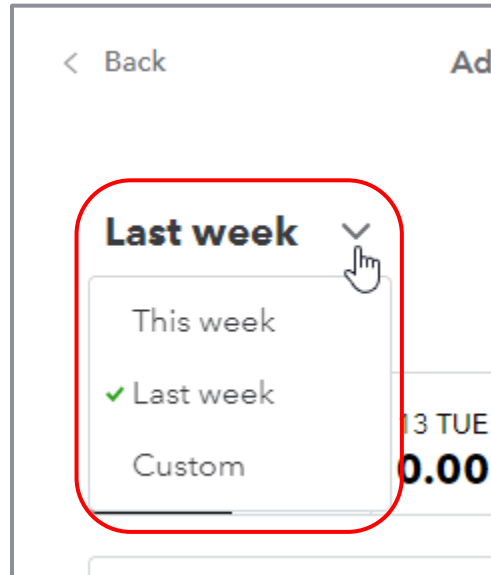
9. Enter the **Duration** (number of hours) for this time entry. Alternately, slide the toggle for **Start/end times** and enter the Start time and End time. You can enter the duration (e.g., 3.5 hours) either in HH:MM format (3:30) or in decimal format (3.5).

10. Select **Add work details**.

11. In the Add work details window, enter the customer for whom the time is being tracked.

12. Enter the service being rendered during this time.

13. Optional: If the **Make Single-Time Activity Billable to Customer** preference is turned on in Account and Settings → **Advanced** → **Time Tracking**, then slide the **Billable (/hr)** toggle if this time entry is Billable.

14. Optional: If the preference to **Show billing rate to users entering time** is checked in Account and Settings → **Advanced** → **Time Tracking**, you can view and edit the billable rate that will appear on the invoice on which these billable hours appear.

15. Enter any extra description in the **Notes** field.

16. Select **Done.**

17. Back in the Add time window, if there are any other days for which you want to track time for this employee during the displayed week, select the **Add** button.
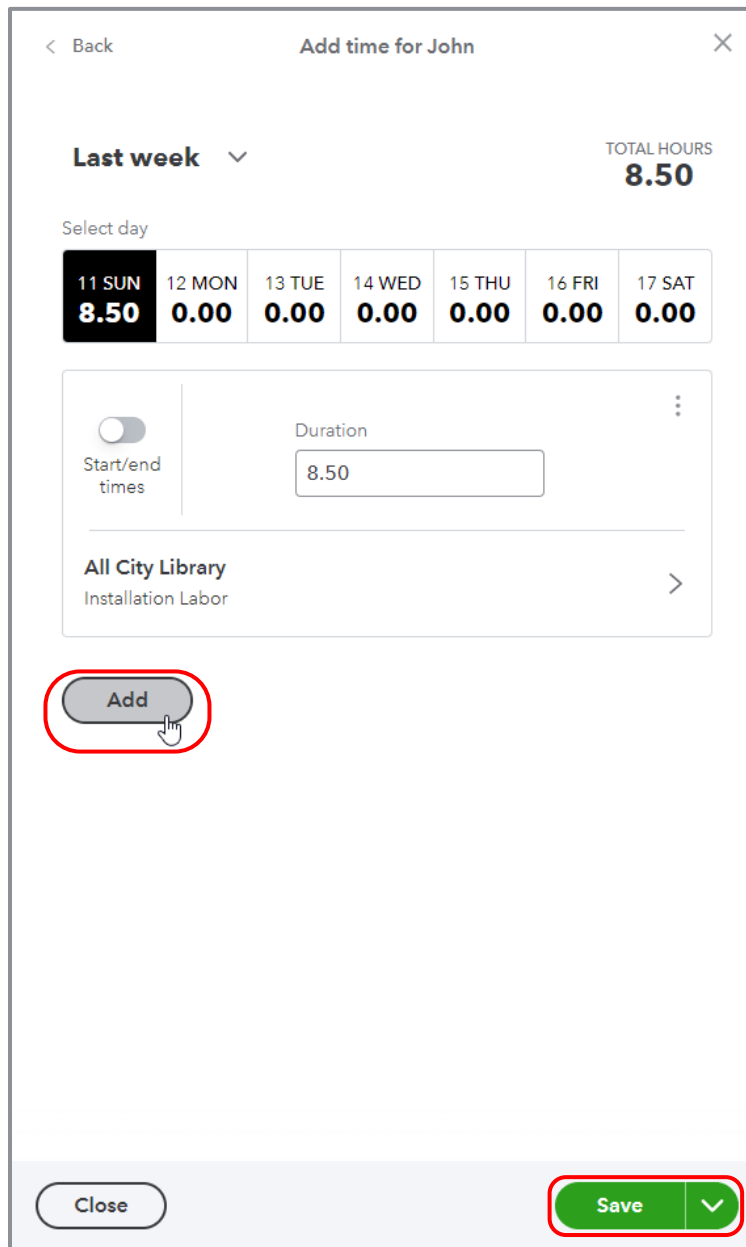
18. Once you are finished entering all the time for this employee during the displayed week, select **Save** (or choose the drop-down and select **Save and close**.

