

QuickBooks®

TRAINING GUIDE

QuickBooks Professional Advisors Program

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First printing: October 2005

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Introduction

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This training guide introduces you to QuickBooks—Intuit’s easy-to-use, powerful accounting systems for small businesses. The guide contains 15 lessons in addition to this chapter.

This guide is designed to teach you how to use many of the features available in QuickBooks Financial Software for Windows. The main focus of this guide is on how to use the features in QuickBooks: Pro, but it also contains exercises for features available only in QuickBooks: Premier and higher editions. This guide does not cover how to use the features in QuickBooks: Online Edition, QuickBooks: Simple Start, or QuickBooks: Pro for Mac.

While this guide does not specifically address how to use QuickBooks: Enterprise Solutions, many of the procedures described in the guide will work with Enterprise Solutions editions. If you restore the exercise file using an Enterprise Solutions 2006 product, QuickBooks walks you through the file update process that is necessary for Enterprise Solutions to be able to read the file.

Most of the step-by-step instructions and screen captures in this guide were created with QuickBooks: Pro and QuickBooks: Premier 2006. Your screens may differ, and some instructions may vary slightly, if you are using a different edition.

Objectives

After completing the *QuickBooks Training Guide*, you should be able to:

- Create a new QuickBooks company.
- Modify the preset chart of accounts to suit your needs.
- Add information to company lists, or edit information in company lists.
- Open and use registers for any QuickBooks balance sheet accounts.
- Reconcile a QuickBooks checking account.
- Track credit card transactions.
- Invoice customers.
- Create sales orders.
- Generate customer statements.
- Receive payments from customers and make bank deposits.
- Write QuickBooks checks and assign amounts to specific expense accounts.
- Work with asset and liability accounts in QuickBooks.
- Enter bills into QuickBooks accounts payable.
- Pay bills.
- Create and customize QuickBooks reports and graphs.
- Save reports and forms as Portable Document Format (PDF) files.
- Export QuickBooks reports to Microsoft® Excel.

- Set up inventory and build finished goods.
- Track and pay sales tax.
- Understand QuickBooks payroll features.
- Create estimates and do progress invoicing.
- Track time and mileage.
- Pay nonemployees for time worked.
- Customize QuickBooks sales forms.
- Write letters in Microsoft® Word using QuickBooks data.

Integrating QuickBooks with other products

The following are required if you plan to use the integration features available in QuickBooks.

- Microsoft® Word 2000, 2002, or 2003 if you plan to use the QuickBooks Letters and Envelopes feature.
- Microsoft® Excel 2000, 2002, or 2003 if you plan to use the features in QuickBooks that integrate with Microsoft Excel.
- Either Microsoft® Outlook (version 98, 2000, 2002, or 2003), Symantec® ACT! version 3.0.8, 4.0.2, OR Interact® 2000 if you want to synchronize with contact management software.

About the exercise file

An exercise file is included with this training guide. Install the file on the CD-ROM to your computer's hard disk as described below. You'll use a copy of this file to complete the lessons in this guide.

We recommend that you make a copy of the exercise file and store it in a safe place in case the original becomes damaged.

Using the exercise file in each lesson

For each lesson in this guide, except for lessons 1 and 2, you'll restore a copy of the exercise file **qblesson.qbb**, and use that file to complete the lesson. The qblesson.qbb file you copy into the QBtrain directory on your hard disk is a QuickBooks backup copy. This means that at the start of each lesson, you'll be restoring a new qblesson file. Instructions on how to restore the file are given at the beginning of each lesson.

Installing the exercise file

To install the exercise file on your hard disk:

- 1** Insert the CD-ROM in the CD-ROM drive.
- 2** From the Windows Start menu, choose Run.
- 3** Type *Explorer*, and then click OK.
- 4** From Windows Explorer, select your hard disk (usually c:).
- 5** From the File menu, choose New, and then choose Folder.
- 6** Type *QBtrain*, and then press Enter.
- 7** Select your CD-ROM drive containing the exercise file (usually d: or e:).
- 8** Select qblesson.qbb.
- 9** Drag qblesson.qbb to the QBtrain folder on your hard disk.
- 10** Remove the CD-ROM from your CD-ROM drive.

Your exercise file is now installed in the QBtrain folder on your hard drive.

Exercise transaction dates

The exercise file for use with this training guide was created in QuickBooks: Pro and QuickBooks: Premier 2006 with the date set to 12/15/2007. When you open the exercise file in QuickBooks, QuickBooks automatically sets the sample data file date to 12/15/2007. When you close the exercise file, use your own QuickBooks company file, or exit QuickBooks, your system and QuickBooks dates will return to the current date.

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Lesson objectives

- To gain an overview of the course and the topics to be covered
- To know how QuickBooks works and how you can get around in QuickBooks
- To learn common business terms used by QuickBooks
- To see how to exit QuickBooks

Course introduction

This course is an introduction to QuickBooks. Its main objective is to introduce you to the basic features in QuickBooks and give you an opportunity for hands-on practice. You'll learn about the types of information you need to track in your business, and you'll see how to enter that information and track it in QuickBooks. By the time you complete the course, you'll have a good idea of all that QuickBooks offers, you'll be familiar with the most common tasks, and you'll know where to find information about more advanced features.

Introducing QuickBooks

Although most small business owners are worried about revenue, running a business involves a lot of other tasks. Depending on the type of business, you need to invoice customers, record payments from customers, pay your own bills to outside vendors, manage inventory, and analyze your financial data to see where you need to focus your next efforts. QuickBooks is a tool you can use to automate the tasks you're already performing as a business owner or to set up a new business.

When you're working in QuickBooks, you'll spend most of your time using a form, a list, or a register. Since these are so basic to QuickBooks, we're going to spend a few minutes introducing them.

Using forms

You record most of your daily business transactions on a QuickBooks form, which looks just like a paper form. Here's an example of the form you use when you want to record a bill from and write a check to one of your vendors.

The screenshot shows the 'Enter Bills' window in QuickBooks. The window has a title bar with 'Enter Bills' and a search bar. Below the title bar are navigation buttons: 'Previous', 'Next', 'Find', and 'History'. There are radio buttons for 'Bill' (selected) and 'Credit', and a checkbox for 'Bill Received' which is checked. The main area is titled 'Bill' and contains fields for 'Vendor' (Lew Plumbing), 'Date' (12/12/2007), 'Ref. No.' (20001), 'Amount Due' (175.00), and 'Bill Due' (12/27/2007). There is also a 'Terms' dropdown set to 'Net 15' and a 'Discount Date' field. A 'Memo' field contains 'See Customer Invoice #46'. Below this is a table for 'Expenses' with a total of \$175.00 and 'Items' with a total of \$0.00. The 'Expenses' table has columns for 'Account', 'Amount', 'Memo', and 'Customer:Job'. It contains one entry: 'Repairs:Building Re...' with an amount of 175.00 and a memo of 'Partial paid with Barter'. At the bottom of the window are buttons for 'Clear Splits', 'Recalculate', 'Save & Close', 'Save & New', and 'Revert'.

The form is intuitive—you already know how to fill out a form. But after you provide the information on a QuickBooks form, QuickBooks does the accounting for you in the background. For example, when you record a bill and then write a check (using the Pay Bills window) to pay for the business expense, QuickBooks enters transactions in your accounts payable register to show the expense you incurred and the payment you made. (*Accounts payable* is the money owed by your business to vendors.) It also records the check in your checking account, keeping your records up to date, and providing a running balance of what you owe at any time.

Using lists

The list is another basic QuickBooks feature. You fill out most QuickBooks forms by selecting entries from a list.

QuickBooks has lists where you can store information about customers, vendors, employees, items or services you sell, and so on. Lists save you time and help you enter information consistently and correctly.

When you're filling out an invoice form and you select a customer name from the Customer:Job list, QuickBooks not only fills in the name but also fills in the address, the payment terms, and the customer's sales tax, based on the information previously entered about that customer.

Here's an example of the Customers & Jobs list in the Customer Center.

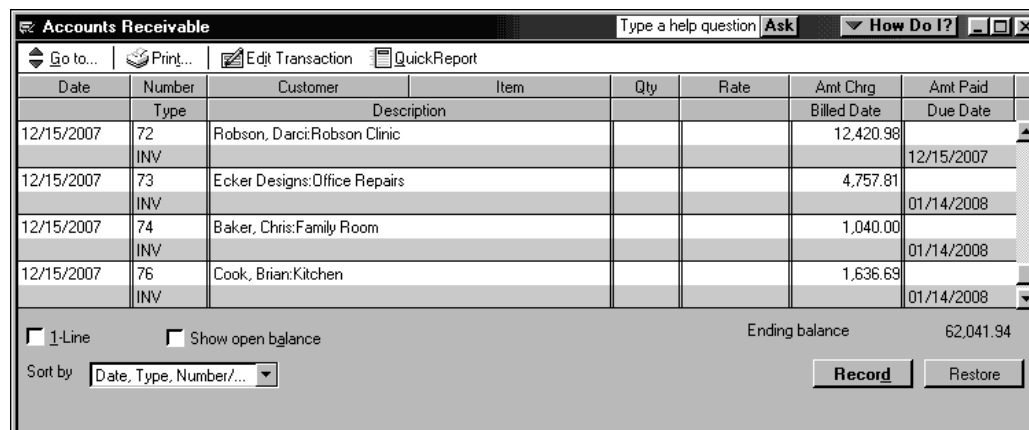
Name	Balance Total	Notes	Job Status	Estimate Total
♦Abercrombie, Kristy	0.00			15,582.13
♦Family Room	0.00		Not awarded	
♦Kitchen	0.00		Pending	4,792.00
♦Remodel Bathroom	0.00		In progress	10,790.13
♦Baker, Chris	1,040.00			
♦Family Room	1,040.00		Closed	
♦Balak, Mike	0.00			
♦Utility Shed	0.00		Closed	
♦Barley, Renee	0.00			
♦Repairs	0.00		Closed	

QuickBooks lets you complete a variety of activities from lists, using the menu buttons located at the top of each list. For example, to fill out an invoice for a customer, first select the customer from the Customers & Jobs list, and then choose Invoices from the New Transactions menu button.

Using registers

In addition to forms and lists, you'll also work with registers in QuickBooks. Just as you use your paper checkbook register to see a record of all the transactions in your checking account—checks you've written, other withdrawals you've made from your account, and deposits—a QuickBooks register contains a record of all the activity in one account. Almost every QuickBooks account has its own register.

Here's an example of the register for an accounts receivable account.



Date	Number	Customer	Item	Qty	Rate	Amt Chrg	Amt Paid	Due Date
12/15/2007	72	Robson, Darci:Robson Clinic				12,420.98		
	INV							12/15/2007
12/15/2007	73	Ecker Designs:Office Repairs				4,757.81		
	INV							01/14/2008
12/15/2007	74	Baker, Chris:Family Room				1,040.00		
	INV							01/14/2008
12/15/2007	76	Cook, Brian:Kitchen				1,636.69		
	INV							01/14/2008

☐ 1-Line ☐ Show open balance Ending balance 62,041.94

Sort by

The register shows information about invoices written to customers—the date of the invoice, the date it's due, the name of the customer, and the amount. It also shows payments you've received against your invoices. The right column of the register gives you a running balance of all your accounts receivable, so you always know how much you're owed.

Getting around in QuickBooks

QuickBooks maximizes your work space and gives you quick access to the features and reports that you use most. In this section you'll learn how to do the following:

- Find information to help you get started using QuickBooks
- Manage your open windows
- Compare windows side by side
- Customize navigation features
- Use Customer, Vendor, and Employee Centers

Finding information to help you get started

If you're new to QuickBooks, the QuickBooks Learning Center window displays when you open a company file. This window guides you through the steps you need to complete after you've set up your company file. To display the QuickBooks Learning Center window, choose QuickBooks Learning Center from the Help menu.

If you're upgrading from a previous version, QuickBooks displays the What's New window. This window contains information about new features and explains how to find what you need to start working with the latest version.

Managing your open windows

To give you more room to work on the task at hand, QuickBooks displays one window at a time. When you open a window, it appears in front of other windows that you previously opened.

The Open Window list keeps track of the windows that are open. Use the Open Window list to switch between windows while you work. To switch to another open window, just click the title of the window that you want to display.



To show or hide the Open Window list:

- From the View menu, choose Open Window List.
If the list is currently displayed, a checkmark appears to the left of the menu item.

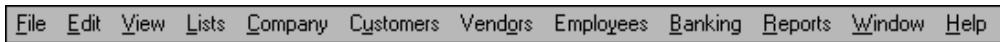
For comparison purposes, you may wish to display more than one window at a time. You can easily switch between viewing one window at a time and viewing multiple windows. When you choose Multiple Windows from the View menu, QuickBooks tiles the windows in the main area. You can then move and resize the windows as needed.

To view multiple windows:

- From the View menu, choose Multiple Windows.

Using the menu bar

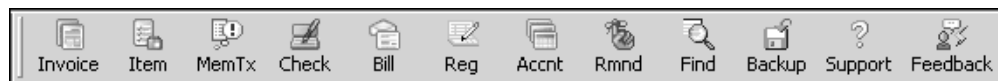
You can find all of the QuickBooks commands on the menu bar.



Many commands available on the menu bar can be added to the icon bar.

Using the icon bar

Another feature that makes it easy to get around in QuickBooks is the icon bar. It comes preset with shortcuts to several windows, such as Create Invoices and Enter Bills. By including the features and reports you use most, you can manage your business more quickly than ever.

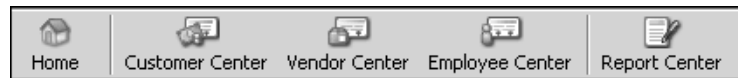


In addition to deciding which features to add to the icon bar, you can add or remove icons, change the order in which the icons display, insert spaces between icons, and edit icons by changing the icon text, graphic, or tooltip.

For instructions on how to customize the icon bar, search the onscreen Help for *icon bar*, and then choose “Using the Icon Bar” from the list of topics that displays.

Using the navigation bar

The navigation bar gives you easy access to QuickBooks Centers.



QuickBooks Centers — one each for Customers, Vendors, Employees, and Reports — give you quick access to common tasks. Each Center gathers in a single place all of the relevant transactions as well as other information, such as names and addresses of customers, vendors, or employees.

- The Customer Center gives you access to all of your customers and jobs, contact and billing information for each customer, and customer transactions. Here you can quickly find and print customer contact information, what your customers bought in the past, what invoices they've paid, the balance they owe, notes you want to keep about a customer, and more. You can also quickly access transactions for all your customers in one place, such as sales receipts, received payments, and statement charges.

Customer Center: Abercrombie, Kristy (All Transactions)

Type a help question **Ask** **How Do I?**

New Customer & Job **New Transactions** **Print** **Excel** **Word**

Customers & Jobs **Transactions**

View **Active Customers**

Name	Balance Total
▶ Abercrombie, Kristy	0.00
▶ Family Room	0.00
▶ Kitchen	0.00
▶ Remodel Bathroom	0.00
▶ Baker, Chris	1,040.00
▶ Family Room	1,040.00
▶ Balak, Mike	0.00
▶ Utility Shed	0.00
▶ Barley, Renee	0.00
▶ Repairs	0.00
▶ Bolinski, Rafal	0.00
▶ 2nd story addition	0.00
▶ Bristol, Sonya	0.00
▶ Utility Shed	0.00
▶ Repairs	0.00
▶ Burch, Jason	0.00
▶ Room Addition	0.00
▶ Burney, Tony	0.00
▶ Repairs	0.00

Customer Information **Edit Customer...**

Customer Name **Abercrombie, Kristy** Contact **Kristy Abercrombie**
 Customer Type **Residential** Phone **415-555-6579**
 Company Name Alt Phone
 Billing Address **Kristy Abercrombie** Fax
5647 Cypress Hill Rd Email **kristy@samplena...**
Bayshore CA 94326 Terms **Net 30**
 Price Level

Notes **9/15/2007: Send Kristy estimate for den remodel....** **Edit Notes...**

Reports for this Customer

- [QuickReport](#)
- [Open Balance](#)
- [Show Estimates](#)

Show **All Transactions** Filter By **All** Date **This Fiscal Year** **10/01/2007 -**

Type	Num	Date	Account	Amount
Invoice	81	12/13/2007	Accounts Receivable	4,522.00
Payment		12/13/2007	Checking	7,633.28
Estimate	24-CO	12/12/2007	Estimates	7,676.13
Estimate	32	12/01/2007	Estimates	4,792.00
Invoice	80	11/25/2007	Accounts Receivable	3,111.28
Check	246	11/15/2007	Checking	-711.15
Credit Memo	1	11/15/2007	Accounts Receivable	-711.15
Estimate	21	10/30/2007	Estimates	3,114.00

Getting started

- The Vendor Center gives you quick access to all of your vendors, their contact and billing information, and vendor transactions. The Vendor Center displays information about all of your vendors and their transactions in a single place. Here you can add a new vendor, add a transaction to an existing vendor, or print the vendor list or transaction list. You can also edit a vendor's information or edit a note for the vendor.

Vendor Center: Bank of Anycity (All Transactions)

Type a help question **Ask** **How Do I?**

New Vendor... **New Transactions** **Print** **Excel** **Word**

Vendors **Transactions**

View **Active Vendors** **→**

Name	Balance Total
Bank of Anycity	0.00
Bayshore CalOil Service	0.00
Bayshore Water	0.00
C.U. Electric	750.00
Cal Gas & Electric	122.68
Cal Telephone	0.00
CalOil Company	0.00
City of Bayshore	0.00
City of East Bayshore	69.97
City of Middlefield	0.00
Custom Kitchens of Bayshore	0.00
Daigle Lighting	0.00
Davis Business Associates	0.00
East Bayshore Auto Mall	0.00
East Bayshore Tool & Supply	0.00
Employment Development D...	0.00
Express Delivery Service	0.00

Vendor Information **Edit Vendor...**

Vendor Name: Bank of Anycity
Vendor Type: Bank of Anycity
Company Name: Bank of Anycity
Address: Bank of Anycity, Lisa Holzhauser, 1935 Main Street, Middlefield, CA 94466
Contact: Lisa Holzhauser
Phone: 415-555-9135
Alt Phone: 415-555-9153
Fax: 415-555-9153
Email: lisah@samplena...
Account Number:
Terms:
Notes: **Edit Notes...**

Show **All Transactions** Filter By **All** Date **This Fiscal Year**

Type	Num	Date	Account	Amount
Check	297	11/28/2007	Checking	-550.00
Check	299	11/22/2007	Checking	-244.13
Check	296	10/28/2007	Checking	-550.00
Check	298	10/22/2007	Checking	-244.13

- The Employee Center gathers information for each of your employees, including contact information, social security number, and payroll transactions. Here you can add a new employee, add a transaction to an existing employee, or print employee and transaction information. You can also edit an employee's information or edit a note for the employee. If you have a QuickBooks Payroll subscription, you can perform payroll-related tasks, such as pay your employees and payroll tax liabilities. The Employee Center also contains a separate Payroll Center where you can manage your payroll and tax information.

Employee Center: Elizabeth N. Mason

View: **Active Employees**

Name
Dan T. Miller
Elizabeth N. Mason
Gregg O. Schneider

Employee Information

Employee Name: Elizabeth N. Mason Phone: 457-8965
 Address: Elizabeth N. Mason Cellular:
 29 Cedar Street Alt Phone:
 Middlefield, CA 93210
 Email:
 Notes: [Edit Notes...](#)

Reports for this Employee

- QuickReport
- Payroll Summary
- Paid Time Off Report
- Payroll Transaction Detail
- Learn About Payroll

Show: **All Transactions** Date: **This Calendar Year** 01/01/2007 - 12/31/2007

Transaction Type	Date	Paid Through	Account	Amount
Paycheck	12/10/2007	12/10/2007	Checking	479.39
Paycheck	11/26/2007	11/26/2007	Checking	479.40
Paycheck	11/12/2007	11/12/2007	Checking	500.36
Paycheck	10/30/2007	10/30/2007	Checking	441.16
YTD Adjustment	10/15/2007	10/15/2007	Checking	905.13
YTD Adjustment	10/01/2007	10/01/2007	Checking	954.29
YTD Adjustment	09/17/2007	09/17/2007		954.28
YTD Adjustment	09/03/2007	09/03/2007		818.07
YTD Adjustment	08/20/2007	08/20/2007		871.61

Each Center has two tabs (the Employee Center also contains the Payroll Center in a separate tab if your company has employees).

The first tab contains the list of your Customers, Vendors, or Employees. Use this tab to view and edit information for a single customer, vendor, or employee.

The Transactions tab lists the relevant transaction types for that Center. Use this tab to view transactions across all Customers, Vendors, or Employees.

You can customize how your information is displayed in the Customer, Vendor, or Employee Center. For example, you might choose to view only open invoices for this fiscal year, or you may want to view only the Open Balance column for all of your customers.

You can also run some common reports from within each Center. (Lesson 9 describes the Report Center.)

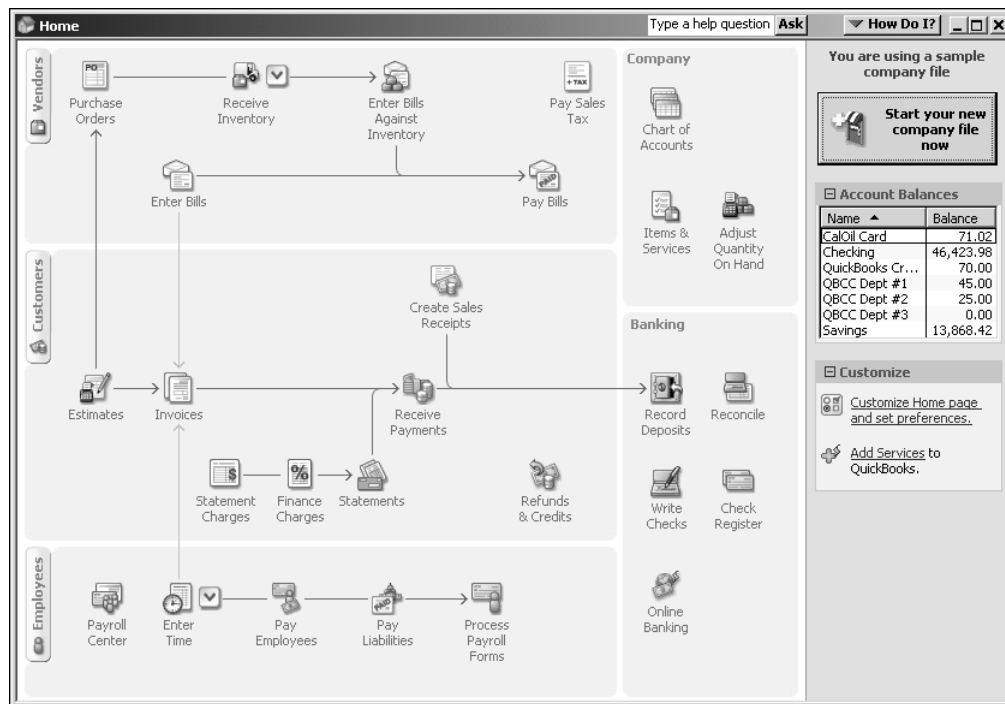
Making the Home page your starting point

The QuickBooks Home page provides a big picture of how your essential business tasks fit together. Tasks are organized into logical groups (Customers, Vendors, Employees, Company, and Banking) with workflow arrows to help you learn how tasks relate to each other and to help you decide what to do next.

