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In this chapter, you’ll about how QuickBooks is built using lists and transactions. You’ll learn more about the importance of lists and how to manage them to keep your business information organized.

Lesson Objectives

In this chapter, you’ll learn how to:

- Manage your customer and supplier lists
- Work with your Chart of Accounts
- Add fixed asset accounts and purchase fixed assets
- Edit, merge and work with list entries

Lists in QuickBooks

Lists are the framework of QuickBooks. You’ll use lists to complete most QuickBooks forms including invoices, expenses, bills, purchase orders and more. For example, to pay a bill, choose a name from your Supplier list on the Enter Bills form. QuickBooks enters the list information on the form for you. This saves you time and prevents typing errors. You can also change the information directly on the form if necessary.

Although most lists are easy to set up in QuickBooks, some lists—such as the Chart of Accounts list, Products and Services list, and Class list—require careful planning.

The way you set up and edit lists depends on the list type:

QuickBooks Centres:

Your Customers, Suppliers, and Employee lists are available in the Sales, Expenses, and Employee centres, respectively. They’re included in the left-hand navigation bar.
To view one of these lists, click the appropriate Centre link on the navigation bar.

To enter information in a list, click **New Customer**, **New Supplier**, or **New Employee** at the top of the centre.
**Other Lists**

Other lists, such as **Chart of accounts** and **Products and services** are found in the **Gear** menu.

1. To view one of these lists, go to the **Gear** Icon and click the list you want.

2. To make a new entry in the list, click the **New** button.

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To view all of the lists in QuickBooks other than Customers, Suppliers, and Employees:

1. Click the **Gear** icon.

2. Click **All Lists** and QuickBooks displays a list of other lists that can be used in your day-to-day work in QuickBooks. Over the next few chapters you’ll learn how to use most of these lists in QuickBooks.

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### Lists

<table>
<thead>
<tr>
<th>Chart of Accounts</th>
<th>Payment Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Displays your accounts. Balance sheet accounts track your assets and liabilities, and income and expense accounts categorize your transactions. From here, you can add or edit accounts.</td>
<td>Displays Cash, Cheque, and any other ways you categorize payments you receive from customers. That way, you can print deposit slips when you deposit the payments you have received.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recurring Transactions</th>
<th>Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Displays a list of transactions that have been saved for reuse. From here, you can schedule transactions to occur either automatically or with reminders. You can also save unscheduled transactions to use at any time.</td>
<td>Displays the list of terms that determine the due dates for payments from customers, or payments to suppliers. Terms can also specify discounts for early payment. From here, you can add or edit terms.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Products and Services</th>
<th>Classes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Displays the products and services you sell. From here, you can edit information about a product or service, such as its description, or the rate you charge.</td>
<td>Displays the classes you can use to categorize your accounting transactions.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product Categories</th>
<th>Attachments</th>
</tr>
</thead>
<tbody>
<tr>
<td>A means of classifying items that you sell to customers. Provide a way for you to quickly organize what you sell, and save you time when completing sales transaction forms.</td>
<td>Displays the list of all attachments uploaded. From here you can add, edit, download, and export your attachments. You can also see all transactions linked to a particular attachment.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Custom Form Styles</th>
<th>Currencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customize your sales form designs, set defaults, and manage multiple templates.</td>
<td>Manage foreign currencies and rates for your customers and suppliers.</td>
</tr>
</tbody>
</table>
Definition of Other Lists in QuickBooks

**Chart of Accounts**—A list of your accounts in QuickBooks Online. The Chart of Accounts will be used on every transaction recorded in QuickBooks. It provides the foundation on which QuickBooks is built. It is the most important list in your company file.

Balance sheet accounts track your assets, liabilities, and equity. Your balance sheet will report on the financial position of your company at any point in time.

Profit and Loss accounts track the income and expenses in your business. The Profit and Loss report will report on the financial performance of your company in any period of time.

You’ll use the **Chart of Accounts** to categorize every transaction in QuickBooks.

**Recurring Transactions**—A list of scheduled, unscheduled, or reminders of transactions that will be or need to be entered in QuickBooks. From here, you can schedule transactions to occur automatically or with reminders. You will learn about this transaction in chapter 8.
Products and Services—A list of the products and services you sell. They can include a combination of services, inventory parts, non-inventory parts and bundles.

Product Categories—A means of classifying items that you sell to customers. Provide a way for you to quickly organize what you sell, and save you time when completing sales transaction forms. Product categories make it easy to locate items on your products and services list.

Custom Form Styles—A list of the customized sales forms available in QuickBooks. These includes Invoices, Estimates and Sales Receipts.
Chapter 5

Currencies—If your business is buying or selling goods and services outside of Canada you may choose to enable the multicurrency feature in QuickBooks. After it's enabled QuickBooks create and stores a list of currencies on the Currency List.