Step by Step: **Make a Bank Deposit**

1. Select **+New** at the top of left navigation bar.

2. If necessary, select **Show More**.

3. Under Other, choose **Bank Deposit**.

4. Select which bank account you are using for the deposit.

5. Fill in the deposit date.

6. If there are any monies in Undeposited Funds, they will appear in the top part of the screen under Select the payments included in this deposit.

7. Select any of the existing payments if they are part of the deposit which you are about to record.

8. In the Add funds to this deposit grid below, add any other payments received, which are typically not sales-related transactions such as shareholder loans or insurance premium refunds.

9. If you are taking cash back that reduces the amount of the deposit, click in the posting account, (e.g., Petty Cash or Owner's Draw) and the amount of cash be taken. (Petty Cash was created as a new "bank" account.)

By clicking **Print** at the bottom of the deposit form, you can also print a deposit slip and summary using preprinted deposit slips. You can also print a summary on plain paper. This area is also used for setting up and aligning these forms to be printed.
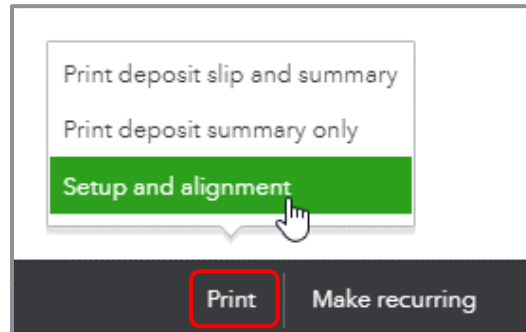
10. Click **Save and close** or **Save and new**.

Step by Step: **Transfer Funds**

Transfers are used to move monies between two company accounts. You could transfer funds from one bank account to another bank account or from a bank account to a company credit card account (although you can also use the Pay down credit card transaction type for that). You don't use the Transfer feature to transfer from your bank account to your vendor's bank account.

1. Select **+New** at the top of left navigation bar.

2. If necessary, select **Show More**.

3. Under Other, choose **Transfer**.

4. Select your source account in Transfer Funds From.

5. Select your destination account in Transfer Funds To.

6. Fill in the amount of the transfer.

7. Fill in the date of the transfer.

8. Enter a memo if desired.

9. Click **Save and close** or **Save and new**.

Step by Step: **Record a Journal Entry**

1. Select **+New** at the top of left navigation bar.

2. If necessary, select **Show More**.

3. Under Other, choose **Journal Entry**.

4. Enter a date.

5. Enter or accept the journal number.

6. Select an account and enter a debit or credit amount.

7. Enter a description if required.

8. On the next row, select **another account** and enter a debit or credit amount.

9. Enter a description if required.

10. Continue until you are done entering all debits and credits. *Debits must equal credits*.

11. If desired, enter a memo for the journal entry.

12. Select Save, **Save and new** or **Save and close**.

In QuickBooks Online, you can include multiple accounts receivable and accounts payable lines in a journal entry. This works well, for example, if you want to trade a balance between a customer who is also a vendor.