The workflow arrows indicate a logical progression of business tasks in QuickBooks. However, these arrows do not restrict you from doing tasks in a different order, or an order that works better for your business needs.

As you use QuickBooks, you can always return to the Home page by clicking Home.

The Home page looks like the following. (The icons that appear on the Home page vary depending on how your company was set up in the EasyStep Interview.)



Using the workflow diagram

To start a task, click the icon for the task you want to do. For example, to create an invoice, click the Invoices icon. Each icon includes a ToolTip so you can learn about the QuickBooks task associated with that icon. To open a ToolTip, place your mouse pointer over the icon.

Clicking most of the icons on the Home page takes you directly to the window for that task. Some icons also include a drop-down arrow. Clicking an arrow opens a menu with choices for different business tasks. Click the task you want to do.

Making the Home page work for you

In addition to the workflow diagram, the Home page provides other company information and access to other tasks in the right-hand pane. From the right-hand pane, you can:

- Review the current balances of your bank accounts

The Account Balances list provides quick access to all of your bank and credit card accounts. To open the register for an account, double-click anywhere in the row of the account you want to view. To hide the list of accounts and balances, click the close button in the top-left corner of the Account Balances list.

Account Balances are shown or hidden automatically based on individual user permissions.

- Change the appearance of the Home page

From the Customize list you can customize which icons appear on the Home page and set other QuickBooks preferences by clicking the “Customize Home page and set preferences” link. Additionally, you can click the “Add Services to QuickBooks” link to learn about add-on services you can purchase from Intuit by going to the Business Services page. If you choose to sign-up for these services, appropriate icons will be added to the workflow on your Home page.

All the accounting you need to know

QuickBooks doesn’t require users to learn or understand accounting jargon. However, it does use some common business terms.

Your chart of accounts

When you keep books for a company, you want to track where your income comes from, where you put it, what your expenses are for, and what you use to pay them. You track this flow of money through a list of accounts called the chart of accounts.

There are two types of accounts:

- balance sheet accounts, such as checking and savings
- accounts used to group transactions for reporting purposes, such as income and expense accounts

The chart of accounts is a complete list of your business’ accounts and their balances.

To display the chart of accounts:

- 1 From the Lists menu, choose Chart of Accounts.

QuickBooks displays the chart of accounts for Rock Castle Construction Company.

Name	Type	Balance Total
Checking	Bank	46,423.98
Savings	Bank	13,868.42
Accounts Receivable	Accounts Receivable	62,041.94
Tools & Equipment	Other Current Asset	5,000.00
Employee Loans	Other Current Asset	0.00
Inventory Asset	Other Current Asset	26,926.43
Retainage	Other Current Asset	2,461.80
Undeposited Funds	Other Current Asset	2,124.00
Trucks	Fixed Asset	24,852.91
Original Cost	Fixed Asset	33,852.91
Depreciation	Fixed Asset	-9,000.00
Pre-paid Insurance	Other Asset	1,041.85
Accounts Payable	Accounts Payable	30,739.38
QuickBooks Credit Card	Credit Card	70.00

- 2 Scroll through the Rock Castle Construction chart of accounts. Notice that the list displays balance sheet accounts first, followed by income accounts and expense accounts.

About assets, liabilities, and equity

Assets

Assets include both what you have and what other people owe you. The money people owe you is called your accounts receivable, or A/R for short. QuickBooks uses an accounts receivable account to track the money owed you.

The rest of your company's assets may include checking accounts, savings accounts, petty cash, fixed assets (such as equipment or trucks), inventory, and undeposited funds (money you've received from customers but haven't yet deposited in the bank).

When setting up your company file in QuickBooks, please note that even though checking, savings, and petty cash are all company assets, you'll set them up as "bank" type accounts in QuickBooks.

Liabilities

Liabilities are what your company owes to other people. The money you owe for unpaid bills is your accounts payable, or A/P for short. QuickBooks uses an accounts payable account to track the money you owe different people for bills.

A liability can be a formal loan, an unpaid bill, or sales and payroll taxes you owe to the government.

When setting up your company file in QuickBooks, note that even though unpaid bills are liabilities, you'll set them up as accounts payable type accounts in QuickBooks.

Equity

Equity is the difference between what you have (your assets) and what you owe (your liabilities):

$$\text{Equity} = \text{Assets} - \text{Liabilities}$$

If you sold all your assets today, and you paid off your liabilities using the money received from the sale of your assets, the leftover money would be your equity.

Your equity reflects the health of your business, since it is the amount of money left after you satisfy all your debts. Equity comes from three sources:

- Money invested in the company by its owners
- Net profit from operating the business during the current accounting period
- Retained earnings, or net profits from earlier periods that haven't been distributed to the owners

Of course, you as the owner can also take money out of the business. Such withdrawals, called owner's draws, reduce the business equity.

If you have a sole proprietorship (where the existence of the business depends solely on your efforts), you can check the value of your owner's equity by creating a QuickBooks balance sheet.

Cash versus accrual bookkeeping

When you begin your business, you should decide which bookkeeping method to use. The bookkeeping method determines how you report income and expenses on your tax forms. Check with your tax advisor or the Internal Revenue Service (IRS) before choosing a bookkeeping method for tax purposes.

Cash basis

Many small businesses record income when they receive the money and expenses when they pay the bills. This method is known as bookkeeping on a cash basis. If you've been recording deposits of your customers' payments but haven't been including the money customers owe you as part of your income, you've been using cash basis. Similarly, if you've been tracking expenses at the time you pay them, rather than at the time you first receive the bills, you've been using cash basis.

Accrual basis

In accrual-basis bookkeeping, you record income at the time of the sale, not at the time you receive the payment. Similarly, you enter expenses when you receive the bill, not when you pay it.

Most accountants feel that the accrual method gives you a truer picture of your business finances.

How your bookkeeping method affects QuickBooks

Whether you use the cash or accrual method, you enter transactions the same way in QuickBooks.

QuickBooks is set up to do your reports on an accrual basis. For example, it shows income on a profit and loss statement for invoices as soon as you record them, even if you haven't yet received payment. It shows expenses as soon as you record bills, even if they're unpaid.

You can see any report (except transaction reports) on a cash basis by changing the reporting preference. (From the Edit menu, choose Preferences. In the Preferences window, click Reports & Graphs in the left panel, and then click the Company Preferences tab.)

Important: When you create reports in QuickBooks, you can switch between cash and accrual reports at any time, regardless of which bookkeeping method you have chosen for tax purposes.

Measuring business profitability

Two of the most important reports for measuring the profitability of your business are the balance sheet and the profit and loss statement (also called an income statement). These are the reports most often requested by CPAs and financial officers. (For example, banks request both documents when you apply for a loan.)

The balance sheet

A balance sheet is a financial snapshot of your company on one date. It shows:

- What you have (assets)
- What people owe you (accounts receivable)
- What your business owes to other people (liabilities and accounts payable)
- The net worth of your business (equity)

To see an example of a balance sheet:

- 1 From the Reports menu, choose Company & Financial.
- 2 From the submenu, choose Balance Sheet Standard.

The profit and loss statement

A profit and loss statement, also called an income statement, shows your income, expenses, and net profit or loss (equal to income minus expenses). The QuickBooks profit and loss statement summarizes the revenue and expenses of your business by category (first income, then expenses).

To see a profit and loss report:

- 1 Click Report Center on the navigation bar.
- 2 In the list on the left, choose Company & Financial.
- 3 In the “Profit & Loss” section, click Standard.
- 4 Scroll the report window to see all parts of the report.

The statement of cash flows

Another report that your accountant may be interested in is the statement of cash flows report. A statement of cash flows shows your receipts and payments during a specific accounting period.

To see a sample statement of cash flows report:

- 1 Click Report Center on the navigation bar.
- 2 In the list on the left, choose Company & Financial.
- 3 In the “Cash Flow” section, click Statement of Cash Flows.

Looking at the journal entries for transactions

In traditional accounting, transactions are entered into a general journal in which the total amount in the Debit column equals the total amount in the Credit column, and each amount is assigned to an account on the chart of accounts. This accounting method is known as double-entry accounting. For day-to-day transaction entry, QuickBooks uses familiar forms (invoices, bills, checks).

QuickBooks also has a General Journal Entry window that you can use for special transactions (such as selling a depreciated asset) or for all transactions if you prefer the traditional system.

Also, when you enter a transaction directly into an asset, liability, or equity account register, QuickBooks automatically labels the transaction “GENJRNL” in the register and “General Journal” on reports that list transactions.

To see the general journal entry for a transaction:

- 1** In any sales form, press Ctrl-Y.

Create Invoices Type a help question **Ask** **How Do I?**

Previous Next

Customer: Job Template Customize

Morgenthaler, Jenny Custom S.O. Invoice

Invoice

Bill To	Date	Invoice #
Jenny Morgenthaler 37105 E. Oasis Dr. Middlefield, CA 94485	12/15/2007	88
	Ship To	
	Jenny Morgenthaler 37105 E. Oasis Dr. Middlefield, CA 94485	

- 2** Click Modify Report and in the Columns field, select Debit and Credit. Then click OK.
- 3** In the transaction journal that appears, check the Debit and Credit columns to see the accounting.

Transaction Journal

Type a help question Ask

How Do I?

Modify Report...Memorize...Print...E-mailExport...Hide HeaderRefresh

DatesAllFromToSort ByDefault

12:07 PM

12:15:07

Rock Castle Construction

Transaction Journal

All Transactions

Trans #	Type	Date	Item	Name	Memo	Item	Item Description	Account	Sales Price	Debit	Credit	
1082	Invoice	12/15/2007	88	Morgenthaler, Jenny				Accounts Receivable		271.53		
				Morgenthaler, Jenny	Fluorescent...	Fluorescent...	Fluorescent Lights	Materials	10.00		30.00	
				Morgenthaler, Jenny	Lighting	Lighting	Lighting	Materials	18.50		222.00	
				State Board of Equ...	CA sales tax...	San Tom...	CA sales tax, San...	Sales Tax Payable	7.75%		19.53	
										271.53	271.53	
TOTAL											271.53	271.53

In the Customer and Vendor Centers, you can also view a journal entry for a transaction. Locate the customer or vendor transaction. Right-click the transaction and choose View Transaction Journal.

Note: In QuickBooks: Accountant's Edition, you can click the **Journal** button on a sales form to display the transaction journal. The Debit and Credit columns appear automatically.

Exiting QuickBooks

Unlike most other Windows programs, QuickBooks doesn't require you to save your data before exiting. It does an automatic save while you're working with QuickBooks and every time you leave the program.

To exit QuickBooks:

- From the File menu, choose Exit.

If no other applications are open, QuickBooks returns you to the Windows desktop.

To prevent or minimize data loss, you should make regular backup copies of your QuickBooks company data. In the event of a data loss you can restore your data from the backup copy. To make a backup copy, from the File menu, choose Back Up.

Moving between company files

If you work with several companies, you'll be working with multiple QuickBooks company files. You can change from one company file to another at any time, but you can have only one company file open at a time.

QuickBooks provides an easy way to find and open a company file that you've worked with before.

To open a previously opened file:

- 1 From the File menu, choose Open Previous Company.
- 2 From the submenu, choose the company file you want to open.

You can increase the number of company files that QuickBooks will display in the submenu.

To increase the number of company files displayed:

- 1 From the File menu, choose Open Previous Company.
- 2 Choose "Set number of previous companies."
- 3 Enter the number of company files you want QuickBooks to display (up to 20).
- 4 Click OK.

• • • • •

LESSON 2 Setting up QuickBooks

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Lesson objectives

- To discuss some of the decisions you need to make before using QuickBooks, such as your QuickBooks start date and the number of QuickBooks companies you should create
- To create a new QuickBooks company using the EasyStep Interview
- To set QuickBooks preferences in the Interview
- To record the opening balance for a checking account
- To practice using the QuickBooks Help tools

Creating a QuickBooks company

A QuickBooks company contains all the financial records for a single business. Before you can use QuickBooks, you need to tell QuickBooks about your business so that it can set up your company file. Setting up your company file properly is the most important thing you can do to help yourself manage your business efficiently and with confidence.

How many companies should you set up?

If you operate a business enterprise, the IRS expects you to clearly show all sources of income and to document any business expenses you claim as deductions. For tax purposes, therefore, it's usually best to set up a separate QuickBooks company for each business enterprise you report on your tax forms.

About the EasyStep Interview

The EasyStep Interview walks you through the process of setting up your entire business on QuickBooks. The setup process is easy; the EasyStep Interview should take you only about 10 minutes to complete. When you set up your company file, QuickBooks will ask you for a number of details about your company.

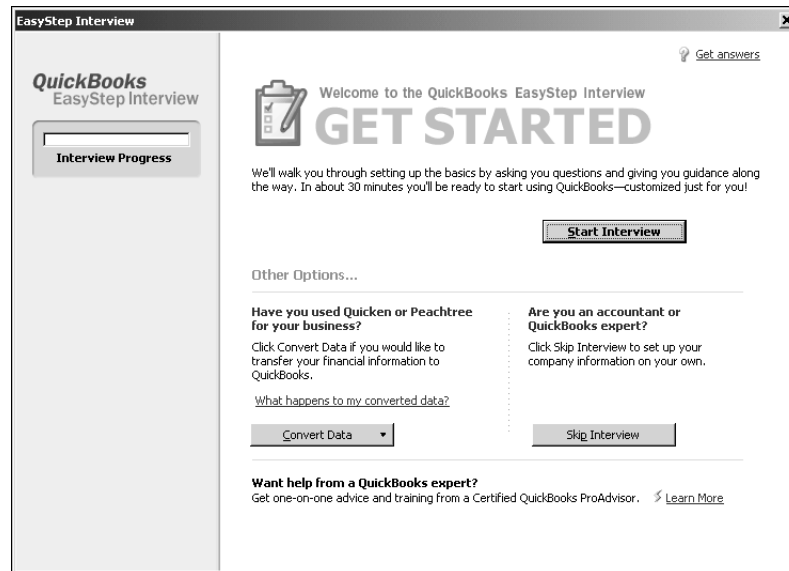
Navigating through the Interview

- Click Next to display the next window in the Interview.
- Click Prev to display the previous window in the Interview.
- Click Leave to leave the Interview and return to QuickBooks. The next time you open the company file, QuickBooks remembers the information you have already entered and returns you to the EasyStep Interview where you left off.

Starting the EasyStep Interview

To begin adding a new company:

- 1 Start QuickBooks.
- 2 Select “Create a new company” or choose New Company from the File menu.
QuickBooks displays the EasyStep Interview window.



Entering company info

When you use the EasyStep Interview to create a new QuickBooks company, QuickBooks asks you questions about the type of business you own. It uses your answers to get you started quickly, by setting up the appropriate accounts and lists.

In this lesson, you'll create a new QuickBooks company for a business named Lockhart Design. Margaret Lockhart is the sole proprietor of this interior design firm. Most of her income comes from consulting services, but she also sells products such as fabrics and room accessories to clients.

To create a new QuickBooks company file:

- 1 At the first Welcome window for the EasyStep Interview, click Start Interview.
The “Enter Your Company Information” window appears.
- 2 In the Company Name field, type **Lockhart Design** and press Tab.
When you press Tab, QuickBooks automatically enters the same name you typed into the Legal Name field. QuickBooks uses the company name on all reports.
- 3 Press Tab and enter **94-1234567** as the Tax ID number.

- 4 Type the following information in the street address, city, state, and zip fields.
1239 Bayshore Road
Middlefield, CA 94432
 QuickBooks prints this company address on checks, invoices, and other forms.
- 5 Now enter the following information in the Phone number and Fax number fields:
 Phone: **650-555-1234**
 Fax: **650-555-5678**
- 6 Next enter the email and Web addresses for Lockhart Design.
 Email: **margaret@samplename.com**
 Web Site: **lockhart_design@samplename.com**
 Your screen should resemble the following.

EasyStep Interview

QuickBooks
EasyStep Interview

Interview Progress

Enter your company information

QuickBooks uses this information on your tax forms and forms you use to communicate with your customers and vendors.

* Company name

Legal name
The name you use on your tax and legal forms. Unless you use a DBA name, this will probably be the same as the company name. [Explain](#)

Tax ID
Your Federal Employer Identification Number (EIN) or Social Security Number. Used only on tax forms.

Street address

City State Zip

Country

Phone Fax
Use the format you would like displayed on your forms, e.g. (555) 555-1212

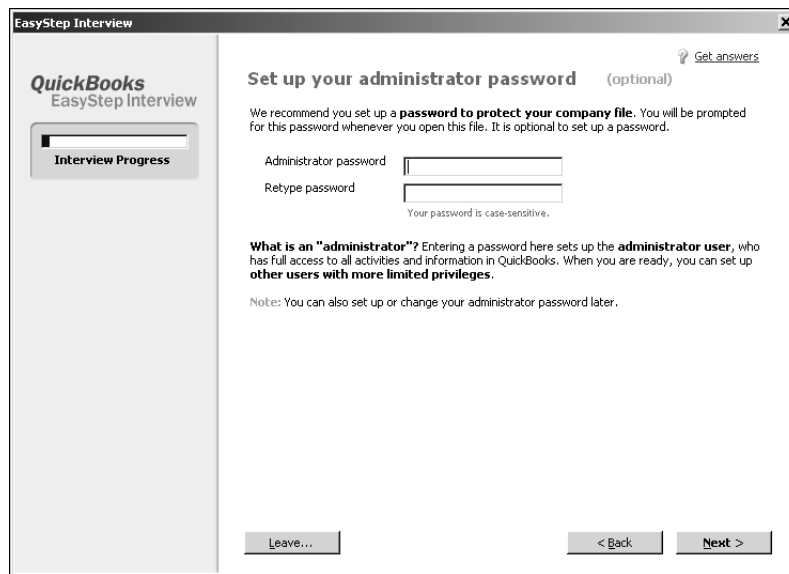
E-mail address

Web site

* required field [What if I have more than one business?](#)

7 Click Next.

The “Set up your administrator password” window appears. For this exercise, you don’t need to set up a password.



8 Click Next.

The “Create your company file” window appears.

9 Click Next to save the company file.

10 In the “Filename for New Company” window, make sure that QuickBooks is set to save the file in the QBtrain folder you set up in the introduction to this guide.

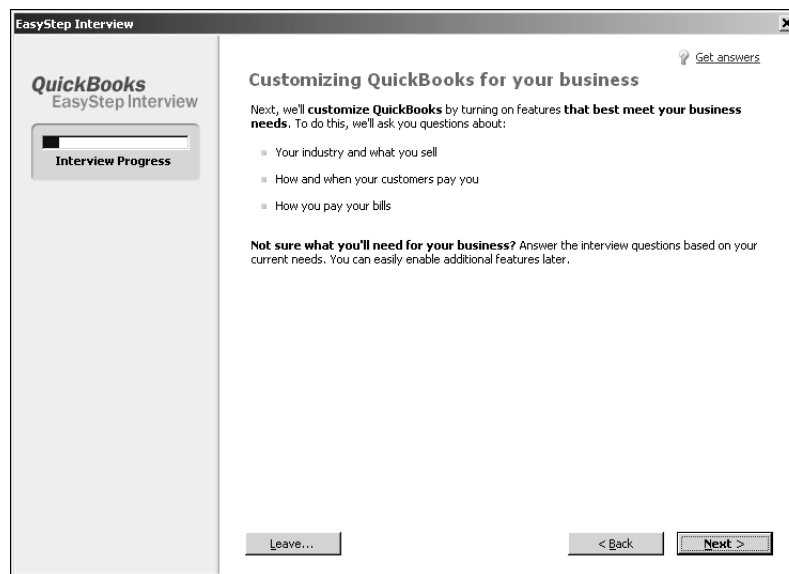
11 Click Save to accept the default filename of “Lockhart Design.”
QuickBooks creates the company file.

Customizing QuickBooks for your business

The customization section of the EasyStep Interview is where you indicate:

- Your industry and what you sell
- How and when your customers pay you
- How you pay your bills

Based on your answers, QuickBooks sets preferences for the company file. The preferences enable certain features of the QuickBooks program.



Choosing your company industry

When you create a new QuickBooks company, you can select a company type that most closely matches your type of business, and QuickBooks sets up accounts and lists that are appropriate for your type of company.

Your industry selection is used by the interview to ask questions and recommend features that work best for your business.

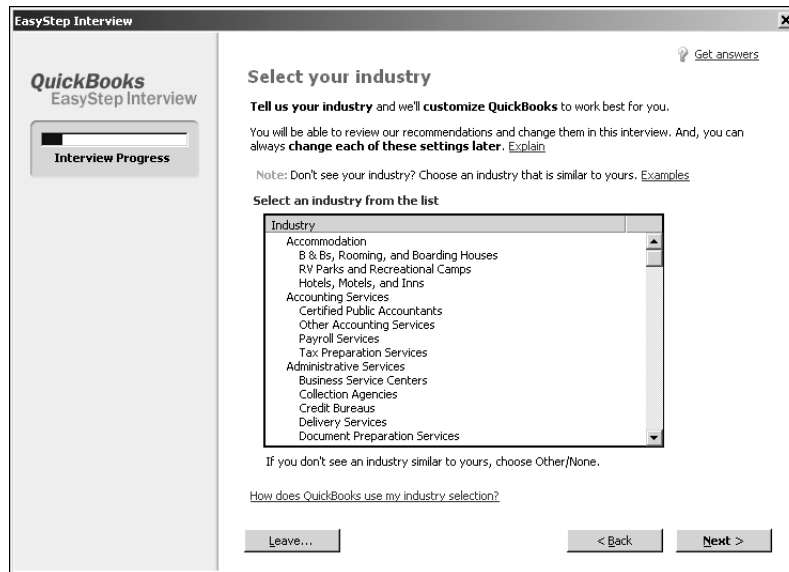
QuickBooks will recommend features that can best meet your business needs, such as:

- Enabling sales tax for retail businesses
- Using estimates in QuickBooks for some service-based businesses
- Managing inventory in QuickBooks for wholesalers and manufacturers
- Creating income and expense categories

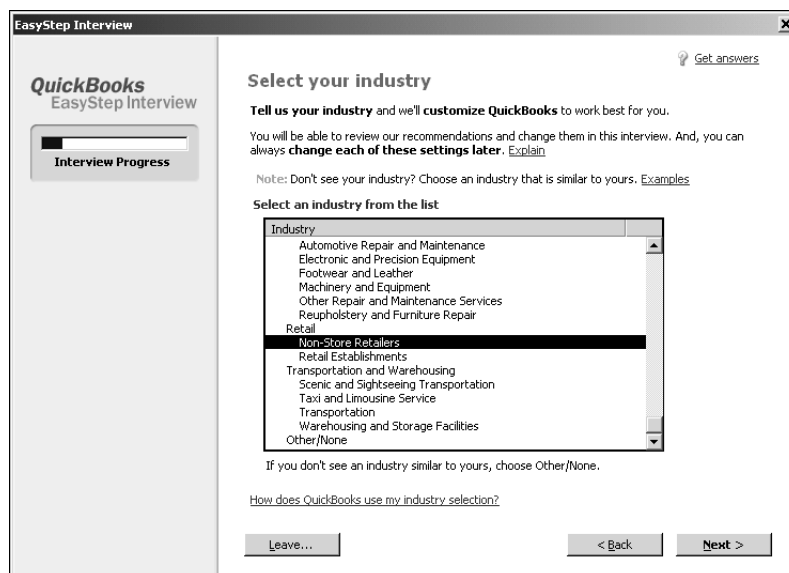
Even if you own a type of company that isn't specifically listed, you should select the one that's closest. Margaret Lockhart does consulting, as well as retail sales, so we'll select a Retail company type.