<table>
<thead>
<tr>
<th>CURRENCY</th>
<th>CAD</th>
<th>LAST UPDATED</th>
<th>ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD - United States Dollar</td>
<td>1.30926</td>
<td>28/08/2020 at 08:00 AM Central Daylight Time</td>
<td>Edit currency exchange</td>
</tr>
<tr>
<td>EUR - Euro</td>
<td>1.559665</td>
<td>28/08/2020 at 08:00 AM Central Daylight Time</td>
<td>Edit currency exchange</td>
</tr>
<tr>
<td>HKD - Hong Kong Dollar</td>
<td>0.168926</td>
<td>28/08/2020 at 08:00 AM Central Daylight Time</td>
<td>Edit currency exchange</td>
</tr>
</tbody>
</table>

Payment Methods—You can create new Payment Methods to reflect how your customers pay for your goods and services. Payment Methods are also used on expense transactions.

Terms—You can add Terms to your customer invoices. Terms can determine due dates for payments from customers, or payment to suppliers.
**Attachments**—A list of all attachments you’ve uploaded to transactions or lists in QuickBooks Online. From here you can add, edit, download, and export the attachments. You can also view all the transactions linked to the attachments.

**Chart of Accounts**

The chart of accounts is a complete list of a company’s accounts and their balances. When you set up your company file, QuickBooks automatically created a chart of accounts. QuickBooks uses the chart of accounts to track how much money your company has, how much money it owes, how much money is coming in, and how much is going out.

Because QuickBooks handles most of the accounting behind the scenes, you may not have to use the chart of accounts very often. Even so, it’s helpful to understand how the chart of accounts works.

To open the Chart of Accounts, click the Gear icon and then click Chart of Accounts.
The **Chart of Accounts** displays several columns of information. The first column is the account **Name**. The next column is the account **Type**. The remaining columns can be customized to include just the information you want to display.

**NOTE** You can customize the display of the Chart of Accounts by clicking the Gear icon on the Chart of Accounts. Select the columns to display or deselect the columns to remove them from the Chart of Accounts.
The Chart of Accounts displays the **Balance Sheet** accounts first followed by the **Profit and Loss** accounts.

Account Types in QuickBooks Online

There are several account types in QuickBooks that fall into one of the 5 accounting categories. QuickBooks breaks them down into more detail.

**Balance Sheet Accounts**

**Bank**—Add one bank account for every account your company has at a bank or other financial institution.
Accounts Receivable—Transactions related to customers including sales invoices, payments, and credits on customer accounts.

Current Asset—Assets that are likely to be converted to cash or used up within one year. This includes accounts like petty cash, notes receivable, prepaid expenses, etc.

Fixed Asset—Depreciable assets your company owns that aren’t going to be converted to cash in the short term. These includes equipment, vehicles, furniture, etc.

Other Asset—Any asset that is not a current or fixed asset.

Accounts Payable—Transactions related to money you owe, including bills, bill payments, and any credit you have with suppliers.

Credit Card—Tracks credit card purchase, bills and payments.

Current Liability—Liabilities scheduled to be paid within one year, such as sales tax, payroll taxes, etc.

Non-Current Liability—Liabilities such as loans or mortgages scheduled to be paid over periods longer than one year.

Owner’s Equity—This account tracks the owner’s investments and withdrawals in the business.

Profit and Loss Accounts

Income—Tracks money coming into the business. Sales or revenue accounts.

Other Income—Money received for something other than normal business operations such as interest income.

Expense—tracks money going out of the business for expenses and purchases.

Other Expense—Money spent on expenses other than normal business operations such as corporate taxes.

Cost of Goods Sold—The cost of goods and materials held in inventory and then sold. This account can also be used to track cost of sales of non-inventory costs.

Adding Bank Accounts

To create a new balance sheet account in QuickBooks, from the chart of Accounts:

1. Click New.

2. Choose the Type, i.e. Bank (balance sheet type of account).

3. Choose a Detail Type. The detail type is a required field.

4. Enter the account Name and add a Description (optional).
5. Click **Save and Close**.

**NOTE** When setting up balance sheet accounts the **Default Tax Code** and **Balance** fields are optional. The opening balance field is only used if you’re setting up your Chart of Accounts from scratch and entering an existing balance sheet.

**NOTE** When you create an account in QuickBooks Online, you will choose a broad account type (expense, income, liability, etc.) and then select a **Detail account type**. The detail type assigns the account into a subcategory in order to have it appear in the correct place according to GAAP (Generally Accepted Accounting Principles).