Topic 4: **Other Tools**

QuickBooks Online has tools that are especially helpful to maintain the accuracy of your QuickBooks Online data. In this topic, you will learn where to access those tools and specifically learn about two tools:

● Reconciliation history and Undo bank reconciliations tool
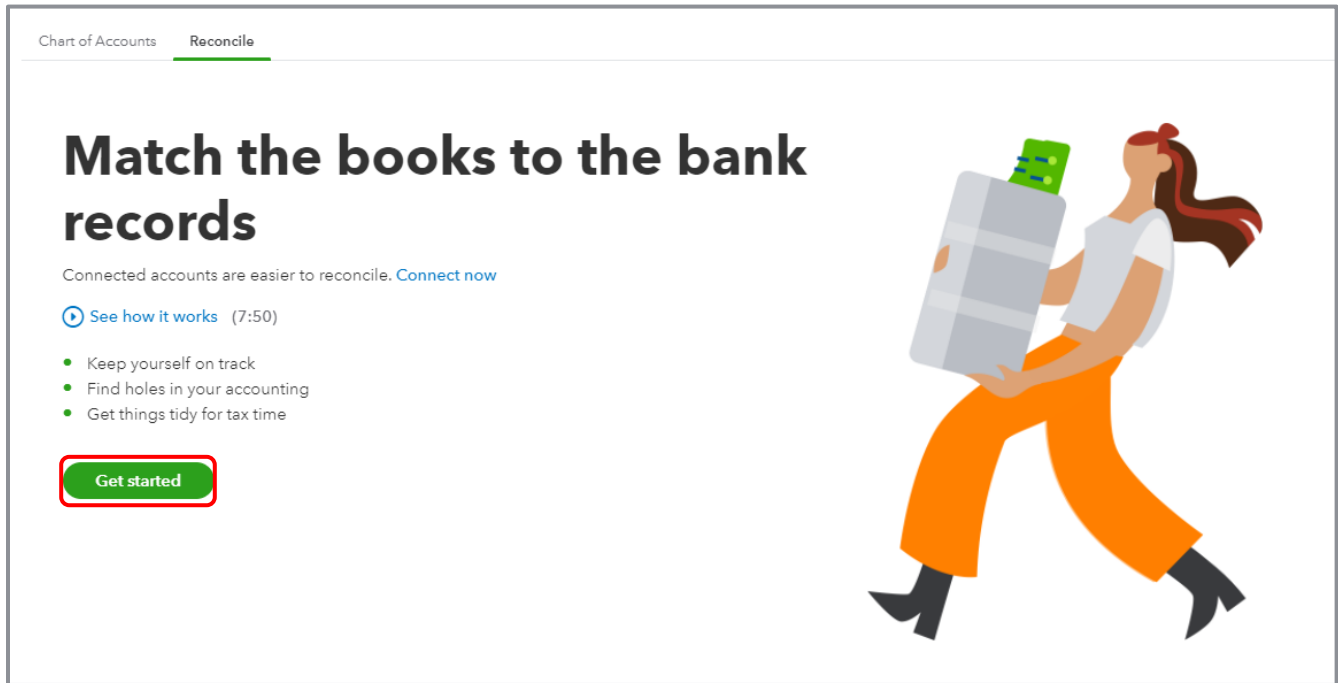
● Set the closing date