To choose the company industry:

- 1 On the “Customizing QuickBooks for your business” window, click Next. QuickBooks displays the “Select your industry” window.



- 2 Scroll down the list until you find Retail: Non-store retailers and select it. Although Lockhart Design receives most of its income from consulting, not from retail sales, the Retail company type will give us most of the accounts we need. She'll need to modify the chart of accounts later to include an income account for Consulting Income.



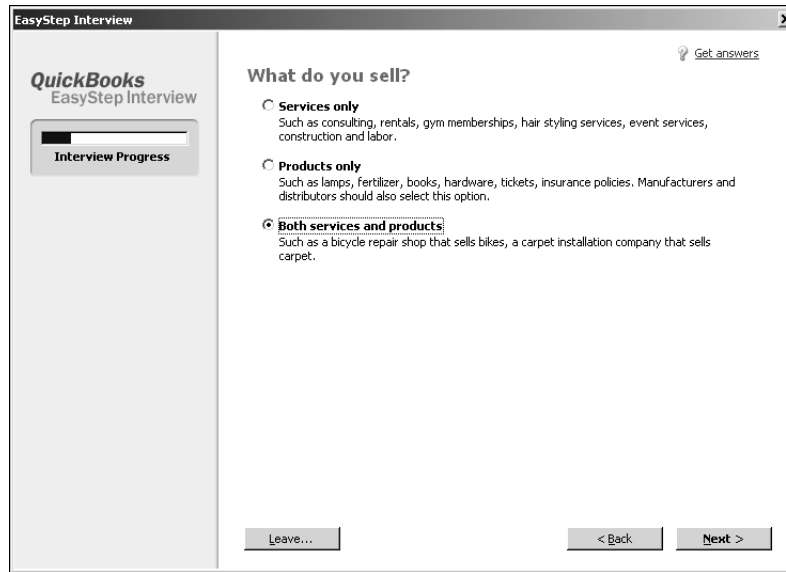
- 3 Click Next.

Indicating what you sell

You need to indicate what your business sells. In general, businesses either sell products or services, or both. Margaret Lockhart provides consulting services as well as selling products, such as fabrics.

To indicate what you sell:

- 1 On the “What do you sell?” window, click “Both services and products.”



- 2 Click Next.

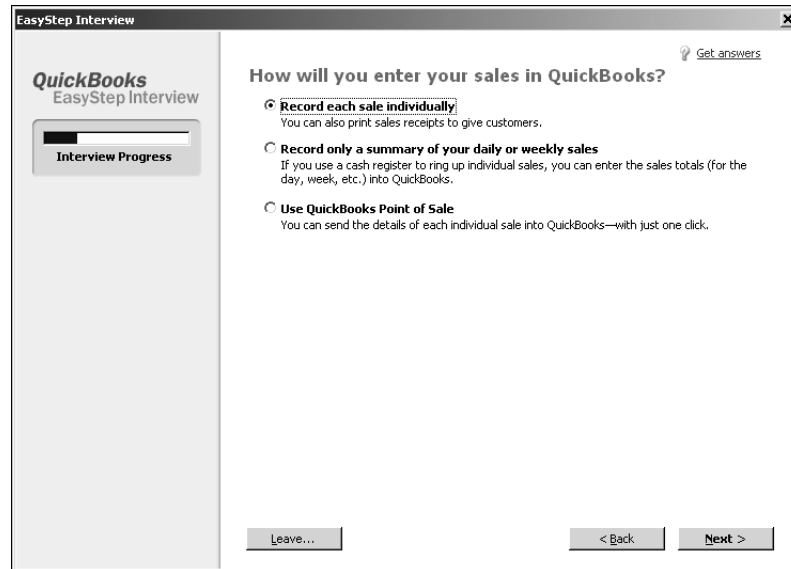
Entering sales information

For retail companies, you need to indicate how you want to enter sales. QuickBooks uses this information to set recommendations for a retail-type business. Margaret Lockhart does not do retail sales on a daily basis, so she will record her sales as they occur.

To indicate how you enter sales:

- 1 On the “How will you enter your sales in QuickBooks?” window, click “Record each sale individually.”

Your screen should look like this:



- 2 Click Next.
- 3 On the “Do you sell products online?” window, click “I don’t sell online and I am not interested in doing so.”

Margaret Lockhart has no plans to sell online.

Entering sales tax information

This part of the EasyStep Interview asks whether you charge sales tax. You should turn the sales tax setting off only if you *never* charge sales tax. Margaret Lockhart typically charges sales tax, so we’ll turn on sales tax in her company file.

To set up QuickBooks to track sales tax:

- 1 Click Next to move to the “Do you charge sales tax?” window.
- 2 Click Yes for the question, “Do you charge sales tax?”

Margaret Lockhart collects one sales tax for one tax district, paid to only one tax agency.

- 3 Click Next.

QuickBooks automatically creates a current liability account, called Sales Tax Payable, that keeps track of the sales tax you collect in your business.

Creating estimates

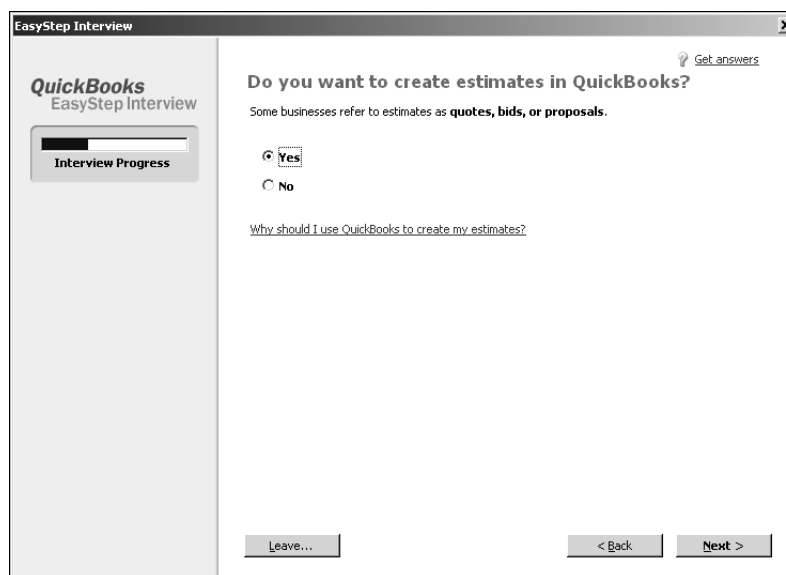
If you provide any type of estimate or bid—even a verbal quote—there are many reasons to use estimates in QuickBooks.

- You can use the QuickBooks estimate form to prepare professional-looking itemized estimates, bids, quotes, or proposals for your customers. You can customize a QuickBooks estimate to look and say exactly what you want it to.
- When it's time to bill your customer, you can easily create an invoice from the estimate with just one click. QuickBooks then creates an invoice using information from your estimate.
- When you need to know how accurate your estimates are, you can create reports that compare your estimated costs and revenue against your actual costs and revenue.
- Creating estimates in QuickBooks will allow you to easily compare your actual costs against what you estimated. This will let you see how accurate your estimates are.
- You can track which estimates are still active and easily update each estimate as you continue to negotiate with your customers.

For this exercise, Margaret Lockhart creates proposals for her customers for their interior design projects, so she needs to enable estimates for her company.

To create estimates for your business:

- 1 On the “Do you want to create estimates in QuickBooks?” window, click Yes.



- 2 Click Next.

Note: On the next window, if you are using a QuickBooks: Premier Edition product, QuickBooks asks if you want to track sales orders. Click Yes, and then click Next.

Using sales receipts

If your customers pay you in full at the time of purchase, use a sales receipt in QuickBooks to track the sale.

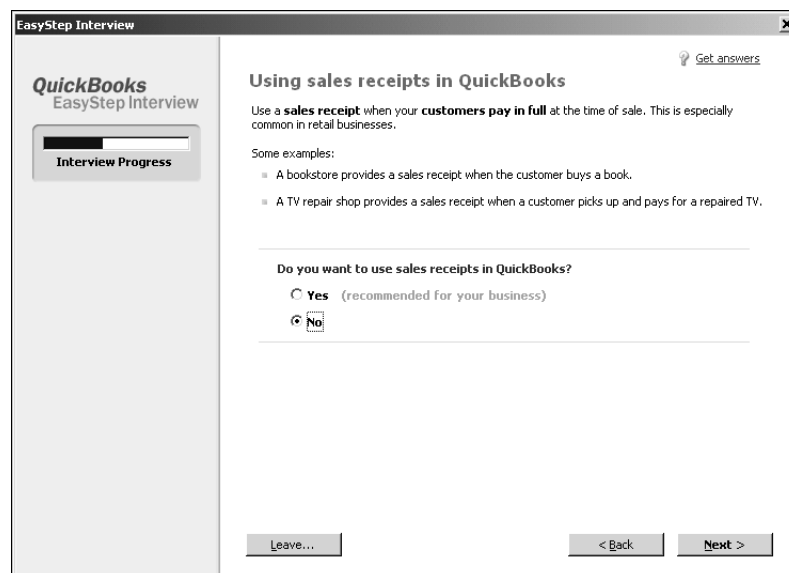
You can use a sales receipt to:

- Track each sale
- Calculate sales tax
- Print a sales receipt
- Create a summary of sales income and sales tax owed
- Summarize daily or weekly sales on a sales receipt

Margaret Lockhart's interior design business is not actually a retail store, so she does not typically use sales receipts. She generally includes such sales on an invoice that she sends to her customers that might include, for example, both design services and products.

To set up sales receipts:

- 1 On the "Using sales receipts in QuickBooks window, click No.



Even though QuickBooks recommends that a retail-type business use sales receipts, Margaret Lockhart does not operate a full retail establishment.

- 2 Click Next.

Choosing remaining preferences

The next series of windows ask “yes or no” questions that enable or disable different QuickBooks features, based on your company needs. Simply click Yes or No, then click Next to move forward in the Interview. For Lockhart Design, complete the preferences by giving the following responses:

For this item...	Select...
Billing statements	No
Progress invoicing	Yes
Bill tracking	Yes
Inventory	No
Credit cards	Accept
Track time	Yes
Employees	No

Answering the series of questions about your business helps customize QuickBooks to meet your specific business needs. Next, you'll set up your accounts.

Setting up your business accounting

Next, QuickBooks helps you set up the basic accounting you'll use to track your business, referred to as your chart of accounts. To set up the chart of accounts, you need to:

- Determine the start date of your business
- Enter account balances
- Decide how you want to categorize your income and expenses

The chart of accounts is the framework used to categorize the information and transactions used to create reports. By using a chart of accounts and creating reports, you'll always know the current state of your business.

The chart of accounts is made up of five types of accounts common to all businesses—the income and expense accounts used by the Profit and Loss Statement, and the asset, liability, and equity accounts used by the Balance Sheet. Each time you enter a transaction, QuickBooks will prompt you to categorize it into one of these five types of accounts.

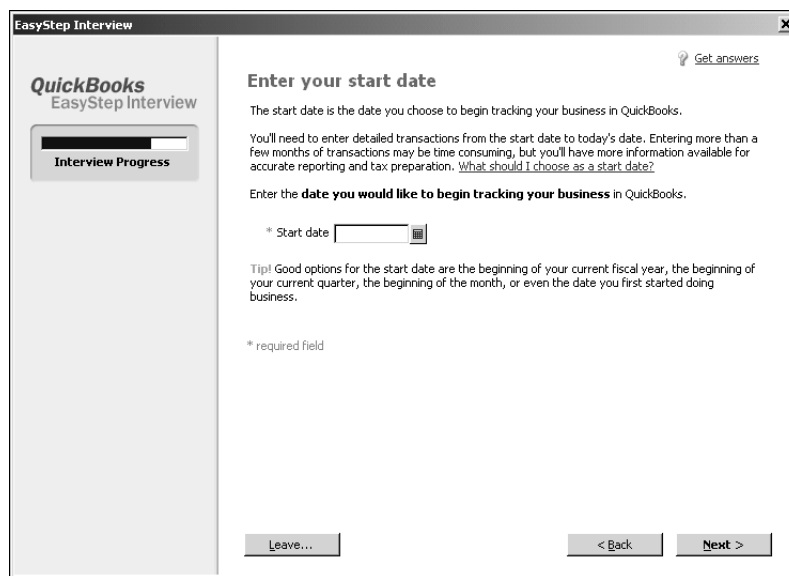
Choosing a start date

Before you start entering your company's financial data, you need to choose a QuickBooks start date. This is the starting point you want to use for all your QuickBooks accounts. The start date is the date for which you give QuickBooks a financial snapshot of your company assets and liabilities.

Once you decide on a start date, you enter all your company's transactions *since* that date. That's why you should choose a start date that's not too far back in the past for you to handle. Many business owners like to use the last day of a financial period as their start date, such as the end of last fiscal year, last quarter, or last month. You need to enter all historical transactions from the day after your start date up through today. For example, if you decide on a start date of March 31, you'd enter your historical transactions from April 1 up through today.

To choose a start date:

- 1 On the "Using accounts in QuickBooks" window, click Next.
The "Enter your start date" window appears.

The screenshot shows the 'EasyStep Interview' window for QuickBooks. On the left is a sidebar with the 'QuickBooks EasyStep Interview' logo and an 'Interview Progress' bar. The main area is titled 'Enter your start date'. It contains the following text: 'The start date is the date you choose to begin tracking your business in QuickBooks. You'll need to enter detailed transactions from the start date to today's date. Entering more than a few months of transactions may be time consuming, but you'll have more information available for accurate reporting and tax preparation. [What should I choose as a start date?](#) Enter the **date you would like to begin tracking your business** in QuickBooks.' Below this is a text field labeled '* Start date' with a calendar icon. A tip box states: 'Tip! Good options for the start date are the beginning of your current fiscal year, the beginning of your current quarter, the beginning of the month, or even the date you first started doing business.' At the bottom, there is a '* required field' note and three buttons: 'Leave...', '< Back', and 'Next >'. A 'Get answers' link is in the top right corner.

- 2 In the Start date field, enter **12/31/2005**, and then click Next.

Entering bank accounts and opening balances

The bank accounts sections of the EasyStep Interview is where you enter any bank accounts you want to track and enter opening balances.

The balance sheet accounts in the QuickBooks chart of accounts start with an opening balance of zero. Before you begin working in QuickBooks, you need to enter an opening balance for each balance sheet account as of your start date.

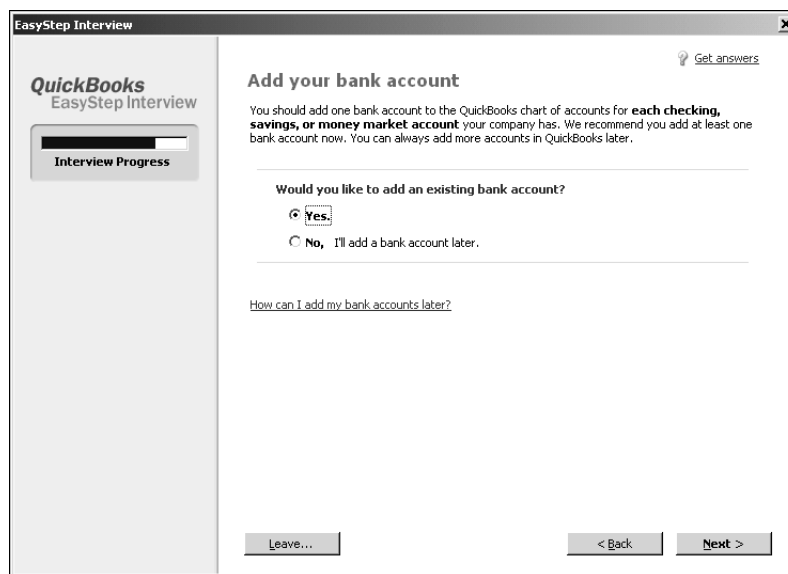
The opening balance is important because QuickBooks can't give you an accurate balance sheet (what your company owns and what it owes) without it. An accurate balance sheet gives you a true picture of your company's finances. Also, if you start with an accurate balance as of a specific date, you can reconcile your QuickBooks bank accounts with your bank statements, and your QuickBooks checking accounts will show the actual amount of money you have in the bank.

The easiest way to determine an account's opening balance is to work from an accurate balance sheet. If you have a balance sheet as of your start date, you can take the opening balance from there. During the EasyStep Interview, you can enter opening balances for bank accounts only. You'll learn later how to enter opening balances for accounts after you've completed the EasyStep Interview.

Let's assume Margaret Lockhart wants to enter an opening balance for her checking account. The opening balance for a QuickBooks bank account is the dollar amount in the bank on the start date. This amount can be determined two ways: using the ending balance on the last bank statement on or immediately prior to the start date, or using the bank account balance from a balance sheet prepared by an accountant. Margaret has a recent bank statement for this account, so we'll use that method.

To enter the checking account opening balance:

- 1 On the "Add your bank account" window, click Yes.



- 2 Click Next.
- 3 Type **Checking** as the name of the account.

- 4 For “When did you open this bank account?,” click Before.
Your screen should look like this:

The screenshot shows the 'EasyStep Interview' window for QuickBooks. On the left is a sidebar with the QuickBooks logo and an 'Interview Progress' bar. The main area is titled 'Tell us about your bank account' with a subtitle 'This information will help you identify your bank account while using QuickBooks.' There is a 'Get answers' link. The form includes: a text field for 'Bank account name' with 'Checking' entered; a text field for 'Bank account number'; a section 'When did you open this bank account?' with two radio buttons: 'Before' (selected) and 'On or after', both with the date '12/31/2005' next to them. A note '* required field' is present. At the bottom are buttons for 'Leave...', '< Back', and 'Next >'.

- 5 Click Next.
- 6 In the “Enter your bank statement information,” enter **12/28/2005** as the Statement ending date.
- 7 In the Statement Ending Balance field, type **8359.00**.
Your screen should look like this:

The screenshot shows the 'EasyStep Interview' window for QuickBooks, Step 2: 'Enter your bank statement information'. The sidebar is the same. The main area has three steps: Step 1: 'Find the last bank statement you received whose ending date was before 12/31/2005 (your start date).'; Step 2: 'Enter the ending date of this bank statement:' with a text field for '* Statement ending date' containing '12/28/2005' and a calendar icon; Step 3: 'Enter the ending balance on this bank statement:' with a text field for 'Statement ending balance' containing '8359.00'. A note '* required field' is present. At the bottom are buttons for 'Leave...', '< Back', and 'Next >'.

- 8 Click Next.
- 9 When QuickBooks asks if you want to add another bank account, click No. Then click Next.

Reviewing the chart of accounts

As you learned in Lesson 1 of this guide, the chart of accounts lists balance sheet accounts, income accounts, and expense accounts. When you create a new QuickBooks company, you select a company type that most closely matches your type of business, and QuickBooks sets up a chart of accounts for you.

The chart of accounts is the framework used to categorize the information and transactions used to create reports. By using a chart of accounts and creating reports, you'll always know the current state of your business.

The chart of accounts is made up of five types of accounts common to all businesses—the income and expense accounts used by the Profit and Loss Statement, and the asset, liability, and equity accounts used by the Balance Sheet. Each time you enter a transaction, QuickBooks will prompt you to categorize it into one of these five types of accounts.

Because you chose an industry from the list earlier in the Interview, QuickBooks has already created income and expense accounts for your company. Next, you'll view the preset income and expense accounts.

To review the chart of accounts:

- 1** In the “Review expense accounts” window, scroll through the preset expense accounts to get an idea of what is included, and then click Yes (that you want to use these accounts).
- 2** Click Next to go to the next window.
- 3** In the “Review income accounts” window, scroll through the preset income accounts to get an idea of what is included, and then click Yes (that you want to use these accounts).
- 4** Click Next to go to the next window.
- 5** Click Finish to complete the EasyStep Interview.

After you have completed the EasyStep Interview, use the information in the help options described later in this chapter to help you make changes and adjustments to your company file.

Completing company file setup

After you have created your company file using the EasyStep Interview, you can begin using QuickBooks to run your business. However, there are some additional tasks you might need do to make sure the company file is properly set up and that the data is complete.

QuickBooks is based on four key concepts: Customers, Vendors, Accounts, and Items. If you take two minutes now to understand these basic concepts, you'll be able to get started quickly and correctly with your company information.

- **Customer:** A customer is anyone who pays you. This can mean patients, donors, members, legal or consulting clients, or your typical retail customer.
- **Vendor:** A vendor is anyone you pay, except for employees. This can mean subcontractors, utility companies, your landlord, tax agencies, or suppliers.
- **Account:** There are two types of accounts—real world accounts, such as checking accounts, and income and expense accounts that you use to group transactions for reporting purposes. For example you may want to create expense accounts to track office supply purchases separately from advertising costs. All accounts are listed on your chart of accounts. If you choose a tax form, you can associate accounts with tax lines, which would make preparing for tax time easier.
- **Item:** An item is anything you want to put on an invoice. This includes parts, services, labor, discounts, and taxes.

This section covers how to set up customers, vendors, and items, and how to choose a tax form and add an income account.

Adding customers

In order to bill customers with QuickBooks, you need to add your customers.

By entering details about the people and companies you do business with, you can personalize their bills, send invoices easily, and quickly view the status of their accounts. You can add new customers at any time.

Note: You can also add customers and vendors as you perform everyday tasks. For example, if you enter the name of a new customer when filling out an invoice, QuickBooks will prompt you to enter information about this customer. You can choose from two quick setup options: Quick Add and Set Up. Quick Add adds the name to the list and you add details later. Set Up lets you enter the details right away.

To add a customer:

- 1** Click Customer Center in the navigation bar.
- 2** Click the New Customer & Job menu button, and then choose New Customer.

- 3** In the Customer Name field, enter the name of the customer as you'd like it to appear on your Customers & Jobs list. For this exercise, type **Smith, Lee**, and then press Tab.

You want the list to show last names first.

- 4** Press Tab in the Opening Balance field to leave this field blank.

The Opening Balance field tells you how much each customer owes you on your start date so that when you enter the rest of your transactions from your start date to today, all balances since your start date will be accurate.

For now, leave this field blank. Lockhart Design is planning to set up one or more jobs for this customer. QuickBooks will calculate and track the overall balance for this customer from the balances you enter for the individual jobs.

- 5** In Address Info tab, click in the First Name field and type **Lee**.
- 6** Press tab and type **M.** as the middle initial and in the Last Name field, type **Smith**.
- 7** Press Tab to go to the Address field, and then press Enter after Lee M. Smith.
- 8** Type **43 Hampshire Blvd** and press Enter.
- 9** Type **East Bayshore, CA 94327**.
- 10** Click the Copy button to copy the address to the Ship To field. Click OK in the Add to Ship To Address Information window.

You can have and use more than one Ship To address per customer or job, but Lee Smith uses only one address.

Your screen should resemble the following graphic.

- 11 Click OK to add this customer.

The Customer Center appears, with the Customers & Jobs list along the left side.

Note: **The Customers & Jobs list is the same list as the Customer:Job list.** It is called Customers & Jobs on the Customer Center, and it is called Customer:Job on forms. It is sometimes also referred to as simply the Customer list.