Detail types are predefined and cannot be changed by the user. If you cannot find the exact type you are looking for, you will need to select the detail type that is the nearest match.

To learn how to add a new account watch this video: [https://youtu.be/e6FWzLvrByg](https://youtu.be/e6FWzLvrByg)
Creating Fixed Asset Accounts
When your company purchases a new fixed asset, you will record the purchase using a Fixed Asset account. QuickBooks helps you setup the Fixed Assets including accounts to track the cost of the asset and the depreciation of the asset. To create a Fixed Asset Account:

1. Click New.
2. Choose the Property, Plant, and Equipment Type.
3. Choose the Detail Type.
4. Enter the Name of the Asset.
5. Select the Track depreciation of this asset option.

6. Click Save and Close to setup the accounts.

**NOTE** QuickBooks Online Plus creates two subaccounts for this asset: an account to track the cost of the asset and an account to track the depreciation of the asset. It is recommended that you record the purchase of the asset using a transaction form (see topic below) It is **not** recommended that you enter the Original Cost or Depreciation in the fields in the Account setup.

Add a Loan Account
Another common type of account in QuickBooks is a loan account. If you make monthly instalment payments on a long-term loan, you can keep track of the balance of your loan in QuickBooks and have your monthly payments deducted from your loan principal.
When you owe money to a bank or another lending institution, the amount of the loan is a liability for your company. You can track a loan in QuickBooks by setting up a liability account for it.

To create a loan account provided by the equipment supplier account:

1. On the **Chart of Accounts**, click **New**.
2. Choose **Long-Term Liabilities** under **Category Type**.
3. Choose **Bank Loans** under **Detail Type**.
4. Enter the Name of the Loan account.
5. Click **Save and Close**.

**NOTE** Now you’re prepared to make the purchase of the fixed asset using a loan from the equipment supplier.

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**Account**

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Name</th>
<th>Description</th>
<th>Currency</th>
<th>Is sub-account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term Liabilities</td>
<td>Bank loans</td>
<td></td>
<td>CAD Canadian Dollar</td>
<td></td>
</tr>
</tbody>
</table>

Use Bank loans to track the amount due on bank loans.

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**Purchase a Fixed Asset**

Now that you’ve setup the necessary fixed asset accounts for the equipment you’ve purchased, you can make the purchase transaction. You can make the purchase transaction using a bill, cheque or expense transaction. Each transaction will be entered in the same way. In this purchase transaction, you will learn how to record the purchase of the fixed asset using a bank loan. Entering the purchase transaction using this method will add a balance to the fixed asset account, the bank loan account and will record any sales tax incurred on the purchase of the fixed asset.

1. Click the **+New** menu and then click **Cheque**.
2. Enter the name of **Supplier** and **Date** of the purchase.
3. In the **Account** Details section enter the **Original Cost** account of the asset you’re purchasing.
4. Enter the cost of the purchase in the **Amount** field.

5. Add the **Tax** rate.

6. To record the loan amount, enter the **Loan** account on the second line of the transaction.

7. Enter the amount as a Negative amount to reduce the amount to be paid. QuickBooks records the loan amount. Make this line **Tax exempt**.

8. Click **Save**. The remaining amount will be the amount of the cheque to the supplier.
**Add Expense Accounts**

You’ll record expenses and purchases using expense accounts. Expense accounts track and categorize what your company is spending. (You can think of expenses as money that leaves the company.) To add an expense account:

1. On the **Chart of Accounts**, click **New**.
2. Choose **Expenses** as the **Category Type**.
3. Enter the **Name**.
4. Add a **Default Tax Code**.
5. Click **Save & Close**.

![Account window]

**NOTE**  The **Default Tax Code** tells QuickBooks that every time this account is used in a transaction, QuickBooks will add the specified **Default Tax Code**. It’s recommended that you add a Default Tax Code to every expense account to automate the tracking of sales tax.

**Creating Subaccounts**

To make a large account more manageable or to group related expenses together for your reports, it’s useful to set up subaccounts. Another way to think of this is that you are breaking down expenses into greater details for reporting purposes.

In QuickBooks, the more general category of expenses is called a “parent account.” The more detailed categories that are grouped under the parent account are called subaccounts.
Subaccounts let you track several related types of income or expenses independently yet keep them all under the “umbrella” of a single parent account.

For example, if your business has substantial advertising expenses, you might decide to divide your Advertising expense account into several subaccounts, such as Direct Mailings, SEO, Facebook Ads, and Google AdWords. Your chart of accounts displays these accounts in the following manner:

**Advertising**
- Direct Mailings
- SEO
- Facebook Ads
- Google AdWords

Your reports will now show subtotals for the various ways that you advertise, as well as the total for all your advertising.