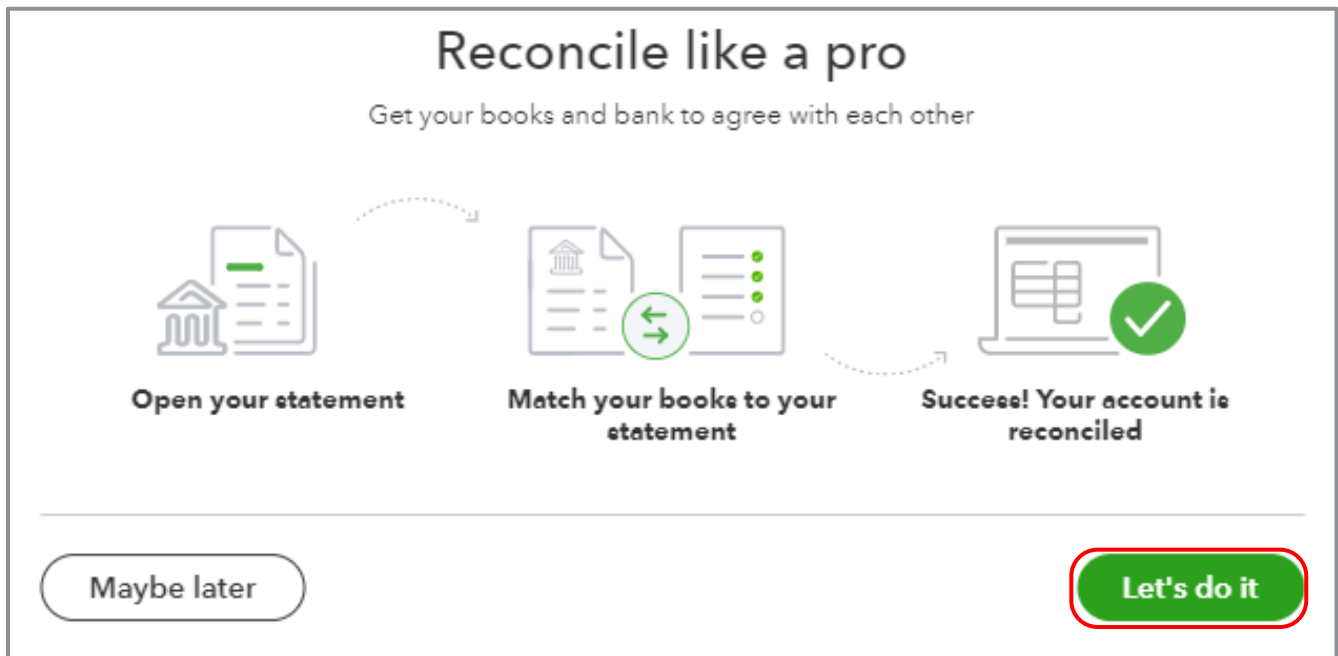**Step by Step:** **Bank Reconciliation History and Tools**

1. Click **Accounting** → **Reconcile** from the left navigation bar.
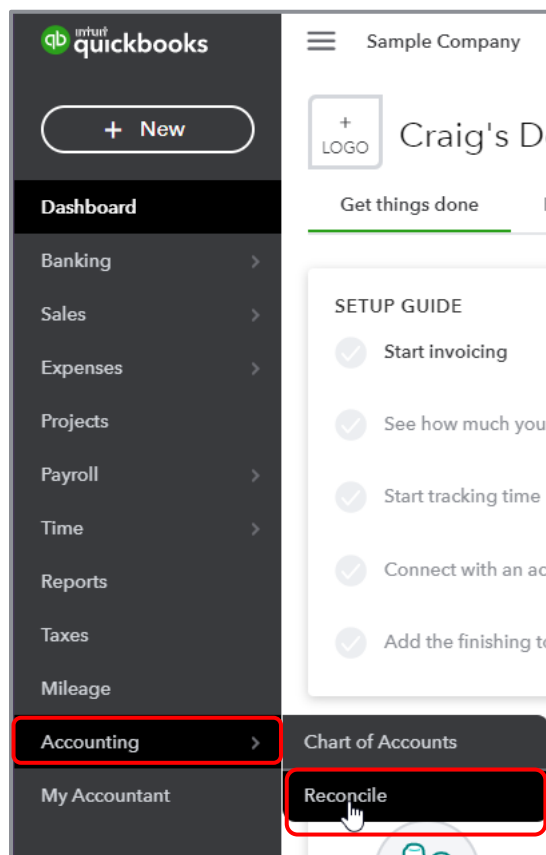
2. If you see the *Match the books to the bank records* screen, click **Get started**.
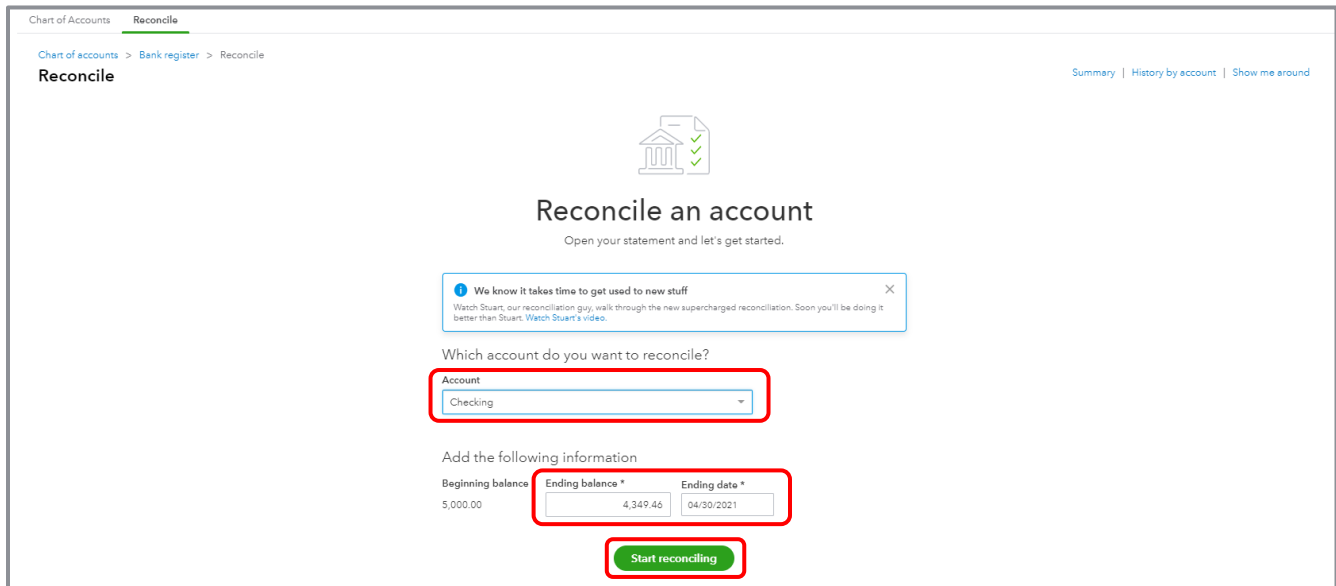