Adding a job

You do not need to add jobs to the Customers & Jobs list if your company never does more than one job or project per customer. Jobs in QuickBooks are optional. If you often perform multiple jobs for the same customer, you can use jobs in QuickBooks to track the activity for each job separately. That way, you can create reports that show the income and expenses for each job.

Lockhart Design wants to track jobs for Lee Smith.

To add a job for a customer:

- 1 In the Customers & Jobs list, right-click Smith, Lee and choose Add Job.

The New Job window looks similar to the Customer window. QuickBooks has already filled in several fields for you for Lee Smith.

- 2 In the Job Name field, type **Patio**, and press Tab.

- 3 In the Opening Balance field, type **862** and press Tab.

You want to keep track of the balances for each job. QuickBooks calculates and tracks the overall balance for this customer from the balances you enter for the individual jobs. You want to keep track of the balances for each job.

Note: **The information QuickBooks fills in comes from your customer's record.** If you make any changes here, the changes affect only this job. For example, if your customer's billing address is different for this job, you can enter the job address without affecting the customer's main address.

- 4 Enter **12/31/2005** in the As Of field to indicate that this was the balance outstanding for this job as of the QuickBooks start date.

- 5 Click the Job Info tab and choose "In Progress" from the Job Status drop-down list. Job status information is for your records—it gives you a way to keep track of each job. When you create a customer list report, QuickBooks includes the status of each job on the report. You can also see the status of a job by clicking a job in the Customers & Jobs list and looking in the Job Information area.

- 6 For the Start Date, type **12/15/05** and press Tab.

- 7 In the Projected End date, type **3/15/06** and press Tab.

The dates help you track how long each job takes and how well you are able to estimate the length of a job. When you create a customer:job list report, you can add columns that show the start date, your projected end date, and the actual end date for each job.

Your screen should resemble the following graphic:

New Job

Job Name:

Opening Balance: as of [How do I determine the opening balance?](#)

Address Info | Additional Info | Payment Info | **Job Info**

Job Status: Start Date: Projected End: End Date:

Job Description: Job Type:

☐ Job is inactive

OK Cancel Next Help

- 8** Click OK.

The job now appears under Smith, Lee in the Customers & Jobs list.

Customers & Jobs	
Transactions	
View	Active Customers
Name	Balance Total
◀ Smith, Lee	864.00
◀ Patio	864.00

- 9** Close the Customer Center.

Adding vendors

In order to pay your bills with QuickBooks, you need to add your vendors. Nearly everyone you pay, other than employees, are vendors.

You can add new vendors at any time. QuickBooks uses the Vendors list to hold information about the people and companies you do business with; for example, this list could include the phone company, your office supplies vendor, and your tax board.

To add a vendor:

- 1 Click Vendor Center in the navigation bar.
- 2 Click New Vendor in the button bar.
- 3 In the Vendor Name field, enter the name of the vendor as you'd like it to appear on your Vendor list. For this exercise, type **Fay, Maureen Lynn, CPA**, and then press Tab.
- 4 In the Opening Balance field, type **350**, which is the amount you owed this vendor as of the start date. Press Tab.
- 5 In the As Of field, enter **12/31/05**.
- 6 In Address Info tab, click in the First Name field and type **Maureen**.
- 7 Press tab and type **L.** as the middle initial and in the Last Name field, type **Fay**.
- 8 Press Tab to go to the Address field, and then press Enter after Maureen L. Fay.
- 9 Type **200 Royal Rd.** and press Enter.
- 10 Type **Bayshore, CA 94326**.
- 11 Click in the "Print on Checks As" field, and type **Maureen Fay**.

Your screen should resemble the following graphic.

- 12 Click OK to add this vendor.

The new vendor appears on the Vendor list.

Vendors	
Transactions	
View Active Vendors	
Name	Balance Total
Fay, Maureen Lynn, CPA	350.00

13 Close the Vendor Center.

About customer and vendor types

Customer and vendor types let you categorize your customers and vendors in ways that are meaningful to your business. For example, you could set up your customer types so that they indicate which industry a customer represents, a customer's geographic location, or how a customer first heard about your business. You could set up your vendor types so that they indicate a vendor's industry or geographic location. For example, you might create the type Painters with the subtypes Exterior and Interior.

- Commercial photographers might use customer types to record a customer's primary interest: graduation, portraiture, weddings, and so on.
- Building contractors might use vendor types to classify their subcontractors by geographical location so they can use the ones closest to each job.

You can create reports and do special mailings that are based on your customer and vendor types. For example, if you use customer types to categorize your customers by location, you could print mailing labels for all the customers in a particular region.

Setting up additional accounts

During the EasyStep Interview, you added one checking account for Lockhart Design. There are two basic types of accounts: balance sheet accounts, such as savings or checking, and accounts used to group transactions for reporting purposes, such as income and expense accounts. Income and expense accounts track the sources of your income and the purpose of each expense. When you record transactions, you usually assign the amount of the transaction to one or more income or expense accounts.

In the EasyStep Interview, you also selected “Retail:Non-store retailer” as the industry for Lockhart Design. QuickBooks created a chart of accounts based on the retail industry. However, Margaret Lockhart also receives income from design consulting. She needs to modify the chart of accounts to add an income account for consulting.

Before adding a new account, you should select the tax form used to file taxes for your business. Selecting a tax form allows you to map accounts to tax lines.

Choosing a tax form

When you create a new account, you can associate a tax line on which you would report the income or expenses tracked by this account.

An account's tax line associates each income and expense account with the appropriate tax form and line on your company income tax return. You'll see tax lines for the tax form you choose and for schedules and other forms typically filed with that tax form. This makes preparing income taxes easier and quicker, because it enables you to create tax reports to assist your accountant or to export and import your tax data into ProSeries, TurboTax, TurboTax Business, or Lacerte tax programs.

Associating a tax line with each account lets you:

- Import tax data into our TurboTax or ProSeries tax products.
- Create tax reports in QuickBooks that help you prepare tax forms. The reports show the amounts to fill in for each tax line on the tax forms.

Note: If you don't select an income tax form to use, the Tax Line drop-down list will not appear when you add a new account (or edit an existing one).

To choose a tax form:

- 1 From the Company menu, choose Company Information.
QuickBooks displays the Company Information window.

Company Information Type a help question **Ask** **How Do I?** **X**

Contact Information

Company Name: Lockhart Design

Address: 1239 Bayshore Road
Middlefield Road, CA 94432

Phone #: 650-555-1234

Fax #: 650-555-5678

E-mail: margaret@samplename.com

Web Site: lockhart_design@samplenam...

Country: US

Legal Information (Appears on payroll tax forms)

Legal Name: Lockhart Design

Legal Address: 1239 Bayshore Road

City/State/ZIP: Middlefield Road CA 94432

Legal Country: US

Company Identification

Federal Employer Identification No. (FEIN is required for Payroll): 94-1234567

Social Security Number (SSN is used on 1099's if no FEIN is entered):

Payroll Tax Form Information

Contact (Name of person preparing and signing payroll tax forms):

Title:

Phone #:

Report Information

First month in your:

Fiscal Year: January Tax Year: January

Income Tax Form Used: <Other/None>

Buttons: OK, Cancel, Help

- 2 From the Income Tax Form Used drop-down list, choose "Form 1040 (Sole Proprietor)."

Margaret Lockhart is the owner and only employee of her interior design firm.

3 Click OK.

Now, when you create or edit an new account, you can associate a tax line from Form 1040 (Sole Proprietor) forms and schedules with the account.

Adding a new account

You may need to add one or more of the following accounts:

- Income accounts to track new sources of income
 - Expense accounts to track new types of expenses
 - Bank accounts when you open new checking, savings, or money market accounts at your bank
 - Credit card accounts when you acquire new credit cards
 - Other kinds of balance sheet accounts to track specific assets, liabilities, or equity
- For example, you may need to add a fixed asset account to track the depreciation of a new equipment purchase, a long term liability account to track a business loan, or an equity account to track the investment from a new business partner.

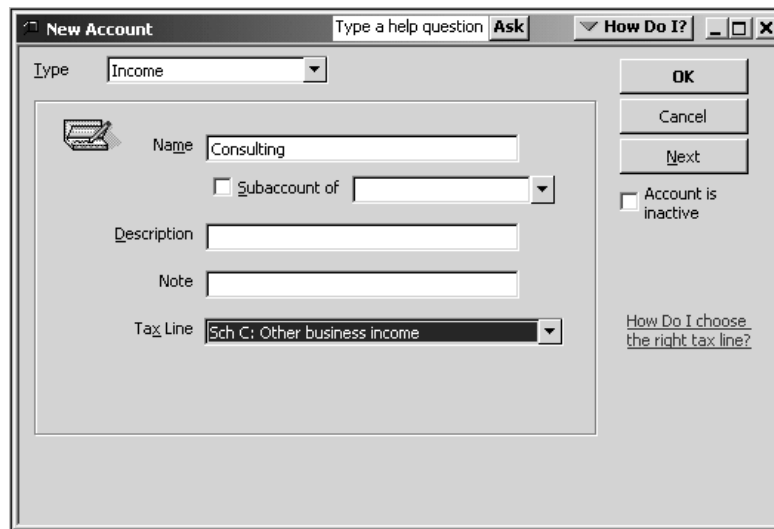
A complete list of your business' accounts and their balances appear in the chart of accounts. You use a chart of accounts to track how much money your company has, how much money it owes, how much money is coming in, and how much is going out.

For Lockhart Design, you'll add an income account for her consulting income.

To add an income account:

- 1** From the Lists menu, choose Chart of Accounts.
 - 2** Click the Account menu button and choose New.
 - 3** In the New Account window, choose Income from the Type drop-down list.
 - 4** Click in the Name field, and type **Consulting**.
 - 5** From the Tax Line drop-down list, choose "Sch C: Other business income."
- The Tax Line field appears because you selected a tax form used for the business.

Your screen should resemble the following graphic.



6 Click OK, and then close the Chart of Accounts.

Adding items

In QuickBooks, an item is anything that your company buys, sells, or resells in the course of business, such as products, shipping and handling charges, discounts, and sales tax (if applicable). You can think of an item as something that shows up as a line on an invoice or other sales form.

Items help you fill out the line item area of a sales or purchase form quickly. When you choose an item from your Item list, QuickBooks fills in a description of the line item and calculates its amount for you.

While they provide a quick means of data entry, a much more important role for items is to handle the behind-the-scenes accounting. When you create an item, you link it to an account; when the item is used on a form, it posts an entry to that account and another entry to the appropriate accounts receivable, accounts payable, checking, fixed asset, or other account.

When creating items, consider how much detail you want on your invoices or statements and set up items with that level of detail in mind. For example, if you are a seamstress who creates and sells home accessories, you can set up a single item and charge a flat rate for a certain size of couch pillow, or you can break that pillow down further into labor and materials.

QuickBooks provides several different types of items. Some—such as the service item or the inventory part item—help you record the services and products your business sells. Others—such as the subtotal item or discount item—are used to perform calculations on the amounts in a sale.

For Lockhart Design, you'll set up a service item for billing the time used for initial consultation for a design project. You'll assign it to the new Consulting income account.

To add an item:

- 1 From the Lists menu, choose Item List.

QuickBooks displays the Item List.

Name	Description	Type	Account	Price
Service Item	Service Description	Service	Sales:Service	0.00
Inventory Item 1	Description	Inventory Part	Sales:Merchandise	0.00
Inventory Item 2	Description	Inventory Part	Sales:Merchandise	0.00
Consignment Item	Consigned Non-I...	Non-inventory Part	Sales:Consignment S...	0.00
Non-inventory Item	Non-inventory p...	Non-inventory Part	Sales:Merchandise	0.00
Local Tax	Local Sales Tax	Sales Tax Item	Sales Tax Payable	0.0%
Out of State	Out-of-state sal...	Sales Tax Item	Sales Tax Payable	0.0%
State Tax	State Sales Tax	Sales Tax Item	Sales Tax Payable	0.0%

- 2 Click the Item menu button, and choose New.
 - 3 In the New Item window, choose Service from the Type drop-down list.
 - 4 Click in the Item Name/Number field and type **Initial Design Consultation**.
 - 5 In the Description field, type **Initial design consulting**.
The description will appear on sales forms when you use the item.
 - 6 Click in the Rate field, and type **40**.
 - 7 In the Tax Code field, choose “Non-Taxable Sales” from the drop-down list.
 - 8 In the Account field, choose “Consulting” as the income account.
- Your screen should resemble the following graphic.

Type: Service Use for services you charge for or purchase, like specialized labor, consulting hours, or professional fees.

Item Name/Number: Initial Design Con... Subitem of: [dropdown]

☐ This service is used in assemblies or is performed by a subcontractor or partner

Description: Initial design consulting

Rate: 40.00 Tax Code: Non

Account: Consulting

☐ Item is inactive

Buttons: OK, Cancel, Next, Custom Fields, Spelling

- 9 Click OK to add the new item to the Item List.

The item now appears in the Item List.

Name	Description	Type	Account	P...
Initial Design Consulting	Initial design consulting	Service	Consulting	40...
Service Item	Service Description	Service	Sales:Service	0.00
Inventory Item 1	Description	Inventory Part	Sales:Merchandise	0.00
Inventory Item 2	Description	Inventory Part	Sales:Merchandise	0.00
Consignment Item	Consigned Non-Inventory P...	Non-inventory Part	Sales:Consignment Sales	0.00
Non-inventory Item	Non-inventory part item des...	Non-inventory Part	Sales:Merchandise	0.00
Local Tax	Local Sales Tax	Sales Tax Item	Sales Tax Payable	0.0%
Out of State	Out-of-state sale, exempt fr...	Sales Tax Item	Sales Tax Payable	0.0%
State Tax	State Sales Tax	Sales Tax Item	Sales Tax Payable	0.0%

- 10 Close the Item List.

Entering historical transactions

If your QuickBooks start date is before today's date, you also need to enter past transactions so that you have complete financial records from the start date forward. It is important to enter historical transactions in this order:

- 1 All sales (sales receipts, invoices, or statement charges)
- 2 Customer payments received for outstanding invoices after the start date
- 3 Bills received since the start date
- 4 Bills paid since the start date
- 5 Deposits made to any of the accounts since the start date
- 6 Any other checks written (other than bills) since the start date

Learning more about the company setup process

When you are setting up your own company in QuickBooks, you may want to view the videos available in the Learning Center to help you finish setting up your own company file. The information provided in the videos gives you an overview of the program and more detailed information about using specific parts of the product.

To open the Learning Center:

- From the Help menu, choose QuickBooks Learning Center.

For more information, choose Access Support Resources from the Help menu.

Getting help while using QuickBooks

QuickBooks provides extensive help in various formats. When you have questions, QuickBooks provides:

- Step-by-step instructions. These are available from the onscreen Help and How Do I menu.
- A search engine that provides you with a list of topics related to the word or phrase you enter in the Ask field.
- Conceptual explanations of how to apply QuickBooks to your particular business situation.

Finding a topic in the onscreen Help Index

Suppose you want to find out how to add a new customer. You can type what you're looking for in the Help Index, and QuickBooks displays a list of topics.

To find a topic in onscreen Help:

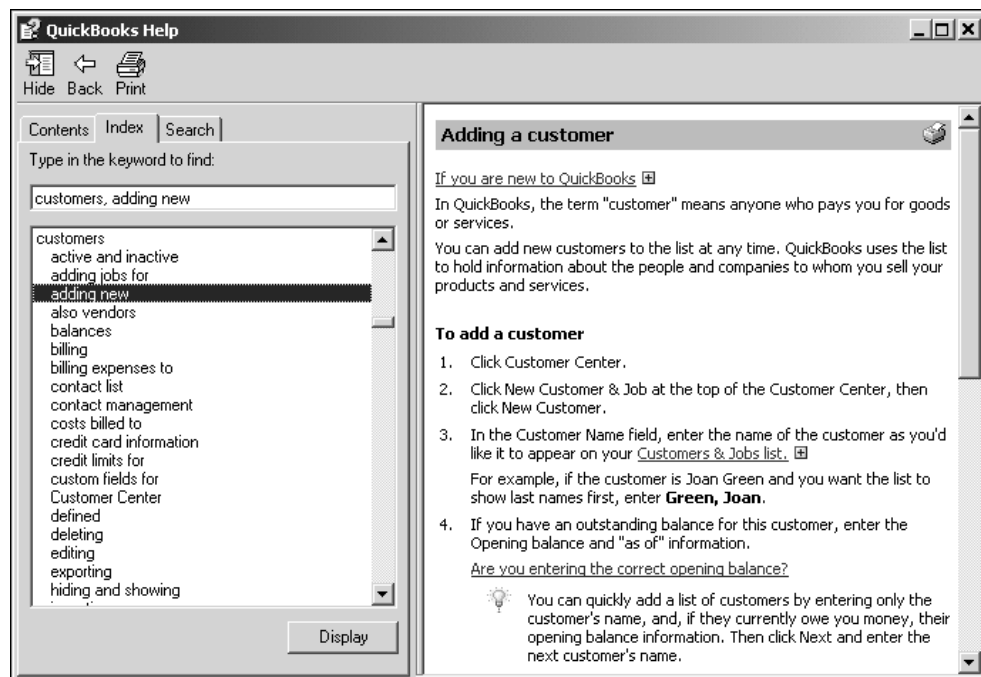
- 1 From the Help menu, choose QuickBooks Help, and then click the Index tab.

- 2 Type **customers**.

QuickBooks selects the first occurrence of the word “customers” in the index. You can see there is a topic for “customers, adding new.”

- 3 Double-click “customers, adding new.”

QuickBooks displays the topic in the screen to the right.



- 4 Close the Help window.

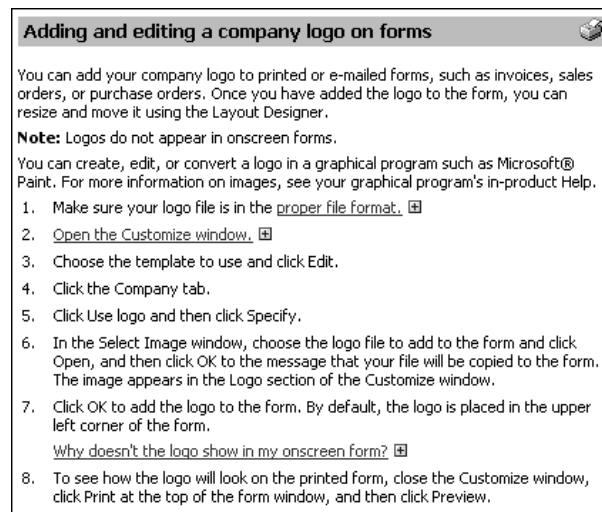
Finding answers from the How Do I menu

Throughout QuickBooks, you'll find windows with a drop-down menu called How Do I. This menu provides quick access to information and instructions for the current window.

To use the How Do I menu:

- 1 From the Customers menu, choose Create Invoices.
QuickBooks displays the Create Invoices window.
- 2 From the How Do I menu, choose "Design an invoice for my business." Then choose "Include my company logo."

QuickBooks displays a Help window on how to add a company logo to an invoice form.



- 3 Close the Help window and the invoice.

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LESSON 3 Working with lists

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Lesson objectives

- To edit the company chart of accounts
- To add a new customer to the Customers & Jobs list
- To add a new vendor to the Vendor list
- To learn about custom fields, and to practice adding custom fields
- To see how to manage lists in QuickBooks

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qblesson.qbb) on your hard disk. See “Installing the exercise file” in the Introduction to this guide if you haven’t installed it.

The following steps restore the exercise file to its original state so that the data in the file matches what you see on the screen as you proceed through each lesson.

To restore the exercise file (qblesson.qbb):

- 1 From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2 In the “Get Company Backup From” section of the window, click Browse and select your c:\QBtrain directory.
- 3 Select the qblesson.qbb file, and then click Open.
- 4 In the “Restore Company Backup To” section of the window, click Browse and select your c:\QBtrain directory.
- 5 In the File name field of the Restore To window, type **lesson 3** and then click Save.
- 6 Click Restore.
- 7 Click OK when you see the message that the file has been successfully restored.

Using QuickBooks lists

QuickBooks lists organize a wide variety of information, including data on customers, vendors, inventory items, and more. Lists save you time by helping you enter information consistently and correctly. When you store information on a list, you enter it once and never need to retype it. Think about how much information you use more than once in your business:

- Names, addresses, and other information about customers who purchase from you on a regular basis
- Contact information for vendors from whom you purchase your supplies
- Descriptions and prices for products or services you sell again and again

Simply enter repetitive information into a list once, and then use it over and over on checks, on invoice forms, and other daily transactions. You don't have to enter all the information for your company lists before you begin working with QuickBooks. You can add information to lists as you go along.

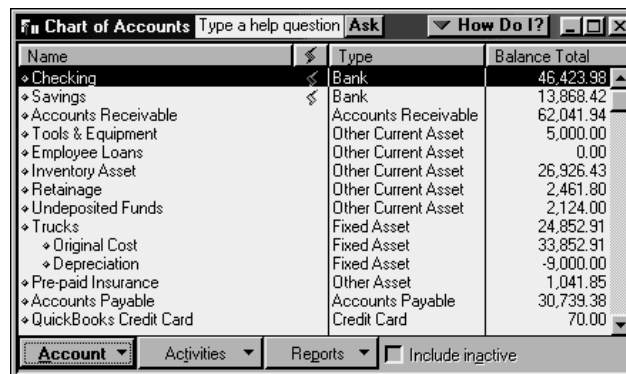
Editing the chart of accounts

The chart of accounts is your most important list because it shows how much your business has, how much it owes, how much money you have coming in, and how much you're spending. When you set up your own company in QuickBooks, the EasyStep Interview lets you choose a chart of accounts designed especially for your type of business. However, not every business has the same needs; you'll want to make a few changes to the list.

To display the chart of accounts:

- 1 From the Lists menu, choose Chart of Accounts.

QuickBooks displays the chart of accounts for Rock Castle Construction.



Name	Type	Balance Total
• Checking	Bank	46,423.98
• Savings	Bank	13,868.42
• Accounts Receivable	Accounts Receivable	62,041.94
• Tools & Equipment	Other Current Asset	5,000.00
• Employee Loans	Other Current Asset	0.00
• Inventory Asset	Other Current Asset	26,926.43
• Retainage	Other Current Asset	2,461.80
• Undeposited Funds	Other Current Asset	2,124.00
• Trucks	Fixed Asset	24,852.91
• Original Cost	Fixed Asset	33,852.91
• Depreciation	Fixed Asset	-9,000.00
• Pre-paid Insurance	Other Asset	1,041.85
• Accounts Payable	Accounts Payable	30,739.38
• QuickBooks Credit Card	Credit Card	70.00

Account Activities Reports Include inactive

- 2 Scroll through the list. The chart of accounts displays balance sheet accounts first, followed by income and expense accounts.

Editing an account

If any of the accounts don't suit your needs, you can edit or delete them. In the next exercise, you'll edit Rock Castle Construction's Checking account to provide the account number.

To edit an account:

- 1 In the chart of accounts, select Checking.
- 2 Click the Account menu button (at the bottom of the window), and then select Edit Account.

QuickBooks displays the Edit Account window.

- 3 In the Description field, type **Great Statewide Bank**.
- 4 In the Bank Acct. field, type **555-333-2222**.