In your chart of accounts, each subaccount appears indented immediately below its parent account. If the subaccount is a balance sheet account, QuickBooks includes its balance in the balance of the parent account. When you open the register of the parent account, the register shows all the transactions in the subaccounts.

To create a subaccount:

1. On the **Chart of Accounts**, click **New**.
2. Choose **Expenses** as the **Category Type**.
3. Enter the **Name**.
4. Select the **Is sub-account** checkbox and then choose the parent account.
5. Add a **Default Tax Code**.
6. Click **Save & Close**.

To learn how to create a subaccount watch this video: [https://youtu.be/xQDSRg9KBsM](https://youtu.be/xQDSRg9KBsM)
NOTE To create a subaccount in QuickBooks, the subaccount must be of the same Category Type and Detail Type as the parent account.

Working with Lists
Maintaining your lists in QuickBooks is important to ensure accuracy when recording transactions. There are several functions you can perform on QuickBooks Lists.

Account Numbers
Account numbers are not enabled by default. However, you can enable account numbers in the Company Settings.

1. Click the Gear icon.
2. Click Account and Settings.
3. Click Advanced and then click Chart of accounts.
4. Select Enable account numbers.
5. Click Save.

NOTE QuickBooks Online does not automatically assign account numbers. You’re required to assign the account numbers to each account.

Edit Names (Sales, Expenses, Employees)
You can edit names like customers, suppliers and employees when you click the appropriate link from the left-hand navigation; i.e., click Sales to edit the Customer list.

1. Display the list that contains the entry you want to edit.
2. Click the Name or list entry.
3. Click **Edit**.

4. Edit the information shown for the entry as needed.

**Editing the Chart of Accounts**

To learn how to edit an account watch this video: [https://youtu.be/bo6o9oXgVLA](https://youtu.be/bo6o9oXgVLA)

**NOTE** The account list cannot include duplicate names.

**Merge Accounts**

It's helpful to merge accounts if you use two similar accounts and want to see those accounts represented by a single line in your reports.

**NOTE** Merging accounts is irreversible.

To merge accounts:

1. Click the **Gear icon > Chart of Accounts**.

   Make sure that the accounts you want to merge are at the same sub-level and have the same detail type. If they’re not, edit one of the accounts to put it at the same level and give it the same detail type as the other.

2. Select the account whose name you **don’t** want to use, and click its drop-down arrow under the **Action** column.

3. Click **Edit**.
4. Change the account name so that it is the same as the account with which you’re merging.

5. Click Save.

6. Click Yes to confirm that you want to merge the two accounts.

NOTE: Any transactions in the account being merged will be moved to the remaining account at the time the merge is processed.

To learn how to merge accounts watch this video: https://youtu.be/KbG5HcA4yx0

**Merge Customer Names**

Merging customers is helpful if you’ve been using two duplicate customers and want to see those customers represented by a single customer.

The process of merging deletes one customer and reassigns all its data to another customer.

NOTE: The merging process is not reversible. Merging is permanent and cannot be undone at a later point.

1. Choose Sales on the left navigation panel.

2. Click Customers.

3. Make sure that the customers you want to merge are at the same sublevel. If they’re not, edit one of the customers to the same level.

4. Select the customer whose name you’d like to remove.

5. Click Edit.
6. Change the customer’s **Title**, **First name**, **Middle name**, **Last name** and **Suffix** to be the same as the customer you’re merging it with. Ensure that the **Display Name** is also the same as the customer being merged with. Click **Save**.

7. Click **Yes** to confirm that you want to merge the two customers.

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**NOTE** Follow the same process when merging suppliers.
Deleting List Entries

You can delete entries from lists in QuickBooks including customers, suppliers, product and services and accounts.

Instead of making a customer inactive or archiving them, you simply “delete” the customer name. This is not a permanent deletion. Below are steps to delete and restore a customer.

To delete a customer name:

1. Click Customers.
2. Click the Customer name.
3. Click Edit.
4. Click Make inactive.
5. Click Yes.

To learn how to make accounts inactive watch this video: https://youtu.be/ukRTR4gNWPc

NOTE If a customer has a balance when deleted, QuickBooks Online will automatically add an adjusting entry to make the customer balance $0.00. If this is unwanted, make sure the customer has a zero balance before deleting them from the customer list. It’s recommended not to delete customers with balances.

NOTE You can restore a customer in QuickBooks Online. To restore a customer:

1. Click Sales.
2. Click the Gear icon on the Chart of Accounts.
3. Select Include inactive.
4. Click the Inactive customer name.
5. Click Make Active.