3. If you see the Reconcile like a pro screen, click **Let's do it**.

4. You're going to reconcile the Checking account, so there is no need to change the account to reconcile.

5. Enter **Statement Ending Balance** *$4,349.46* and **Statement Ending Date** of the last day of the month before last and click **Start reconciling**.

6. Make sure the filter at the top of the grid shows Statement ending date. Click the **Payments** tab to display the payments and withdrawals from the account only.
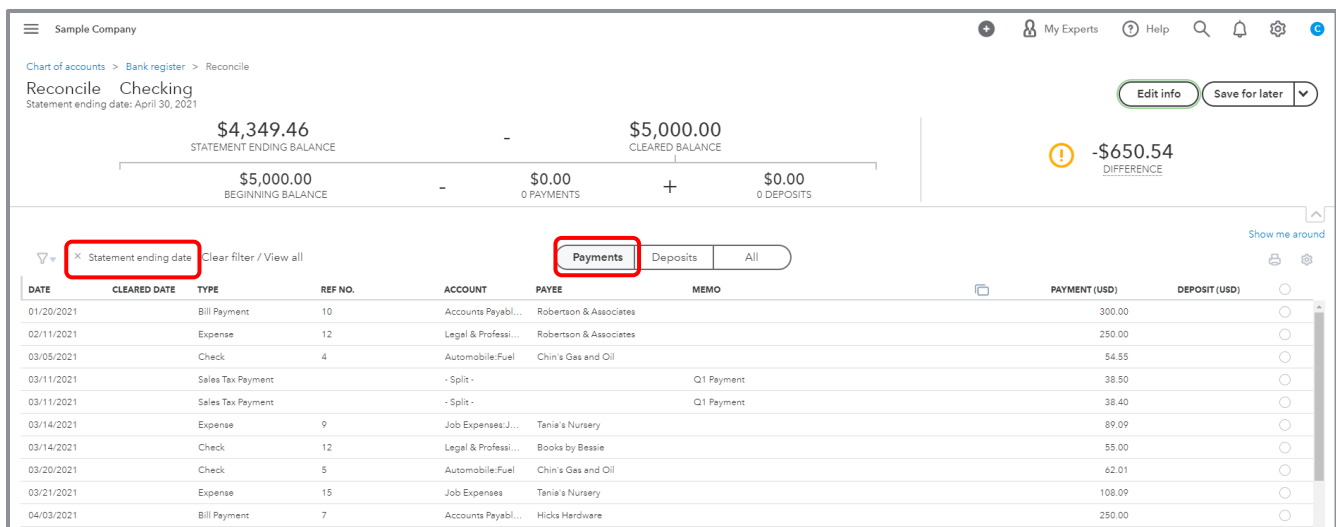
7. There are seven transactions that cleared in the Payments area during the statement period, and you can clear each one individually by clicking a checkmark in the circle in the far-right column for each transaction. Alternately, you can clear every transaction in a column by clicking a checkmark in the circle at the top of that column rather than in each individual circle. Therefore, clearing seven would be best done by clearing all nine, then un-checking the two that did not clear. If you do clear all transactions by clicking a checkmark at the top of a column, you'll be asked to confirm **Yes, select all**. Then you can un-check the ones that did not clear.