Your window should look like this.

The screenshot shows the 'Edit Account' dialog box. The 'Type' is set to 'Bank'. The 'General Info' tab is selected. The 'Name' field contains 'Checking'. The 'Description' field contains 'Great Statewide Bank'. The 'Bank Acct. No.' field contains '555-333-2222'. The 'Tax Line' is set to '<Unassigned>'. There is a checkbox for 'Account is inactive' which is unchecked. At the bottom, there is a link 'How Do I choose the right tax line?' and an 'Order Checks' button.

- 5 Click OK.

Adding subaccounts

The Dues and Subscriptions expense account has one subaccount called Union Dues. Rock Castle Construction wants to add a second subaccount for trade publications.

To add a subaccount:

- 1 In the chart of accounts, click the Account menu button and then choose New.
QuickBooks displays the New Account window.
- 2 In the Type field, select Expense from the drop-down list.
- 3 In the Name field, type **Trade Pubs**.

- 4 Select the “Subaccount of” checkbox, and then select Dues and Subscriptions in the drop-down list.
- 5 In the Description field, type *Trade Publications*.

- 6 Click OK.
QuickBooks displays the new subaccount in the chart of accounts list.

♦ Dues and Subscriptions	Expense	
♦ Trade Pubs	Expense	
♦ Union Dues	Expense	

- 7 Close the chart of accounts.

Working with the Customers & Jobs list

The Customer Center stores names, addresses, and other information about your customers. It also holds information about the jobs or projects you may want to track for each customer.

Adding new customers

In this exercise, you'll add a new customer to the Customers & Jobs list.

To add a new customer:

- 1 Click Customer Center in the navigation bar.

QuickBooks displays the Customer Center, which includes the Customers & Jobs list.

Customer Center: Abercrombie, Kristy (All Transactions)

View: **Active Customers**

Name	Balance Total
•Abercrombie, Kristy	0.00
•Family Room	0.00
•Kitchen	0.00
•Remodel Bathroom	0.00
•Baker, Chris	1,040.00
•Family Room	1,040.00
•Balak, Mike	0.00
•Utility Shed	0.00
•Barley, Renee	0.00
•Repairs	0.00
•Bolinski, Rafal	0.00
•2nd story addition	0.00
•Bristol, Sonya	0.00
•Utility Shed	0.00
•Repairs	0.00
•Burch, Jason	0.00
•Room Addition	0.00
•Burney, Tony	0.00

Customer Information

Customer Name: Abercrombie, Kristy
 Customer Type: Residential
 Company Name: Kristy Abercrombie
 Billing Address: 5647 Cypress Hill Rd, Bayshore CA 94326
 Contact: Kristy Abercrombie
 Phone: 415-555-6579
 Alt Phone:
 Fax:
 Email: kristy@samplena...
 Terms: Net 30
 Price Level:
 Notes: 9/15/2007: Send Kristy estimate for den remodel....

Reports for this Customer

QuickReport
 Open Balance
 Show Estimates

Show: **All Transactions** Filter By: **All** Date: **This Fiscal Year** 10/01/2007 - 09/30/2008

Type	Num	Date	Account	Amount
Invoice	81	12/13/2007	Accounts Receivable	4,522.00
Payment		12/13/2007	Checking	7,633.28
Estimate	24-CO	12/12/2007	Estimates	7,676.13
Estimate	32	12/01/2007	Estimates	4,792.00
Invoice	80	11/25/2007	Accounts Receivable	3,111.28
Check	246	11/15/2007	Checking	-711.15
Credit Memo	1	11/15/2007	Accounts Receivable	-711.15
Estimate	21	10/30/2007	Estimates	3,114.00

The Customer Center lets you add, edit, and get reports on your customers. Each customer in the list can have multiple jobs (you may call them projects or accounts). Notice that this Customers & Jobs list already has quite a few entries.

- 2 Click the New Customer & Job menu button (at the top of the Customer Center), and select New Customer.

QuickBooks displays the New Customer window.

The New Customer window is where you enter all the information about a new customer, including billing and shipping addresses, contacts, credit limit, and payment terms. QuickBooks uses the information you enter to complete invoices, bills, and receipts. When you're setting up your company file, you use this window to record customers' opening balances.

- 3 In the Company Name field on the Address Info tab, type **Godwin Manufacturing**, and then press Tab.

Notice that QuickBooks fills in the Customer Name field and the first line of the Bill To field with the information you typed in the Company Name field.

QuickBooks displays the name listed in the Customer Name field in the Customers & Jobs list. By default, QuickBooks sorts the list alphabetically.

Tip: If you are entering individual names, you may want to use last name, first name in the Customer Name field so that your Customers & Jobs list displays the names with the last name first. This is useful for alphabetical sorting of lists and reports.

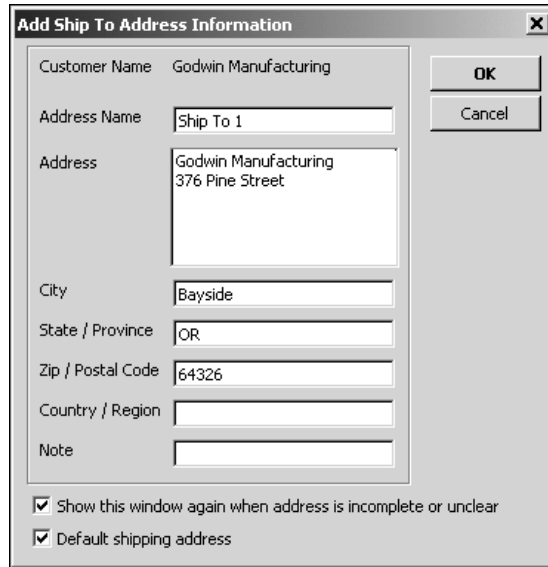
- 4 In the Bill To field, click at the end of the company name line and press Enter.

- 5 Type **376 Pine Street**, and then press Enter.

Notice that you press Tab to move between fields, but you press Enter to move from one line to the next within a field.

- 6 On the next line of the Bill To field, type **Bayside, OR 64326**.

- Click Copy to have QuickBooks copy the billing address to the Ship To field.
Each of your customers can have multiple shipping addresses. You can also set which address to use as the default address. The default address for each customer is used on sales forms, letters, labels, and in Shipping Manager.



The screenshot shows a dialog box titled "Add Ship To Address Information" with a close button (X) in the top right corner. The dialog contains the following fields and options:

- Customer Name:** Godwin Manufacturing
- Address Name:** Ship To 1
- Address:** Godwin Manufacturing
376 Pine Street
- City:** Bayside
- State / Province:** OR
- Zip / Postal Code:** 64326
- Country / Region:**
- Note:**
- Buttons:** OK and Cancel
- Checkboxes:**
 - ☒ Show this window again when address is incomplete or unclear
 - ☒ Default shipping address

- Click OK to use this address as the Godwin Manufacturing ship to address.

9 Continue filling out the customer information by providing the following information:

- Contact: **John Godwin**
- Phone: **325-555-9841**
- Fax: **325-555-0012**
- Alt Contact: **Tracy Heldt**

Note: If you use plan to e-mail invoices or statements to customers using the Send Forms feature, use this window to enter your customers' e-mail addresses.

Providing additional customer information

You've just completed the Address Info tab for a new customer. The Additional Info tab is where you can provide other important information, such as customer type (if you want to categorize your customers in some way), payment terms, and sales tax information.

To add additional information to a customer record:

- 1 Click the Additional Info tab.

QuickBooks displays the Additional Info tab of the New Customer window.

The screenshot shows the 'New Customer' window in QuickBooks, with the 'Additional Info' tab selected. The window has a title bar with 'New Customer', a search bar, and window controls. The main area is divided into several sections: 'Customer Name' (Godwin Manufacturing), 'Opening Balance' (empty), 'as of' (12/15/2007), and a help link 'How do I determine the opening balance?'. Below this are tabs for 'Address Info', 'Additional Info' (selected), 'Payment Info', and 'Job Info'. The 'Additional Info' section contains 'Categorizing and Defaults' (Type, Terms, Rep, Preferred Send Method) and 'Sales Tax Information' (Tax Code, Tax Item, Resale Number). To the right is a 'Price Level' dropdown and a 'Custom Fields' section with 'Contract #', 'B-Day', and 'Spouse's Name' fields. A 'Define Fields' button is below the custom fields. On the far right, there are buttons for 'OK', 'Cancel', 'Next', 'Help', and a checkbox for 'Customer is inactive'. At the bottom right is a 'Go to Customer Manager' button.

- 2 In the Type field, type **Industrial**.

The Type field lets you track customers in any way that is meaningful for your business. For example, if you run ads on television, radio, and in print, and you want to know which advertising method brings you the most customers, you can assign customers a “type” (TV, Radio, or Print) and run reports that tell you which referral source is most effective. Rock Castle Construction uses the Type field to categorize customers by the type of service provided.

- 3 Press Tab.

QuickBooks tells you that Industrial is not currently on the Customer Type list and asks if you wish to add it.

- 4 Click the Quick Add button to add the customer type to the list.

Quick Add lets you set up the item with a minimum amount of data. If you click Set Up, you can enter more detailed information, but that interrupts the process of creating a new customer.

- 5 In the Terms field, type **Net 30**.

- 6 In the Tax Code field, select Non from the drop-down list.

- 7** In the Tax Item drop-down list, select Out of State.
Your screen should now look like this.

Providing customer payment information

The Payment Info tab is where you enter customer account numbers and credit limits. QuickBooks remembers each customer's credit limit and warns you when a customer is about to exceed it. You can also record information about each customer's preferred payment method. For customers who pay by credit card, you can enter credit card numbers and expiration dates.

To add payment and credit information to a customer record:

- 1** Click Payment Info.
- 2** In the Credit Limit field, type **2000**.
- 3** In the Preferred Payment Method drop-down list, choose Check.

When you finish, your window should look like this.

The screenshot shows the 'New Customer' dialog box in QuickBooks. The 'Payment Info' tab is active. The 'Customer Name' field contains 'Godwin Manufacturing'. The 'Opening Balance' field is empty, and the 'as of' date is '12/15/2007'. The 'Account No.' field is empty, and the 'Credit Limit' is set to '2,000.00'. The 'Preferred Payment Method' is set to 'check'. The 'Credit Card No.', 'Exp. Date', 'Name on card', 'Address', and 'Zip Code' fields are all empty. On the right side, there are buttons for 'OK', 'Cancel', 'Next', and 'Help'. Below these is a checkbox labeled 'Customer is inactive'. At the bottom right, there is a button labeled 'Go to Customer Manager'.

- 4 Click OK to add the customer and close the New Customer window.
QuickBooks displays the Customers & Jobs list with Godwin Manufacturing added.
- 5 Close the Customer Center.

Working with the Employee Center

The Employee Center stores information about your employees such as name, address, and social security number. It also stores information QuickBooks needs to calculate your employee paychecks (if you are using QuickBooks for payroll). You'll learn how to enter employee payroll information later in this course. For now, enter only the basic employee information.

QuickBooks uses the information you enter in the Employee list to track sales and fill in information on checks and other forms.

Adding new employees

Suppose that Rock Castle Construction has hired a new employee and you want to add her information to the Employee list.

To add a new employee:

- 1 Click Employee Center in the navigation bar.

QuickBooks displays the Employee Center, including the Employee list.

Employee Center: Dan T. Miller

View: **Active Employees**

Name
Dan T. Miller
Elizabeth N. Mason
Gregg O. Schneider

Employee Information

Employee Name: Dan T. Miller Phone: 555-2601

Address: Dan Miller Cellular: Alt Phone:

195 Spruce Ave, #20
Bayshore, CA 94326

Email:

Notes: [Edit Notes...](#)

Reports for this Employee

- [QuickReport](#)
- [Payroll Summary](#)
- [Paid Time Off Report](#)
- [Payroll Transaction Detail](#)
- [Learn About Payroll](#)

Show: **All Transactions** Date: **This Calendar Year** 01/01/2007 - 12/31/2007

Transaction Type	Date	Paid Through	Account	Amount
Paycheck	12/10/2007	12/10/2007	Checking	1,320.07
Paycheck	11/27/2007	11/27/2007	Checking	1,297.76
Paycheck	11/13/2007	11/13/2007	Checking	1,297.75
Paycheck	10/30/2007	10/30/2007	Checking	1,297.74
YTD Adjustment	10/15/2007	10/15/2007	Checking	1,272.75
YTD Adjustment	10/01/2007	10/01/2007	Checking	1,265.55
YTD Adjustment	09/17/2007	09/17/2007		1,264.78
YTD Adjustment	09/03/2007	09/03/2007		1,264.78
YTD Adjustment	08/20/2007	08/20/2007		1,264.78

The Employee Center is where you add a new employee, edit information for an existing employee, or delete an employee name (as long as you have not used the employee name in any transactions).

- 2 Click New Employee at the top of the Employee Center.

QuickBooks displays the New Employee window.

The screenshot shows the 'New Employee' window in QuickBooks. The window has a title bar with 'New Employee', a search bar with 'Type a help question' and 'Ask', and a 'How Do I?' button. Below the title bar is a section for 'Information for:' with an 'OK' button. A 'Change tabs:' dropdown menu is set to 'Personal Info'. There are three tabs: 'Personal' (selected), 'Address and Contact', and 'Additional Info'. The 'Personal' tab contains fields for 'Mr./Ms./...', 'Legal Name' (with sub-fields for 'First Name' and 'M.I.'), 'Last Name', 'Print on Checks as', 'SS No.', 'Gender' (a dropdown menu), and 'Date of Birth' (with a calendar icon). On the right side of the 'Personal' tab, there is a checkbox labeled 'Employee is inactive'.

The Personal tab is where you enter basic information about the employee, such as name, Social Security Number, and date of birth.

- 3** In the First Name field, type **Marlene**.
- 4** In the Last Name field, type **Duncalf**, and then press Tab.
Notice that QuickBooks fills in the “Print on Check as” field with the information you entered in the name fields. You can enter a different name if you wish.
- 5** In the Social SS No. field type **123-45-6789**.
- 6** In the Gender field, select Female from the drop-down list.

- 7** In the Date of Birth field, type **7/18/82**.
The Personal tab should look like this.

The screenshot shows a window titled "New Employee" with a search bar at the top containing "Marlene Duncalf". Below the search bar is a "Change tabs:" dropdown menu set to "Personal Info". The "Personal" tab is selected, showing fields for "Mr./Ms./...", "Legal Name" (split into "First Name" with "Marlene" and "M.I." with a small box), "Last Name" with "Duncalf", "Print on Checks as" with "Marlene Duncalf", "SS No." with "123-45-6789", "Gender" with a dropdown set to "Female", and "Date of Birth" with "7/18/82" and a calendar icon. On the right side of the form are buttons for "OK", "Cancel", "Next", and "Help", along with a checkbox labeled "Employee is inactive" which is currently unchecked.

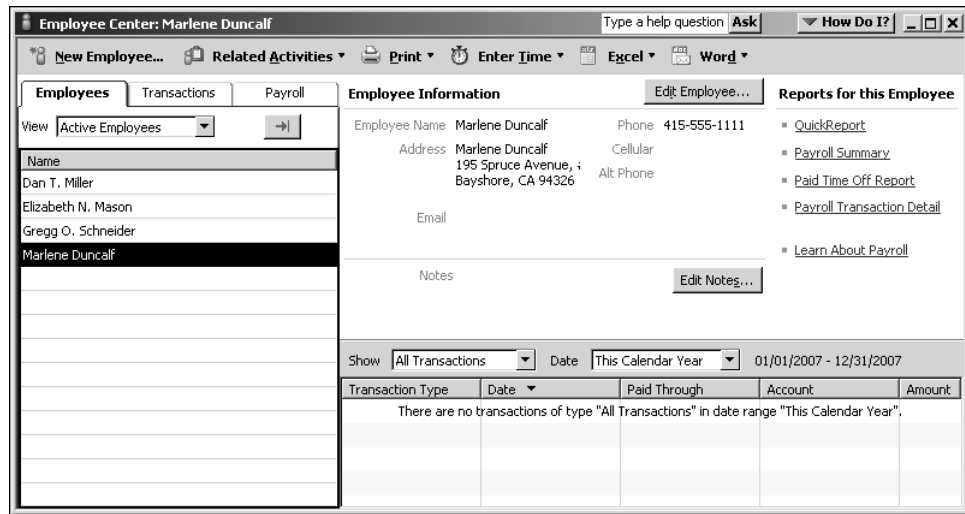
- 8** Click the Address and Contact tab.
9 In the Address field, type **195 Spruce Avenue, #202**.
10 For the City, State, and Zip fields, type **Bayshore, CA 94326**.

- 11** In the Phone field, type **415-555-1111**.

When you finish, the window should look like this.

- 12** In the Change tabs field, select Employment Info from the drop-down list.
- 13** In the Hire Date, type **11/26/2007**.
- 14** Click OK.
- 15** When QuickBooks asks if you want to set up payroll information, click Leave As Is.
You learn how to set up payroll in Lesson 12.

QuickBooks updates and displays the Employee list with the new employee's name added.



16 Close the Employee Center.

Working with the Vendor Center

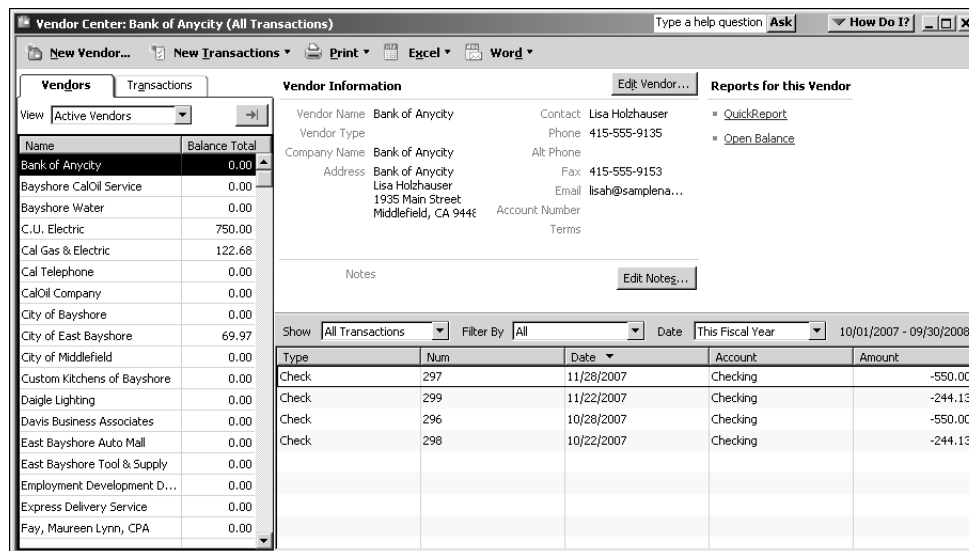
The Vendor Center is where you record information about the companies or people from whom you buy goods or services. QuickBooks uses the data in the Vendor Center to fill in purchase orders, receipts, bills, and checks as you receive and pay for goods and services.

Adding new vendors

In this exercise, you'll add a new vendor to the Vendor Center. Suppose Rock Castle Construction is working with a new subcontractor, and it needs to add information about the new vendor to its QuickBooks Vendor list.

To add a new vendor:

- 1 Click Vendor Center in the navigation bar.
QuickBooks displays the Vendor Center.



- 2 Click New Vendor at the top of the Vendor Center.
QuickBooks displays the New Vendor window.
The New Vendor window is where you enter all of the information regarding a new vendor, such as name, phone, contact, address, and opening balance. Just as when you add a new customer, you start by providing basic information on the Address Info tab.
- 3 In the Vendor Name field, type **Hughes Electric**.
This is the name QuickBooks displays for this vendor in the Vendor list. If the vendor is an individual, you may wish to enter the last name first, then the first name.
- 4 In the Company Name field, type **Hughes Electric**, and then press Tab.
- 5 Click in the Name and Address field, after the company name displayed on the first line, and press Enter.
Notice that QuickBooks displays the company name on the first line of the Address field.
- 6 On the second line of the Address field, type **P.O. Box 2316**.
- 7 Press Enter to move to the next line.
- 8 Type **Middlefield, CA 94432**.
- 9 In the Contact field, type **David Hughes**.
- 10 In the Phone field, type **510-555-6666**.

11 In the FAX field, type **510-555-6667**.

When you finish, your window should look like this.

New Vendor Type a help question **Ask** **How Do I?**

Vendor Name

Opening Balance as of [How do I determine the opening balance?](#)

Address Info **Additional Info**

Company Name Contact

Mr./Ms./... Phone

First Name M.I. FAX

Last Name Alt. Phone

Name and Address

[Address Details](#) Alt. Contact

E-mail

Cc

Print on Check as

☐ Vendor is inactive

Providing additional vendor information

The Additional Info tab in the New Vendor window is where you can enter a vendor type (if you want to categorize your vendors), payment terms, your credit limit, the vendor's tax identification number, whether this vendor is eligible for a 1099 form, and your opening balance. You'll add this information now for Hughes Electric.

To add information to a vendor record:

- 1 Click the Additional Info tab.

QuickBooks displays the Additional Info tab of the New Vendor window.

The screenshot shows the 'New Vendor' window with the 'Additional Info' tab selected. The 'Vendor Name' field contains 'Hughes Electric'. The 'Opening Balance' field is empty, and the 'as of' date is '12/15/2007'. The 'Account No.' field is empty. The 'Categorizing and Defaults' section has 'Type' set to 'Subcontractors' and 'Terms' set to '2% 10 Net 30'. The 'Credit Limit' field is empty, and the 'Tax ID' field is empty. The 'Vendor eligible for 1099' checkbox is unchecked. The 'Custom Fields' section has 'Discount Available' set to '0.00'. The 'Define Fields' button is visible. The right side of the window has buttons for 'OK', 'Cancel', 'Next', 'Help', and a checkbox for 'Vendor is inactive'.

2 In the Account No. field, type **123-445**.

3 In the Type field, type **Subcontractors**.

Notice that when you type “sub,” QuickBooks fills in the rest of the word.

4 In the Terms field, choose “2% 10 Net 30” from the drop-down list.

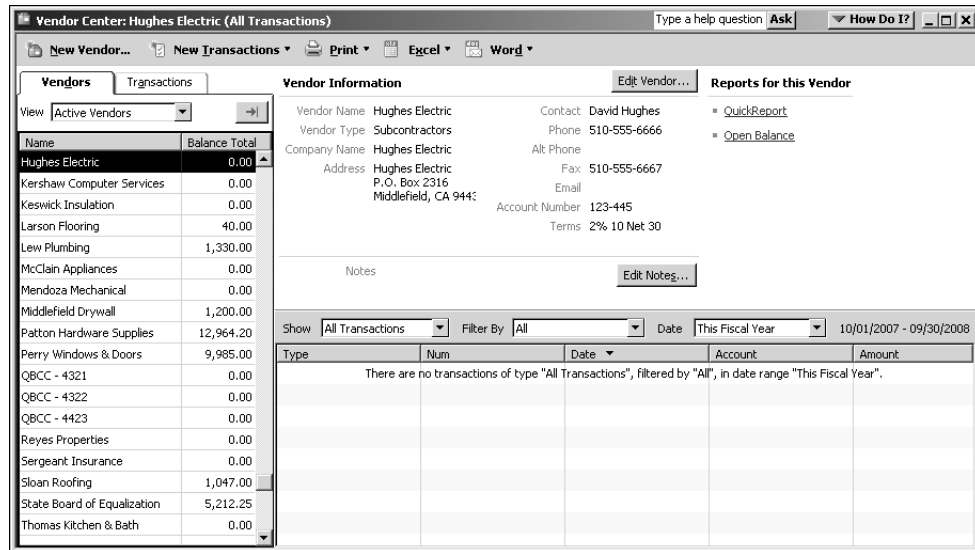
5 In the Credit Limit field, type **2000** and press Tab.

Your New Vendor window should resemble the figure below.

The screenshot shows the 'New Vendor' window with the 'Additional Info' tab selected. The 'Vendor Name' field contains 'Hughes Electric'. The 'Opening Balance' field is empty, and the 'as of' date is '12/15/2007'. The 'Account No.' field contains '123-445'. The 'Categorizing and Defaults' section has 'Type' set to 'Subcontractors' and 'Terms' set to '2% 10 Net 30'. The 'Credit Limit' field contains '2,000.00', and the 'Tax ID' field is empty. The 'Vendor eligible for 1099' checkbox is unchecked. The 'Custom Fields' section has 'Discount Available' set to '0.00'. The 'Define Fields' button is visible. The right side of the window has buttons for 'OK', 'Cancel', 'Next', 'Help', and a checkbox for 'Vendor is inactive'.

6 Click OK.

QuickBooks adds the vendor and displays the updated Vendor list.



Notice that Hughes Electric has been added to the list.

7 Close the Vendor Center.

Adding custom fields

QuickBooks lets you add custom fields to the Customers & Jobs, Vendor, Employee, and Item lists. Custom fields give you a way to track additional information specific to your business. For example, you can add a field for pager numbers to your Vendor and Employee lists, a field for customers' birthdays to your Customers & Jobs list, and fields for units of measurement, color, and size to your Item list.

When you add the custom fields to your sales forms or purchase orders, the fields are prefilled with the information for that specific customer, employee, vendor, or item (if you specified a value for the custom field when you added the customer, for example). You don't have to add the custom fields to your forms, however; you can also use custom fields as a way to record information just for your use, such as a credit rating for each customer. QuickBooks remembers the information you entered in the custom fields when you import and export data and when you memorize transactions.

For each of the names lists (customer, vendor, and employee), you can add up to seven custom fields, including fields that are on more than one list. For example, if you add a custom "Birthday" field for customers and vendors, QuickBooks counts it as one field used for each—for a total of two custom fields. You can add up to five custom fields for the Item list. (Custom fields for the Item list are tracked separately from custom fields for the customer, vendor, and employee lists.)

After you add custom fields, you can use them on invoices, credit memos, sales receipts, purchase orders, estimates, and sales orders (QuickBooks: Premier only).

Adding custom fields for customers, vendors, and employees

You can enter information in the custom fields only through the New or Edit windows (for example, the New Customer or Edit Customer windows). You can display information from the custom fields on forms as well as add custom fields to reports.

First, look at the custom fields that Rock Castle Construction has already added to its Customers & Jobs, Vendor, and Employee lists. Then, you'll add two new custom fields.

To add custom fields:

- 1 Click Customer Center in the navigation bar.

QuickBooks displays the Customer Center.

- 2 In the Customers & Jobs list, select Cook, Brian.

- 3 Click the Edit Customer button.

QuickBooks displays the Edit Customer window.

Edit Customer Type a help question **Ask** **How Do I?**

Customer Name: **OK**

Current Balance: 7,812.63 [How do I adjust the current balance?](#) **Cancel**

Address Info **Additional Info** **Payment Info** **Notes**

Company Name: **Contact:** **Help**

Mr./Ms./...: **Phone:** ☐ Customer is inactive

First Name: M.I.: **FAX:** **Alt. Phone:**

Last Name: **Alt. Contact:** **E-mail:**

Cc:

Addresses

Bill To: **Copy >>** **Ship To:**

Edit **Add New** **Edit** **Delete** **Go to Customer Manager**

☐ Default shipping address

- 4 Click the Additional Info tab.

QuickBooks displays the Additional Info tab in the Edit Customer window.

Edit Customer Type a help question **Ask** **How Do I?**

Customer Name: Cook, Brian
Current Balance: 7,812.63 [How do I adjust the current balance?](#)

Address Info **Additional Info** **Payment Info**

Categorizing and Defaults
Type: Residential
Terms: Net 30
Rep:
Preferred Send Method: E-mail

Sales Tax Information
Tax Item: San Domingo
Tax Code: Tax
Resale Number:

Price Level

Custom Fields
Contract #:
B-Day: 10/8/60
Spouse's Name: Carol

Define Fields

Online Banking Alias Management
See aliases associated with this customer: **Manage Aliases**

OK
Cancel
Notes
Help
☐ Customer is inactive
Go to Customer Manager

5 Click Define Fields.

QuickBooks displays the Define Fields window.

Define Fields

To be used for

Label	Customers	Jobs	Vendors	Employees
Contract #	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discount Available	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
B-Day	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Date of last raise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Spouse's Name	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

OK
Cancel
Help

Notice that Rock Castle Construction has already set up custom fields in the Customers & Jobs list for contract number, birthday, and spouse's name. In the Vendor list, they have set up a custom field for discount available. In the Employee list, they have set up custom fields for the date of last raise and spouse's name.

Now, you'll add a custom field for pager numbers to the Customers & Jobs and Vendor lists. You'll also add a custom field to the Employee list that tracks the date of each employee's last review.

- 6** In the first blank Label field, type ***Pager Number***.
- 7** Click the Customers:Jobs checkbox to select it.
- 8** Click the Vendors checkbox to select it.
- 9** In the next blank Label field, type ***Date of last review***.
- 10** Click the Employees checkbox to select it.

Your Define Fields window should now look like this.

Label	To be used for			
	Customers:Jobs	Vendors	Employees	
Contract #	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Discount Available	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
B-Day	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Date of last raise	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Spouse's Name	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Pager Number	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Date of last review	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Buttons: OK, Cancel, Help

- 11** Click OK.
- 12** If you see an informational message about using the custom fields in transactions by turning them on in your custom templates, click OK.

QuickBooks has added the Pager Number field to the Edit Customer window.

13 In the Pager Number field, type **415-555-9876**.

If you customize your sales forms to display the Pager Number field, this number displays whenever you create a form for this customer. It also displays on reports modified to display the Pager Number column.

14 Click OK to close the Edit Customer window.

15 Close the Customer Center.

Adding custom fields for items

Now suppose that Rock Castle Construction wants to add another custom field to its Item list. The company purchases several types of locking doorknobs. The Item list already has custom fields for Color and Material, but now Rock Castle wants to add an additional field to track Style.

To add custom fields for items:

1 From the Lists menu, choose Item List.

QuickBooks displays the Item list, as shown below.

Name	Description	Type	Account	On Hand	Price
▶Blueprint changes		Service	Construction:Miscellaneous		0.00
▶Concrete Slab	Foundation slab - prep and pouring	Service	Construction:Labor		0.00
▶Floor Plans	Floor plans	Service	Construction:Miscellaneous		0.00
▶Framing	Framing labor	Service	Construction:Labor		55.00
▶Installation	Installation labor	Service	Construction:Labor		35.00
▶Labor		Service	Construction:Labor		0.00
▶Mileage		Service	Mileage Income	0	0.365
▶Removal	Removal labor	Service	Construction:Labor		35.00
▶Repairs	Repair work	Service	Construction:Miscellaneous		35.00
▶Subs	Subcontracted services	Service	Construction:Subcontractors		0.00
▶Carpet	Install carpeting	Service	Construction:Subcontractors		0.00
▶Drywall	Install drywall	Service	Construction:Subcontractors		0.00
▶Duct Work	Heating & Air Conditioning Duct Work	Service	Construction:Subcontractors		0.00
▶Electrical	Electrical work	Service	Construction:Subcontractors		0.00
▶Insulating	Install insulation	Service	Construction:Subcontractors		0.00
▶Metal Wrk	Metal Work	Service	Construction:Subcontractors		0.00
▶Painting	Painting	Service	Construction:Subcontractors		0.00
▶Plumbing	Plumbing	Service	Construction:Subcontractors		0.00

2 In the Item list, select Lk Doorknobs (a sub item of Hardware).

3 Click the Item menu button, and then choose Edit Item.

QuickBooks displays the Edit Item window.

Note: Notice the **Manufacturer's Part Number** field. This part number is a unique number or code assigned by the manufacturer to each of their items. Since purchase orders are usually sent to the manufacturer, using the manufacturer's part number will ensure that your vendor knows exactly what is being ordered.

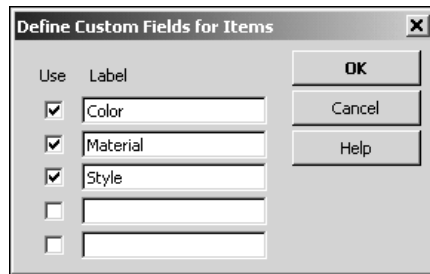
4 Click Custom Fields.

QuickBooks displays the custom fields already defined for this item.

5 Click Define Fields.

QuickBooks displays the Define Custom Fields for Items window.

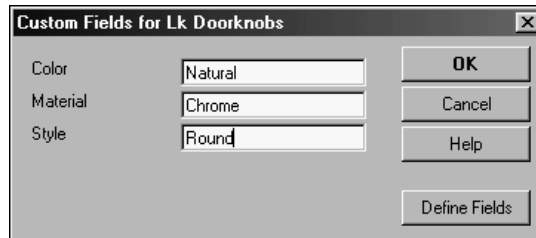
- 6 In the “Use” column, click the first blank checkbox to select it. Then type **Style** in the Label field.



- 7 Click OK to close the window.

If you see an informational message about using the custom fields in transactions by turning them on in your custom templates, click OK.

- 8 In the “Custom Fields for Lk Doorknobs” window, type **Round** in the Style field.



- 9 Click OK to close the Custom Fields for Lk Doorknobs window, and then click OK to close the Edit Item window.

- 10 Close the Item list.

Managing lists

Lists are easy to manage in QuickBooks. You can sort lists, combine (merge) list items, rename list items, delete list items, make list items inactive, and print lists.

Sorting lists

You can sort many QuickBooks lists manually or alphabetically. To sort a list manually, simply use the mouse to drag a list item to its new location. Lists that you can sort this way are the Chart of Accounts, Customers & Jobs, Class, Customer Type, Vendor Type, Job Type, and Memorized Transaction lists.

If you have changed the order of a list by dragging items and then decide you'd rather have an alphabetically sorted list, QuickBooks has a Re-sort List command. In the chart of accounts, the Re-sort List command sorts alphabetically within account type; in the Item list, the Re-sort List command sorts alphabetically within item type.

Sorting lists manually

In this exercise, you'll sort a list manually, and then re-sort it to put it back in alphabetical order.

To sort a list manually:

- 1 From the Lists menu, choose Chart of Accounts.
QuickBooks displays the chart of accounts for Rock Castle Construction.

Name	Type	Balance Total
♦ Checking	Bank	46,423.98
♦ Savings	Bank	13,868.42
♦ Accounts Receivable	Accounts Receivable	62,041.94
♦ Tools & Equipment	Other Current Asset	5,000.00
♦ Employee Loans	Other Current Asset	0.00
♦ Inventory Asset	Other Current Asset	26,926.43
♦ Retainage	Other Current Asset	2,461.80
♦ Undeposited Funds	Other Current Asset	2,124.00
♦ Trucks	Fixed Asset	24,852.91
♦ Original Cost	Fixed Asset	33,852.91
♦ Depreciation	Fixed Asset	-9,000.00
♦ Pre-paid Insurance	Other Asset	1,041.85
♦ Accounts Payable	Accounts Payable	30,739.38
♦ QuickBooks Credit Card	Credit Card	70.00

- 2 Click the diamond to the left of the Owner's Draw subaccount of Owner's Equity.
The mouse pointer becomes a four-directional arrow.
- 3 Click and hold the mouse button, and drag the pointer upward until you see a dotted line directly below Owner's Equity.
- 4 Release the left mouse button to drop the account in the new position.
The Owner's Draw account is now directly under the Owner's Equity account.

♦ Owner's Equity	Equity	19,000.00
♦ Owner's Draw	Equity	-6,000.00
♦ Owner's Contribution	Equity	25,000.00

Now you can use the Re-sort List command to return the list to alphabetical order.

- 5 To re-sort the list alphabetically, click the Account menu button, and select Re-sort List.
QuickBooks asks you to confirm that you want to return the list to its original order.
- 6 Click OK.
QuickBooks re-sorts the chart of accounts alphabetically by account type.
- 7 Close the chart of accounts.

Sorting lists in ascending or descending order

Depending on the type of business you have, you may want to order your list entries in a certain way. For example, perhaps you'd like to see people who owe you money at the top of your Customers & Jobs list. In this exercise, you'll learn how to sort the Customers & Jobs list in descending order by customer balance.

To sort a list in descending order:

- 1 Click Customer Center on the navigation bar to display the Customer Center and Customers & Jobs List.

Click this button to expand (or collapse) the Customers & Jobs list.

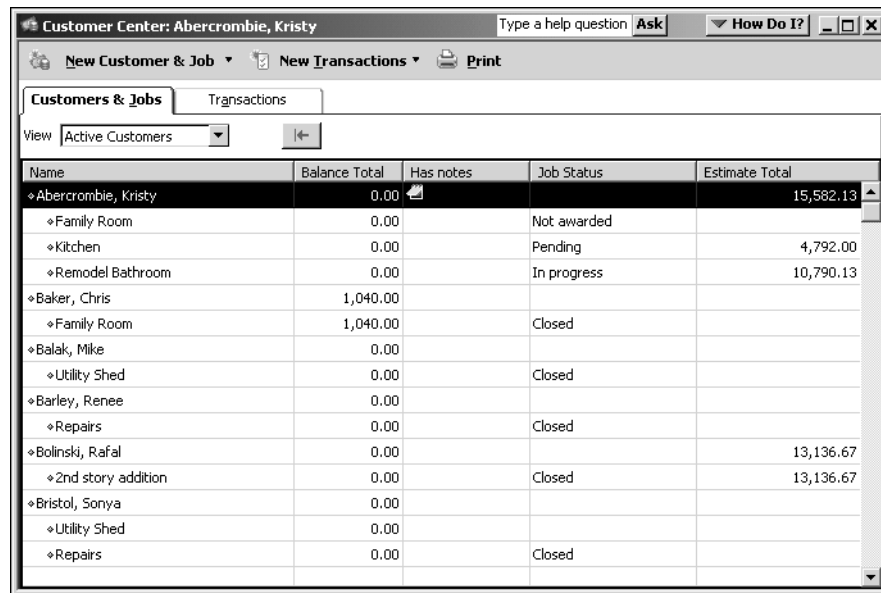
The screenshot shows the 'Customer Center: Abercrombie, Kristy (All Transactions)' window. The 'Customers & Jobs' list is on the left, and the 'Customer Information' and 'Reports for this Customer' sections are on the right. The 'Customers & Jobs' list is sorted by 'Balance Total' in descending order. The 'Customer Information' section shows details for Kristy Abercrombie, including contact information, address, and terms. The 'Reports for this Customer' section shows a list of transactions with columns for Type, Num, Date, Account, and Amount.

Name	Balance Total
Abercrombie, Kristy	0.00
Family Room	0.00
Kitchen	0.00
Remodel Bathroom	0.00
Baker, Chris	1,040.00
Family Room	1,040.00
Balak, Mike	0.00
Utility Shed	0.00
Barley, Renee	0.00
Repairs	0.00
Bolinski, Rafal	0.00
2nd story addition	0.00
Bristol, Sonya	0.00
Utility Shed	0.00
Repairs	0.00
Burch, Jason	0.00
Room Addition	0.00
Burney, Tony	0.00
Repairs	0.00
Cook, Brian	7,812.63

Type	Num	Date	Account	Amount
Invoice	81	12/13/2007	Accounts Receivable	4,522.00
Payment		12/13/2007	Checking	7,633.28
Estimate	24-CO	12/12/2007	Estimates	7,676.13
Estimate	32	12/01/2007	Estimates	4,792.00
Invoice	80	11/25/2007	Accounts Receivable	3,111.28
Check	246	11/15/2007	Checking	-711.15
Credit Memo	1	11/15/2007	Accounts Receivable	-711.15
Estimate	21	10/30/2007	Estimates	3,114.00

- Click the arrow to the right of the View drop-down list to expand the Customers & Jobs list.

The Customers & Jobs list now shows details about the customers and jobs.



The screenshot shows the 'Customer Center: Abercrombie, Kristy' window. It has a menu bar with 'New Customer & Job', 'New Transactions', and 'Print'. Below the menu is a 'View' section with a dropdown menu set to 'Active Customers' and a refresh button. The main area is a table with the following data:

Name	Balance Total	Has notes	Job Status	Estimate Total
♦ Abercrombie, Kristy	0.00			15,582.13
♦ Family Room	0.00		Not awarded	
♦ Kitchen	0.00		Pending	4,792.00
♦ Remodel Bathroom	0.00		In progress	10,790.13
♦ Baker, Chris	1,040.00			
♦ Family Room	1,040.00		Closed	
♦ Balak, Mike	0.00			
♦ Utility Shed	0.00		Closed	
♦ Barley, Renee	0.00			
♦ Repairs	0.00		Closed	
♦ Bolinski, Rafal	0.00			13,136.67
♦ 2nd story addition	0.00		Closed	13,136.67
♦ Bristol, Sonya	0.00			
♦ Utility Shed	0.00			
♦ Repairs	0.00		Closed	

- Click the Balance Total column heading.
Notice that an arrow pointing up appears on the heading and the list is sorted in ascending order by customer balance.
- Click the column heading again.

Notice that the arrow now points down and the list is sorted in descending order with the customers with the highest balances at the top of the list.

The screenshot shows the 'Customer Center: Abercrombie, Kristy' window. It has tabs for 'New Customer & Job', 'New Transactions', and 'Print'. Below these are 'Customers & Jobs' and 'Transactions' sub-tabs. A 'View' dropdown is set to 'Active Customers'. The main table displays a list of customers and their jobs, sorted by 'Balance Total' in descending order. The 'Name' column has a large diamond icon to its left, indicating it is the active sort criterion. The 'Job Status' column shows 'In progress' or 'Closed'.

Name	Balance Total	Has notes	Job Status	Estimate Total
♦ Pretell Real Estate	17,438.68			18,409.93
♦ 75 Sunset Rd.	12,412.18		In progress	18,409.93
♦ 155 Wilks Blvd.	5,026.50		In progress	0.00
♦ Robson, Darci	12,420.98			12,865.98
♦ Robson Clinic	12,420.98		In progress	12,865.98
♦ Cook, Brian	7,812.63			35,594.54
♦ 2nd story addition	5,003.30		In progress	22,427.44
♦ Kitchen	2,809.33		In progress	13,167.10
♦ Change Order #1	0.00		Closed	4,225.41
♦ Ecker Designs	6,226.11			5,828.80
♦ Office Repairs	6,226.11		In progress	5,828.80
♦ Melton, Johnny	4,999.50			16,281.99
♦ Dental office	4,999.50		In progress	16,281.99
♦ Violette, Mike	4,735.73			
♦ Workshop	4,735.73		In progress	
♦ Utility Room	0.00		Closed	

- 5 To return to the order you started with, click the large diamond to the left of the Name column heading.
- 6 Click the arrow to the right of the View drop-down list to collapse the Customers & Jobs list.
If you don't collapse the Customers & Jobs list, the next time you open the Customer Center, the center opens with the expanded Customers & Jobs list.
- 7 Close the Customer Center.

Merging list items

In most lists, you can combine two list items into one. For example, you may find that you've been using two customers (because of different spellings) when you really need only one on your Customers & Jobs list. You can merge list items in the Chart of Accounts, Item, Customers & Jobs, Vendor, Employee, and Other Names lists.

Important: After you merge list items, you cannot separate them. When working in your own company file, we recommend that you back up your data before merging list items.

In this exercise, suppose you want to merge Hughes Electric (the vendor you added earlier in the lesson) with C.U. Electric. To merge them, you edit the incorrect name to match the spelling of the correct name.

To merge items on a list:

- 1 From the Vendors menu, choose Vendor Center.
QuickBooks displays the Vendor Center.
- 2 Double-click the entry for Hughes Electric.
QuickBooks displays the Edit Vendor window.

- 3 In the Vendor Name field, type **C.U. Electric**. (This is the vendor name you want to merge with.)
- 4 Click OK.
QuickBooks asks if you would like to merge the names.
- 5 Click Yes.
QuickBooks merges the two names, and you now have only C.U. Electric in the Vendor list.
- 6 Close the Vendor Center.

Note: You cannot merge items on the Fixed Asset Item list. In addition, if you use assembly items in QuickBooks: Premier Edition products, you cannot merge them with other assembly items or with any other type of item.

Renaming list items

You can rename any list item. When you make the change, QuickBooks automatically modifies all existing transactions containing the item.

Tip: If you don't want to change existing transactions, add a new name or item instead.

To rename a list item in the chart of accounts:

- 1 From the Lists menu, choose Chart of Accounts to display the chart of accounts for Rock Castle Construction.
- 2 In the chart of accounts, select Checking.
- 3 Click the Account menu button, and choose Edit Account.
QuickBooks displays the Edit Account window.

- 4 In the Name field, type **Master Checking Account**.
- 5 Click OK.
QuickBooks changes the account name in the chart of accounts.

Name	Type	Balance Total
Master Checking Account	Bank	46,423.98
Savings	Bank	13,868.42
Accounts Receivable	Accounts Receivable	62,041.94
Employee Loans	Other Current Asset	0.00
Inventory Asset	Other Current Asset	26,926.43
Retainage	Other Current Asset	2,461.80
Tools & Equipment	Other Current Asset	5,000.00
Undeposited Funds	Other Current Asset	2,124.00
Trucks	Fixed Asset	24,852.91
Depreciation	Fixed Asset	-9,000.00
Original Cost	Fixed Asset	33,852.91
Pre-paid Insurance	Other Asset	1,041.85
Accounts Payable	Accounts Payable	30,739.38
CalOil Card	Credit Card	71.02

- 6 Close the chart of accounts.

Deleting items and making list items inactive

You can delete list items only if you have not used them in any transactions. If you try to delete a list item that is used in a transaction, QuickBooks displays a warning that the item can't be deleted. If you don't want to use a list item but you can't delete it, you can make it inactive.

To make a list item inactive:

- 1 On the Home page, click the Customers button (along the left side of the Home page).
QuickBooks displays the Customers Center, including the Customers & Jobs list.
- 2 Select Milner, Eloyse in the list. (Select her name, not the job.)
- 3 Right-click the name and choose Make Customer:Job Inactive. (You can also click Edit Customer and then select the "Customer is inactive" checkbox.)

Notice that Eloyse Milner (and the job for her room addition) no longer appears on the Customers & Jobs list. (The customer and job item is only removed from the list—transactions associated with this customer and job will still show in reports.)