8. Click the **Deposits** tab and mark only the first item on the list, the $175 deposit early in the month. When the difference between the Statement Ending Balance and the Cleared Balance is zero (and *only* when it is zero), click **Finish Now**.

⚠️ **WARNING:** *if you click **Finish Now** with a non-zero difference, you will be creating an Auto Adjustment transaction for the difference to be posted to the Reconciliation Discrepancies account, and you will require your accountant user (who has access to QuickBooks Online Accountant and its exclusive tools) to fix your problem. This may entail undoing one or more reconciliations, which can only be done with access to QuickBooks Online Accountant. If you cannot finish reconciling to the point where you have a zero difference, click **Save for Later** and come back to your reconciliation when you are fresher.*

⚠️ **WARNING:** *if you reconcile an account then change an amount on a cleared transaction (something you should never do), that will also require someone with QuickBooks Online Accountant access to fix the problem. Even if you change something else, like a date on a cleared transaction, if the date change is major, it could cause problems that would require someone with QuickBooks Online Accountant access to remedy.*

Step by Step: **Set the Closing Date**

There is no formal closing in QuickBooks; it's a perpetually running system.
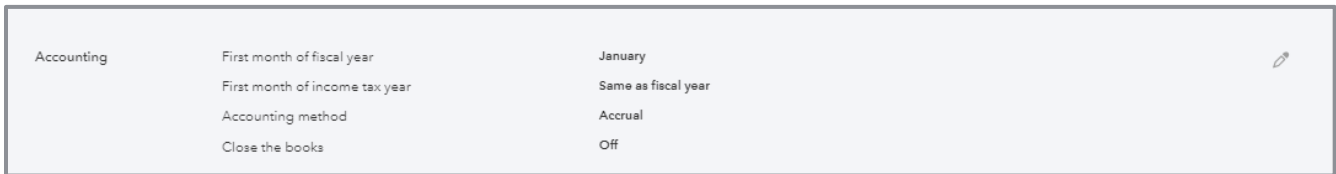
QuickBooks Online knows, by what month you set as the first month in your fiscal year in the Account and Settings, when to roll up last year's income into Retained Earnings for reporting purposes. However, when you have completed your review of the accounting records or sent the information off to the accountant to complete the tax returns, you should protect any prior period data from changing.

You do this by setting the Closing Date.