Customers & Jobs		Transactions
View Active Customers →		
Name	Balance Total	
♦ Luke, Noelani	0.00	
♦ Kitchen	0.00	
♦ Remodel Bathroom	0.00	
♦ Melton, Johnny	4,999.50	
♦ Dental office	4,999.50	
♦ Memeo, Jeanette	0.00	
♦ 2nd story addition	0.00	
♦ Utility Shed	0.00	
♦ Morgenthaler, Jenny	271.53	
♦ Room Addition	0.00	
♦ Natiello, Ernesto	-622.26	
♦ Kitchen	-622.26	
♦ Nelson, Wilma	0.00	
♦ Office Remodel	0.00	
♦ Nguyen, Tuan	0.00	
♦ Garage	0.00	
♦ Overfield, David	0.00	
♦ Utility Shed	0.00	

- 4 To see inactive list items, choose “All Customers” from the View drop-down list. QuickBooks displays all the list items again, but the Xs signify that this customer is still inactive. (You make the customer active again by right-clicking the name and choosing Make Customer:Job Active.)

Customers & Jobs		Transactions
View	All Customers	→
X	Name	Balance Total
	♦ Luke, Noelani	0.00
	♦ Kitchen	0.00
	♦ Remodel Bathroom	0.00
	♦ Melton, Johnny	4,999.50
	♦ Dental office	4,999.50
	♦ Memeo, Jeanette	0.00
	♦ 2nd story addition	0.00
	♦ Utility Shed	0.00
X	♦ Milner, Eloyse	0.00
X	♦ Room addition	0.00
	♦ Morgenthaler, Jenny	271.53
	♦ Room Addition	0.00
	♦ Natiello, Ernesto	-622.26
	♦ Kitchen	-622.26
	♦ Nelson, Wilma	0.00
	♦ Office Remodel	0.00
	♦ Nguyen, Tuan	0.00
	♦ Garage	0.00

- 5 Leave the Customer Center open; you'll print Customers & Jobs list in the next exercise.

Printing a list

You can print a QuickBooks list for reference, or you may print a list to a file to use in your word processor or spreadsheet. QuickBooks prints the Customers & Jobs list as it appears on the screen, for example, if the Customers & Jobs list is expanded and sorted by balance total, QuickBooks prints the expanded list sorted by balance total; if the list is collapsed, QuickBooks prints just the customer name, the balance total, and active status.

To print the Customers & Jobs list:

- 1 In the Customer Center, click the Print menu button, and then choose Customer & Job List.

QuickBooks displays a message telling you that you can also print list information from the Reports menu.

If you are printing the expanded Customers & Jobs list, click the Print button.

- 2** Click OK to bypass the List Reports message.
QuickBooks displays the Print Reports window, which displays the name of your printer and printer port.
You can select to print to a printer or to a file.
- 3** Click Print.
Note: This is a fairly long list, so if you don't want to print it now, click Cancel.
- 4** Close the Customer Center.

To print information on one customer:

- 1** In the Customers & Jobs list, select the customer whose details you want to print.
- 2** Click the Print menu button, and then choose Customer & Job Information.

If you want to print information for selected customers only, you can generate and filter the Customer Contact report for those customers. You can also modify the report to include the columns that you want.

To print information for selected customers:

- 1** From the Reports menu, choose List, and then choose Customer Contact List from the submenu.
- 2** Click Modify Report.
- 3** Click the Filters tab.
- 4** Select Customer in the Filter list.
- 5** In the Customer field, choose Multiple customers/jobs.
- 6** Make sure Manual is selected and then click to put a checkmark next to those customers for which you want to print contact information.
- 7** Click OK to close the Select Customer:Job window.
- 8** Click OK to close the Modify Report window.
- 9** Print the report.

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LESSON 4 Working with bank accounts

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Lesson objectives

- To learn how to work with the registers for QuickBooks bank accounts
- To demonstrate how to open a register
- To learn the features common to all registers
- To learn when and how to make entries directly in the register
- To demonstrate how to reconcile a QuickBooks bank account

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qblesson.qbb) on your hard disk. See “Installing the exercise file” in the Introduction to this guide if you haven’t installed it.

The following steps restore the exercise file to its original state so that the data in the file matches what you see on the screen as you proceed through each lesson.

To restore the exercise file (qblesson.qbb):

- 1 From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2 In the “Get Company Backup From” section of the window, click Browse and select your c:\QBtrain directory.
- 3 Select the qblesson.qbb file, and then click Open.
- 4 In the “Restore Company Backup To” section of the window, click Browse and select your c:\QBtrain directory.
- 5 In the File name field of the Restore To window, type **lesson 4** and then click Save.
- 6 Click Restore.

Writing a QuickBooks check

You can enter checks directly into the check register by using the QuickBooks Write Checks window. When you enter a check at the Write Checks window, you can see the address information and easily allocate the check between multiple accounts.

Suppose that you need to write a check to pay Rock Castle Construction’s telephone bill.

To write a check:

- 1 In the Banking area of the Home page, click Write Checks.
QuickBooks displays the Write Checks window.

The screenshot shows the 'Write Checks - Checking' window in QuickBooks. The window has a title bar with 'Write Checks - Checking' and a search bar. Below the title bar are navigation buttons: Previous, Next, Print, and Find. The main area contains a form for writing a check. The 'Bank Account' field is set to 'Checking' and the 'Ending Balance' is 46,423.98. The 'No.' field is 301, the 'Date' is 12/15/2007, and the 'Amount' is \$ 0.00. There are also fields for 'Pay to the Order of', 'Address', and 'Memo'. At the bottom, there is a table for 'Expenses' and 'Items' with columns for Account, Amount, Memo, and Customer/Job. Below the table are buttons for 'Clear Splits', 'Recalculate', 'Save & Close', 'Save & New', and 'Clear'.

The Bank Account field shows the account from which you are writing this check. QuickBooks displays the current date in the Date field. (The sample data is set to display December 15, 2007 as the current date.) You can change either of these values if you wish, but they are fine for our example.

- 2 Select the “To be printed” checkbox.
QuickBooks displays a checkmark in the checkbox.
- 3 In the Pay to the Order of field, type **Cal Telephone**.
- 4 Press Tab to move to the Amount field.
QuickBooks has an AutoRecall feature that fills in the amount from the last transaction with a payee. This is convenient when you have recurring payments of the same amount. You can turn on AutoRecall by choosing Preferences from the Edit menu. Click General, and then select the checkbox for “Automatically recall last transaction for this name” on the My Preferences tab.
- 5 Type **156.91** (the amount of the telephone bill), and then press Tab.
Notice that QuickBooks spells out the amount of the check for you on the line below the payee.

Working with bank accounts

- Click in the Account column on the Expenses tab, and then choose Utilities:Telephone from the drop-down list.

Your screen should resemble the following figure.

The screenshot shows the 'Write Checks - Checking' window. At the top, the 'Bank Account' is set to 'Checking' and the 'Ending Balance' is 46,423.98. The check is dated 12/15/2007 and is payable to 'Cal Telephone' for \$156.91. The amount is written out as 'One hundred fifty-six and 91/100'. The address for 'Cal Telephone' is P.O. Box 1100, Middlefield CA 94482. The 'Expenses' tab is active, showing the amount assigned to 'Utilities:Telephone'. The 'Items' tab shows \$0.00. The window includes buttons for 'Clear Splits', 'Recalculate', 'Save & Close', 'Save & New', and 'Clear'.

The Expenses tab is where you assign the amount of the check to one of the expense accounts on your company's chart of accounts. In this case, Rock Castle Construction assigns the check to its Utilities account and the Telephone subaccount. You use the Items tab only when purchasing items you plan to stock in inventory.

- Click Save & Close.
- From the Banking menu, choose Use Register.

Rock Castle Construction has more than one type of bank account, so QuickBooks displays the Use Register window and asks you to specify the account you want.

The 'Use Register' dialog box is shown. It has a title bar with a close button. Inside, there is a label 'Select Account' followed by a dropdown menu showing 'Checking'. At the bottom, there are two buttons: 'OK' and 'Cancel'.

- 9 Click OK to accept Checking as the account whose register you want to see. QuickBooks opens the Checking register.

Date	Number	Payee	Payment	Deposit	Balance
	Type	Account	Memo		
12/15/2007	To Print CHK	Cal Telephone Utilities: Telephone	156.91		46,392.07
12/16/2007	SEND TRANSFR	Savings		500.00	46,892.07
12/19/2007	SEND BILLPMT	Wheeler's Tile Etc. Accounts Payable H-18756	625.00		46,267.07
12/15/2007	Number	Payee Account	Memo	Payment	Deposit Balance

Ending balance 46,267.07

Notice that the check you just wrote is listed in the register as a check that needs to be printed.

- 10 Close the Checking account register.

Using bank account registers

When you work in QuickBooks, you often use forms—such as a check or an invoice—to enter information. But behind the scenes, QuickBooks records your entries in the appropriate account register. Each balance sheet account listed on the chart of accounts has a register associated with it (except the Retained Earnings account).

Opening a register

When you have a QuickBooks form displayed on your screen, you can view its account register by choosing Use Register from the Banking menu, or by double-clicking the account name in the chart of accounts.

To open a register (when no form is open):

- 1 From the Lists menu, choose Chart of Accounts.

QuickBooks displays the Chart of Accounts window.

Chart of Accounts		Type a help question	Ask	How Do I?		
Name	Type	Balance Total				
Checking	Bank	46,267.07				
Savings	Bank	13,868.42				
Accounts Receivable	Accounts Receivable	62,041.94				
Tools & Equipment	Other Current Asset	5,000.00				
Employee Loans	Other Current Asset	0.00				
Inventory Asset	Other Current Asset	26,926.43				
Retainage	Other Current Asset	2,461.80				
Undeposited Funds	Other Current Asset	2,124.00				
Trucks	Fixed Asset	24,852.91				
Original Cost	Fixed Asset	33,852.91				
Depreciation	Fixed Asset	-9,000.00				
Pre-paid Insurance	Other Asset	1,041.85				
Accounts Payable	Accounts Payable	30,739.38				
QuickBooks Credit Card	Credit Card	70.00				

Account
Activities
Reports
☐ Include inactive

- 2** In the chart of accounts, double-click the Savings account.
QuickBooks opens the register for Rock Castle Construction's Savings account.

Savings

Type a help question Ask

How Do I?

Go to...

Print...

Edit Transaction

QuickReport

Download Bank Statement

Date	Number	Payee		Payment	✓	Deposit	Balance
	Type	Account	Memo				
12/05/2007	PMT	Teschner, Anton: Sun Room Accounts Receivable				5,000.00	39,368.42
12/05/2007	TRANSFR	Checking	Funds Transfer	25,000.00			14,368.42
12/16/2007	SEND			500.00			13,868.42
12/15/2007	TRANSFR	Checking	Funds Transfer				
	Number	Payee		Payment		Deposit	
		Account	Memo				

Splits

Ending balance 13,868.42

☐ 1-Line

Sort by

Date, Type, Number/...

Record

Restore

Common features of QuickBooks registers

All QuickBooks registers work the same way, regardless of the accounts with which they are associated. Here are some common features of all QuickBooks registers:

- The register shows every transaction that affects an account's balance and lists them in chronological order (though you can change the order by choosing a different option from the Sort by drop-down list). For example, in a checking account, the register shows checks you've written (either with QuickBooks or by hand), deposits to the account, and withdrawals from the account.

- The columns in the register give specific information about the transaction. The first column is the date. The second column shows a reference number (a check number or a vendor's P.O. number) and a type (to tell you whether the transaction represents a check or a bill payment, for example). The next column lists the payee, the account to which you've assigned the transaction, and any descriptive memo you choose to type. The final columns for a bank account show the transaction amount (either in the Payment or Deposit column) and whether the transaction has cleared the bank (indicated by a checkmark in the column).
- On every transaction line, QuickBooks shows the account's running balance. The bottom of the register window shows the account's ending balance—the balance takes into account all the transactions entered in the register, including checks you haven't yet printed.

To complete the exercise:

- 1 Close the Savings register window.
- 2 Close the chart of accounts.

Entering a handwritten check

Sometimes you need to write a check on the spot for items you did not plan to purchase. QuickBooks lets you write the check, and then enter it later in the checking account register or on the check form.

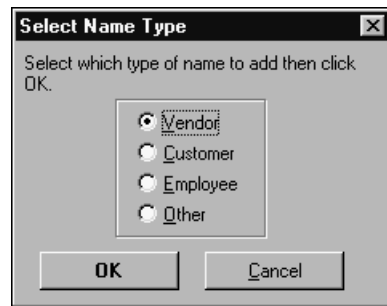
Suppose that while picking up supplies one day, you stop at Bayshore Office Supply and find a new office chair on sale for \$99.95. The sale ends today, so you write a check on the spot. You'll have to enter it in QuickBooks later.

To enter a handwritten check in the checking account register:

- 1 From the Banking menu, choose Use Register.
QuickBooks displays the Use Register window.
- 2 Click OK to accept Checking.
QuickBooks displays the register for the Checking account.
- 3 Click in the Number field in the blank transaction at the bottom of the register, then double-click to highlight the number that QuickBooks prefills.
- 4 Type **1204**, and then press Tab.
- 5 In the Payee field, type **Bayshore Office Supply**, and then press Tab.
QuickBooks displays a message telling you that Bayshore Office Supply is not on the Name list.

- 6 Click Quick Add.

QuickBooks displays the Select Name Type window.



Bayshore Office Supply is a vendor, so you can accept the displayed choice.

- 7 Click OK.

QuickBooks adds the new vendor to the Vendor list.

- 8 In the Payment field, type **99.95**, and then press Tab.

- 9 In the Account field, type **Of**, and then press Tab.

QuickBooks fills in Office Supplies.

- 10 In the Memo field, type **Office chair**.

The Checking account register on your screen should resemble the following figure.

Checking

Type a help question Ask

How Do I?

Go to... Print... Edit Transaction QuickReport Download Bank Statement

Date	Number	Payee		Payment	✓	Deposit	Balance
	Type	Account	Memo				
12/15/2007	To Print CHK	Cal Telephone Utilities:Telephone		156.91			46,392.07
12/16/2007	SEND TRANSFR	Savings				500.00	46,892.07
12/19/2007	SEND BILLPMT	Wheeler's Tile Etc. Accounts Payable	H-18756	625.00			46,267.07
12/15/2007	1204	Bayshore Office Supply		99.95		Deposit	
	CHK	Office Supplies	Office chair				

Splits

Ending balance46,267.07

☐ 1-Line

Sort byDate, Type, Number/...

Record

Restore

- 11 Click Record.

- 12 Close the Checking account register.

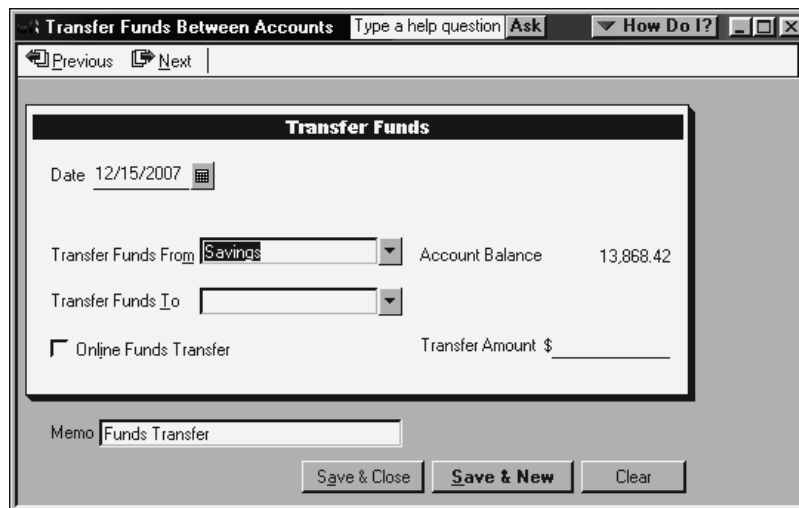
Transferring money between accounts

You can easily transfer money to different accounts using the QuickBooks Transfer Funds Between Accounts window. Rock Castle Construction wants to transfer \$5,000.00 from checking to savings.

To transfer money:

- 1 From the Banking menu, choose Transfer Funds.

QuickBooks displays the Transfer Funds Between Accounts window.



The screenshot shows the 'Transfer Funds Between Accounts' window in QuickBooks. The window has a title bar with 'Transfer Funds Between Accounts', a search bar with 'Type a help question' and an 'Ask' button, and a 'How Do I?' button. Below the title bar are 'Previous' and 'Next' navigation buttons. The main area is titled 'Transfer Funds' and contains the following fields:

- Date: 12/15/2007 (with a calendar icon)
- Transfer Funds From: Savings (dropdown menu)
- Account Balance: 13,868.42
- Transfer Funds To: (empty dropdown menu)
- ☐ Online Funds Transfer
- Transfer Amount: \$ (text input field)
- Memo: Funds Transfer (text input field)

At the bottom are three buttons: 'Save & Close', 'Save & New', and 'Clear'.

Notice that QuickBooks displays the current balance for the Savings account.

- 2 In the Transfer Funds From field, choose Checking from the drop-down list.
- 3 In the Transfer Funds To field, choose Savings from the drop-down list.

- 4 In the Transfer Amount field, type **5000**.
Your screen should resemble the following figure.

The screenshot shows the 'Transfer Funds Between Accounts' window. The title bar includes 'Transfer Funds Between Accounts', a search bar 'Type a help question Ask', and a 'How Do I?' button. The window has 'Previous' and 'Next' navigation buttons. The main content area is titled 'Transfer Funds'. It displays a date field set to '12/15/2007'. Below the date, there are two rows for account selection. The first row shows 'Transfer Funds From' as 'Checking' with an 'Account Balance' of '46,167.12'. The second row shows 'Transfer Funds To' as 'Savings' with an 'Account Balance' of '13,868.42'. There is a checkbox for 'Online Funds Transfer' which is currently unchecked. To the right of this checkbox is the 'Transfer Amount \$' field, which contains the value '5000'. At the bottom of the window, there is a 'Memo' field containing the text 'Funds Transfer'. Three buttons are located at the bottom right: 'Save & Close', 'Save & New', and 'Clear'.

- 5 Click Save & Close.

QuickBooks decreases the balance in the checking account by \$5,000 and increases the balance in the savings account by \$5,000.

Reconciling checking accounts

Reconciling is the process of making sure that your checking account record matches the bank's record.

An overview of reconciliation

When you keep your records with QuickBooks, you don't have to worry about addition or subtraction errors like you do when you're using a paper check register. Even so, it is important to get in the habit of reconciling your QuickBooks bank accounts on a monthly basis. This helps you avoid overdraft charges for bad checks, gives you a chance to spot possible bank errors, and helps you keep more accurate financial records.

Your bank sends you a statement for each of your accounts each month. The statement shows all the activity in your account since the previous statement:

- The opening balance for your bank account (amount in your account as of the previous statement)
- The ending balance for your bank account (amount in your account as of the closing date for the statement)
- The amount of interest, if any, you've received for this statement period
- Any service charges assessed by the bank for this statement period

- Checks that have cleared the bank
- Deposits you've made to the account
- Any other transactions that affect the balance of your account (for example, automatic payments or deposits or ATM withdrawals or deposits)

When you receive a statement from your bank or from a credit card company, you need to reconcile the statement with your QuickBooks records. You can reconcile any QuickBooks bank account, including accounts for savings and money market funds. The goal of reconciling is to make sure that your QuickBooks records and the bank's statement agree about your account balance.

Marking cleared transactions

To begin reconciling an account, you need to tell QuickBooks which account you want to reconcile. Then you can provide information from the top part of your bank statement.

To reconcile your account:

- 1 From the Banking menu, choose Reconcile.
QuickBooks displays the Begin Reconciliation window.

Begin Reconciliation Type a help question **Ask** ▼ **How Do I?** [X]

Select an account to reconcile, and then enter the ending balance from your account statement.

Account: last reconciled on 11/14/2007.

Statement Date:

Beginning Balance: 23,171.79 [What if my beginning balance doesn't match my statement?](#)

Ending Balance:

Enter any service charge or interest earned.

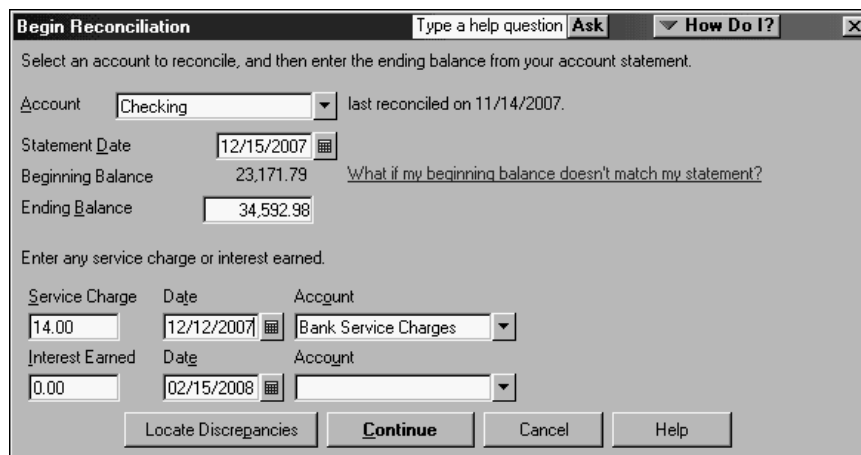
Service Charge	Date	Account
<input type="text" value="0.00"/>	<input type="text" value="02/15/2008"/>	<input type="text" value="Bank Service Charges"/>

Interest Earned	Date	Account
<input type="text" value="0.00"/>	<input type="text" value="02/15/2008"/>	<input type="text"/>

- 2 In the Account field, make sure Checking is selected.
- 3 In the Statement Date field, type **12/15/2007**.
- 4 In the Ending Balance field, type **34592.98**.
- 5 In the Service Charge field, type **14.00**.

- 6 In the Service Charge Date field, type **12/15/2007**.

Your screen should resemble the following.



The 'Begin Reconciliation' window shows the following details:

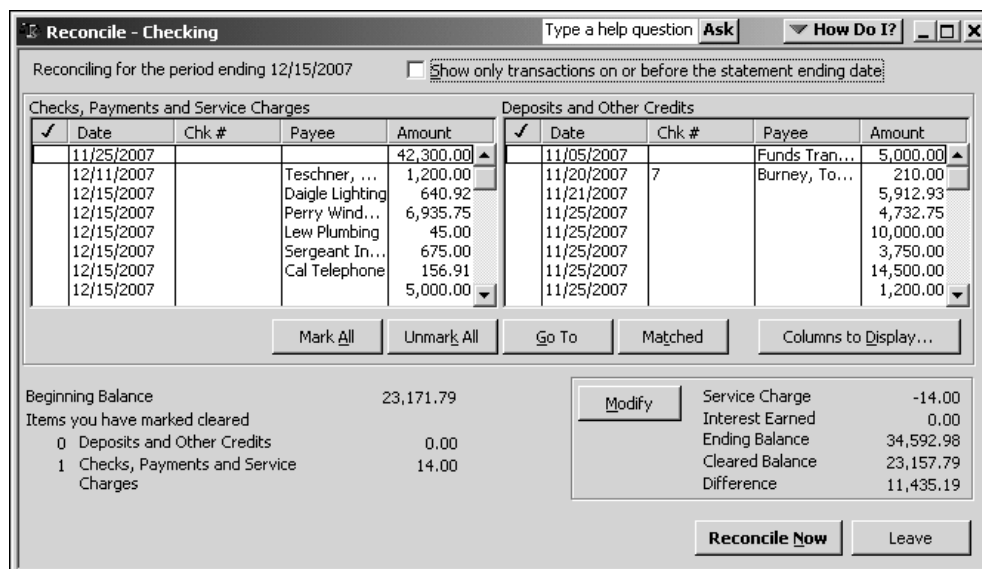
- Account:** Checking (last reconciled on 11/14/2007)
- Statement Date:** 12/15/2007
- Beginning Balance:** 23,171.79
- Ending Balance:** 34,592.98
- Service Charge:** 14.00 (Date: 12/12/2007, Account: Bank Service Charges)
- Interest Earned:** 0.00 (Date: 02/15/2008, Account:)

Buttons at the bottom: Locate Discrepancies, Continue, Cancel, Help.