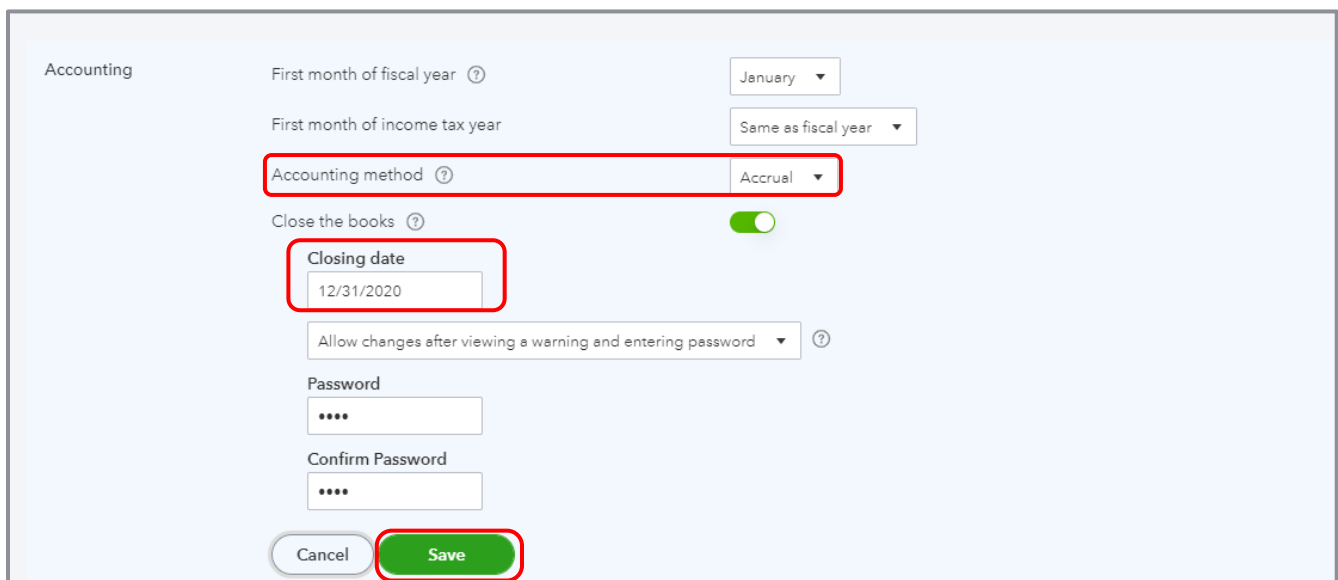1. Click the **gear** icon → **Account and Settings**.
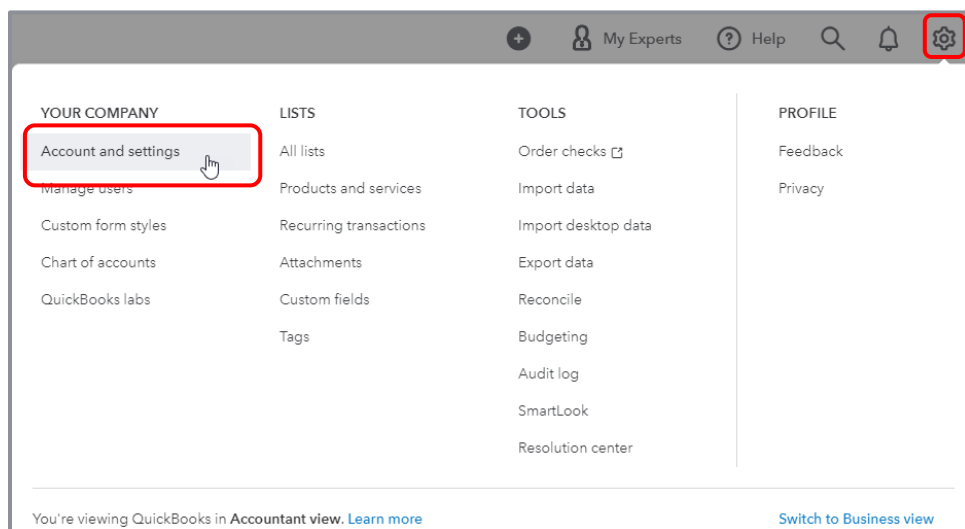
2. Click the **Advanced** tab. Click the **pencil** in the Accounting section (or click anywhere in that section).

3. Toggle **Close the books** and set a Closing date of *12/31/20*.

4. On the drop-down list, choose **Allow changes after viewing a warning and entering a password**.

5. Enter a Closing Date Password, confirm it and select **Save**. Click **Done** at the bottom of the screen.

It is a best practice to protect the information by setting a closing date password. When setting up users in QuickBooks Online, there is no place in the user permissions to restrict users from changing transactions before the closing date, even if a closing date password has been put in place *and* they know the password. If someone does change a transaction before or up to the closing date, you can use the Exceptions to Closing Date report, which is a subset of the Audit Log, to find what was changed, by whom and when.

Course Conclusion

You have just covered *Course 3 – Recording Transactions in QuickBooks Online*. This course has been developed to help you train your clients how to use QuickBooks Online successfully.

By completing this module, your client should understand:

● Sales and Revenue Transactions

● Expense and Purchase Transactions

● Additional Transaction Types

● Other Tools