- 7 Click Continue.

QuickBooks displays the Reconcile - Checking window.

You can select which columns you want to display by clicking Columns to Display.



The 'Reconcile - Checking' window shows the following details:

- Reconciling for the period ending 12/15/2007**
- Checks, Payments and Service Charges:**

✓	Date	Chk #	Payee	Amount
✓	11/25/2007			42,300.00
	12/11/2007		Teschner, ...	1,200.00
	12/15/2007		Daigle Lighting	640.92
	12/15/2007		Perry Wind...	6,935.75
	12/15/2007		Lew Plumbing	45.00
	12/15/2007		Sergeant In...	675.00
	12/15/2007		Cal Telephone	156.91
	12/15/2007			5,000.00
- Deposits and Other Credits:**

✓	Date	Chk #	Payee	Amount
✓	11/05/2007		Funds Tran...	5,000.00
	11/20/2007	7	Burney, To...	210.00
	11/21/2007			5,912.93
	11/25/2007			4,732.75
	11/25/2007			10,000.00
	11/25/2007			3,750.00
	11/25/2007			14,500.00
	11/25/2007			1,200.00

Buttons: Mark All, Unmark All, Go To, Matched, Columns to Display...

Summary:

- Beginning Balance: 23,171.79
- Items you have marked cleared:
 - 0 Deposits and Other Credits: 0.00
 - 1 Checks, Payments and Service Charges: 14.00
- Service Charge: -14.00
- Interest Earned: 0.00
- Ending Balance: 34,592.98
- Cleared Balance: 23,157.79
- Difference: 11,435.19

Buttons: Reconcile Now, Leave.

- 8 Select Mark All.

QuickBooks places a checkmark to the left of all items.

If you need to make a correction to a transaction before you reconcile the account, highlight the transaction, and click Go To. QuickBooks takes you to the transaction and allows you to return to the reconciliation without losing your work.

- 9 In the Checks, Payments and Service Charges section, click to clear the checkmarks for all items with dates later than 12/12/2007.

- 10** Repeat the process in the Deposits and Other Credits section—click to clear the checkmarks for all items with dates later than 12/12/2007.

Your screen should resemble the following figure.

Reconciling for the period ending 12/15/2007 ☐ Show only transactions on or before the statement ending date

Checks, Payments and Service Charges					Deposits and Other Credits				
✓	Date	Chk #	Payee	Amount	✓	Date	Chk #	Payee	Amount
✓	12/12/2007	292	East Baysh...	532.97	✓	12/11/2007			7,722.58
✓	12/12/2007	293	Express Del...	70.00	✓	12/11/2007			440.00
✓	12/15/2007	294	Sloan Roofing	5,700.00	✓	12/12/2007			4,936.12
✓	10/28/2007	296	Bank of An...	550.00		12/13/2007		Abercrombi...	7,633.28
✓	11/28/2007	297	Bank of An...	550.00		12/14/2007			4,700.00
✓	10/22/2007	298	Bank of An...	244.13		12/15/2007		Lew Plumbi...	45.00
✓	11/22/2007	299	Bank of An...	244.13		12/15/2007	42000	Natiello, Er...	13,560.39
	12/15/2007	1204	Bayshore O...	99.95		12/16/2007	SEND		500.00

Buttons: Mark All, Unmark All, Go To, Matched, Columns to Display...

Beginning Balance: 23,171.79
 Items you have marked cleared:
 21 Deposits and Other Credits: 129,430.31
 60 Checks, Payments and Service Charges: 118,009.12

Summary:
 Service Charge: -14.00
 Interest Earned: 0.00
 Ending Balance: 34,592.98
 Cleared Balance: 34,592.98
 Difference: 0.00

Buttons: Reconcile Now, Leave

- 11** Click Reconcile Now.

QuickBooks displays the Select Reconciliation Report window.

Select Reconciliation Report

Congratulations! Your account is balanced. All marked items have been cleared in the account register.

Select the type of reconciliation report you'd like to see.

☐ Summary
☐ Detail
☒ Both

To view this report at a later time, select the Report menu, display Banking and then Previous Reconciliation.

Buttons: Display, Print..., Cancel

Note: If you see the Reconcile Adjustment window instead, click Return to Reconcile and make sure that you have cleared all the checkmarks for all items with dates later than 12/12/07. Use the scroll bars to see all the items.

- 12** In the Select Reconciliation Report window, make sure “Both” is selected, and then click Display.
- 13** Click OK at the message that QuickBooks displays.

QuickBooks displays both the reconciliation summary and reconciliation detail reports. It's a good idea to save each reconciliation report, but for the purposes of this lesson viewing the reports is sufficient.

14 Close the report windows.

Because QuickBooks: Pro overwrites the previous reconciliation report with data from the latest reconciliation, you may want to print a copy of the report, print the report to a file, or save the report in PDF format in case you need to reference it again. (To save a report in PDF format, with the report displayed, choose Save as PDF from the File menu.)

Note: If you're using QuickBooks: Premier, you can print the reconciliation reports for all previous reconciliations.

In addition to the summary and detail reports (which you can view as PDF files), there is an additional report option: the Reconcile Discrepancy report. The Reconcile Discrepancy report shows changes and deletions made to previously reconciled transactions, making it easier to find discrepancies. This report is useful when the beginning balance that QuickBooks shows is different than the ending balance from the bank statement for the previous period. (To generate the report, choose Reconcile from the Banking menu, click Locate Discrepancies, and then click Discrepancy Report.)

If the last reconciliation was in error, by clicking Undo Last Reconciliation in the Locate Discrepancies window, you can undo it without having to identify and manually clear each affected transaction.

Viewing cleared checks in the register

Now you know that the balance in your QuickBooks check register is accurate as of the latest bank statement. The next time you look at the check register, you'll see a checkmark in the Cleared column next to each reconciled transaction.

Open the Checking account register to see the cleared checks.

To viewed cleared checks in the register:

- 1** From the Banking menu, choose Use Register.
QuickBooks displays the Use Register window.
- 2** Click OK to accept Checking.

- 3 Scroll through the register to view the cleared items.
Your register should resemble the figure below.

Date	Number	Type	Payee	Memo	Payment	✓	Deposit	Balance
12/12/2007	291	BILLPMT	Fay, Maureen Lynn, CPA		250.00	✓		35,209.95
			Accounts Payable					
12/12/2007	292	BILLPMT	East Bayshore Auto Mall		532.97	✓		34,676.98
			Accounts Payable	Monthly Truck Payment				
12/12/2007	293	BILLPMT	Express Delivery Service		70.00	✓		34,606.98
			Accounts Payable					
12/13/2007		PMT	Abercrombie, Kristy:Remodel Bathroom				7,633.28	42,240.26
			Accounts Receivable					
Ending balance								41,153.12

Notice that QuickBooks displays a checkmark next to all cleared items.

- 4 Close the Checking account register.

Locating specific transactions

You can use the QuickBooks Find command to search for specific checks you've written. For example, suppose you want to find all checks greater than or equal to \$500.00 that you've written during the current year.

To use the Find feature:

- 1 From the Edit menu, choose Find and then select the Advanced tab.
- 2 Select Transaction Type from the Choose Filter list.
- 3 Select Check from the list of transaction types.
- 4 Select Date from the Choose Filter list, and then choose "This Calendar Year-to-date."
- 5 Select Amount from the Choose Filter list, and then click >= (greater than or equal to).
- 6 Enter 500.00 and click Find.
- 7 Close the Find window.

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LESSON 5 Using other accounts in QuickBooks

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 Recording a payment on a loan, 127

Understanding equity accounts, 128

Lesson objectives

- To introduce the other account types available in QuickBooks
- To learn how to track credit card transactions in QuickBooks
- To reconcile a credit card account
- To see how to make a credit card payment
- To discuss the different types of asset and liability accounts you can create and see how to track assets and liabilities in QuickBooks
- To introduce the subject of equity and QuickBooks equity accounts

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qblesson.qbb) on your hard disk. See “Installing the exercise file” in the Introduction to this guide if you haven’t installed it.

The following steps restore the exercise file to its original state so that the data in the file matches what you see on the screen as you proceed through each lesson.

To restore the exercise file (qblesson.qbb):

- 1** From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2** In the “Get Company Backup From” section of the window, click Browse and select your c:\QBtrain directory.
- 3** Select the qblesson.qbb file, and then click Open.
- 4** In the “Restore Company Backup To” section of the window, click Browse and select your c:\QBtrain directory.
- 5** In the File name field of the Restore To window, type **lesson 5** and then click Save.
- 6** Click Restore.

Other account types in QuickBooks

In this lesson, you'll learn about these types of QuickBooks accounts:

- **Credit card accounts**—Used to track transactions you pay for with a credit card.
- **Asset accounts**—Used to track both current assets (those assets you're likely to convert to cash or use up within one year, such as inventory on hand) and fixed assets (such as long-term notes receivable and depreciable assets your business owns that aren't liquid, such as equipment, furniture, or a building).
- **Liability accounts**—Used to track both current liabilities (those liabilities scheduled to be paid within one year, such as sales tax, payroll taxes, and short-term loans) and long-term liabilities (such as loans or mortgages scheduled to be paid over terms longer than one year).
- **Equity accounts**—Used to track owner's equity, including capital investment, draws, and retained earnings.

Tracking credit card transactions

Many businesses pay for expenses with a credit card rather than a check. For travel expenses especially, a credit card is invaluable because it gives a detailed listing of each charge. You can track credit card transactions in QuickBooks just as easily as you track expenses you pay for by check.

You should set up a QuickBooks credit card account for each credit card you use in your business. Like any QuickBooks account, a credit card account has its own register. The register lists all the charges and credits you've recorded, as well as payments you've made.

The way you open and scroll through a credit card register is the same way you open and scroll through any QuickBooks account register.

Entering credit card charges

QuickBooks lets you choose when you enter your credit card charges. You can enter credit card charges when you charge an item or when you receive the bill. Your choice depends on whether you like to enter information into QuickBooks incrementally or all at once. The advantage to entering charges when you charge an item is that you can keep close track of how much you owe. In addition, if the charge is for a particular job, you can keep track of how much you're spending on that job.

Suppose you have a \$30 gasoline charge you want to enter into QuickBooks. The form you use is the Enter Credit Card Charges form.

To enter a credit card charge:

- 1 From the Banking menu, choose Enter Credit Card Charges.
QuickBooks displays the Enter Credit Card Charges window.

This is the window where you enter your charges. Notice that the form at the top of the window looks just like a familiar credit card charge slip.

- 2 In the Credit Card field, select CalOil Card from the drop-down list (if it's not already selected).
- 3 In the Purchased From field, select Bayshore CalOil Service from the drop-down list.
The next field is called Ref No. Most credit card receipts have some sort of transaction number near the top, which exists for identification and tracking purposes. Entering this number from a credit card receipt gives you additional information for the credit card charge, but you don't have to use it. You don't need to enter one for this example.
- 4 Click in the Amount field, and then double-click to select the entire amount.
- 5 Type **30** and then press Tab.
- 6 Click the Expenses tab.

- 7 In the detail area, click in the Account column and assign the charge to the Automobile:Fuel expense account, as shown in the figure below. (Automobile is the account; Fuel is the subaccount.)

Enter Credit Card Charges - CalOil Card

Previous Next Find Download Card Charges

Credit Card: CalOil Card Ending Balance: 71.02

Purchased From: Bayshore CalOil Service Ref No.:

Charge DATE: 12/15/2007

Credit

AMOUNT: 30.00

Memo:

Expenses: \$30.00 Items: \$0.00

Account	Amount	Memo	Customer:Job
Automobile:Fuel	30.00		

Clear Splits Recalculate Save & Close Save & New Clear

- 8 Click Save & Close to record the transaction and close the window.

After you record this credit card charge, QuickBooks adds a \$30 transaction to the credit card account register (increasing the liability by \$30). It also adds \$30 to the Automobile:Fuel expense account. (You will see the increase when you create reports on their expense accounts.)

Reconciling a credit card statement

Just as we reconciled a bank account in the previous lesson, you should compare your credit card receipts with your statement and reconcile your credit card statement. Reconciling a credit card account is almost identical to reconciling a bank account.

To reconcile a credit card statement:

- 1 From the Company menu, choose Chart of Accounts.
QuickBooks displays the chart of accounts.
- 2 Click CalOil Card in the list once to select it.

- 3 Click the Activities menu button, and then choose Reconcile Credit Card. QuickBooks displays the Begin Reconciliation window.

Begin Reconciliation Type a help question **Ask** **How Do I?**

Select an account to reconcile, and then enter the ending balance from your account statement.

Account: **CalOil Card** last reconciled on 11/25/2007.

Statement Date: **12/25/2007**

Beginning Balance: **135.80** [What if my beginning balance doesn't match my statement?](#)

Ending Balance:

Enter any finance charge.

Finance Charge	Date	Account
0.00	08/29/2003	<input type="text"/>

Locate Discrepancies **Continue** **Cancel** **Help**

In the Beginning Balance field, QuickBooks displays the balance of all cleared transactions in the credit card register. To reconcile a credit card statement, all you have to do is enter the ending balance and check off each transaction listed on your statement.

- 4 In the Statement Date field, enter 12/15/2007.
- 5 In the Ending Balance field, type **101.02**.

Note: **When the ending balance is different from the previous month's ending balance, check for cleared transactions that are now showing as uncleared.**

6 Click Continue.

QuickBooks displays the Reconcile Credit Card window.

Reconciling for the period ending 12/17/2007 ☐ Show only transactions on or before the statement ending date:

Charges and Cash Advances					Payments and Credits				
✓	Date	Ref #	Payee	Amount	✓	Date	Ref #	Payee	Amount
	12/03/2007		Bayshore CalOil Service	23.50		12/02/2007		CalOil Company	135.80
	12/12/2007		Bayshore CalOil Service	47.52					
	12/15/2007		Bayshore CalOil Service	30.00					

Mark All Unmark All Go To Columns to Display...

Beginning Balance 135.80

Items you have marked cleared

- 0 Payments and Credits 0.00
- 0 Charges and Cash Advances 0.00

Modify Finance Charge 0.00

Ending Balance 101.02

Cleared Balance 135.80

Difference 34.78

Reconcile Now Leave

The Reconcile Credit Card window shows all the transactions for the credit card account that have not yet cleared. You'll use this window to check off the transactions listed on your statement.

Marking cleared transactions

To mark the transactions as cleared:

- 1 In the "Charges and Cash Advances" section of the window, select all three charges.
- 2 In the "Payments and Credits" section of the window, select the 12/02/07 payment for \$135.80.

QuickBooks places a checkmark in the column to the left of each transaction you select. Your Reconcile Credit Card window should resemble the following figure.

Reconciling for the period ending 12/17/2007 ☐ Show only transactions on or before the statement ending date

Charges and Cash Advances					Payments and Credits				
<input checked="" type="checkbox"/>	Date	Ref #	Payee	Amount	<input checked="" type="checkbox"/>	Date	Ref #	Payee	Amount
<input checked="" type="checkbox"/>	12/03/2007		Bayshore CalOil Service	23.50	<input checked="" type="checkbox"/>	12/02/2007		CalOil Company	135.80
<input checked="" type="checkbox"/>	12/12/2007		Bayshore CalOil Service	47.52					
<input checked="" type="checkbox"/>	12/15/2007		Bayshore CalOil Service	30.00					

Buttons: Mark All, Unmark All, Go To, Columns to Display...

Beginning Balance: 135.80

Items you have marked cleared:

- 1 Payments and Credits: 135.80
- 3 Charges and Cash Advances: 101.02

Modify button

Finance Charge: 0.00

Ending Balance: 101.02

Cleared Balance: 101.02

Difference: 0.00

Buttons: Reconcile Now, Leave

3 Click Reconcile Now.

QuickBooks displays the Make Payment window.

When you've finished reconciling a credit card account, QuickBooks gives you a chance to pay part or all of the balance due on your credit card.

The outstanding balance on this account is \$101.02. To pay all or a portion of this amount, select the payment type and click OK. To leave the balance in the reconciled account, click Cancel.

Buttons: OK, Cancel, Help

Payment:

- ☒ Write a check for payment now
- ☐ Enter a bill for payment later

4 For this exercise, you want to write a check for payment now, so leave that option selected and click OK.

QuickBooks displays the Select Reconciliation Report window.

Congratulations! Your account is balanced. All marked items have been cleared in the account register.

Select the type of reconciliation report you'd like to see.

- ☐ Summary
- ☐ Detail
- ☒ Both

To view this report at a later time, select the Report menu, display Banking and then Previous Reconciliation.

Buttons: Display, Print..., Close

- 5 In the Select Reconciliation Report window, select Detail and then click Display.
You don't need to do so in this exercise, but to keep a record of the reconciliation report, you could choose Save as PDF from the File menu and save the report as a PDF file.
You could also click Print to print a hard copy of the report. You don't need to print the report for this lesson.
- 6 Click OK at the message that QuickBooks displays.
- 7 Close the report.

Paying a credit card bill

To write a check for the bill now:

- 1 In the Write Checks window, make sure Checking is listed as the bank account.
Notice that QuickBooks has already filled in the amount of the payment for you, and has assigned the expense to the CalOil Card account. (If you change your mind and decide you only want to make a partial payment, you can change the amount here.)

Write Checks - Checking Type a help question Ask How Do I?

Previous Next Print Find

Bank Account: **Checking** Ending Balance: 46,423.98

No. _____ Date: 12/15/2007

Pay to the Order of: **CalOil Card** \$ 101.02

One hundred one and 02/100***** Dollars

Address: _____

Memo: _____

Expenses \$101.02 Items \$0.00 ☐ Online Payment ☐ To be printed

Account	Amount	Memo	Customer/Job
CalOil Card	101.02		

Clear Splits Recalculate Save & Close **Save & New** Clear

- 2 Click in the Pay to the Order of field and select CalOil Company as the name of the credit card company from the drop-down list.

- 3 Click the “To be printed” checkbox to select it.

Write Checks - Checking

Bank Account: Checking Ending Balance: 46,423.98

Pay to the Order of: CalOil Company

Date: 12/15/2007

Amount: \$ 101.02

One hundred one and 02/100***** Dollars

Address: CalOil Company
PO Box 628
Middlefield CA 94482

Memo:

Expenses: \$101.02 Items: \$0.00 Online Payment: ☐ To be printed: ☒

Account	Amount	Memo	Customer/Job
CalOil Card	101.02		

Clear Splits Recalculate Save & Close Save & New Clear

- 4 Click Save & Close to record the transaction.

QuickBooks subtracts \$101.02 from your checking account and also subtracts that amount from your credit card account.

Working with asset accounts

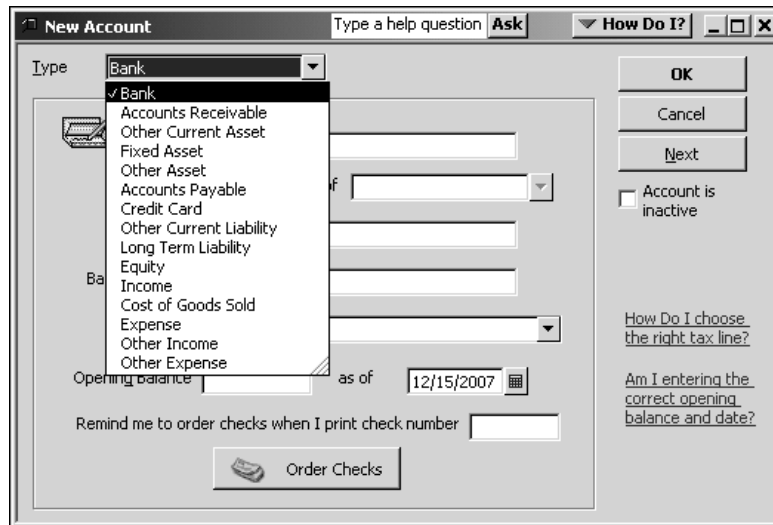
QuickBooks has two account types for tracking the value of your short- and long-term assets:

- An Other Current Asset account tracks assets that are likely to be converted to cash or used up within one year. If you buy and sell inventory, the value of all your inventory on hand is usually shown in an Other Current Asset account called something like “Inventory Asset.” Other current assets might include treasury bills, certificates of deposit, prepaid expenses (amounts already paid for services your business has yet to receive), prepaid deposits (which will be returned to you at a later date), reimbursable expenses, and notes receivable (if due within one year).
- A Fixed Asset account tracks assets your business owns that are *not* likely to be converted into cash within a year. A fixed asset is usually something necessary for the operation of your business, like a truck, cash register, computer, or photocopier.

Setting up an Other Current Asset account

Suppose you need an Other Current Asset account to track a prepaid expense for rent. (The landlord requires a six-month advance payment.)

- 1 In the chart of accounts, click the Account menu button, and then choose New. QuickBooks displays the New Account window.



- 2 For the Type, choose Other Current Asset from the drop-down list.
- 3 In the Name field, type **Prepaid rent**.
- 4 In the Opening Balance field, type **6000**.
- 5 Click OK.

QuickBooks displays the new account in the chart of accounts.

Name	Type	Balance Total
Prepaid rent	Other Current Asset	6,000.00
Tools & Equipment	Other Current Asset	5,000.00
Employee Loans	Other Current Asset	0.00
Inventory Asset	Other Current Asset	26,926.43
Retainage	Other Current Asset	2,461.80
Undeposited Funds	Other Current Asset	2,124.00
Trucks	Fixed Asset	24,852.91
Original Cost	Fixed Asset	33,852.91
Depreciation	Fixed Asset	-9,000.00
Pre-paid Insurance	Other Asset	1,041.85
Accounts Payable	Accounts Payable	30,739.38
QuickBooks Credit Card	Credit Card	70.00
QBCC Dept #1	Credit Card	45.00
QBCC Dept #2	Credit Card	25.00

As each month goes by and you use part of that prepaid expense, you can enter each month's rent as a decrease in the value of the current asset and assign it to the rent expense account. You would enter those transactions directly in the register for the Prepaid rent asset account.

Setting up asset accounts to track depreciation

Fixed assets are equipment or property your business owns that are not for sale. Since they last a long time, you don't completely charge their cost to the year in which you buy them. Instead, you spread their cost over several years. But because fixed assets wear out or become obsolete, their value declines constantly from the day you purchase them. The amount of this decline in value is called *depreciation*.

To determine the estimated value of a fixed asset at any point in time, you need to subtract its accumulated depreciation (total amount of depreciation since the asset's purchase) from its original cost.

Usually, you'll want your balance sheet to show the original cost of an asset (plus any subsequent improvements) on one line, with the accumulated depreciation subtracted from the original cost on a second line, and the current value (net) on a third line. The method you'll learn in this lesson lets you see each asset's cost and its accumulated depreciation separately on your balance sheet. You set up a separate fixed asset account for each asset, and two subaccounts under each fixed asset account: one for cost and one for accumulated depreciation.

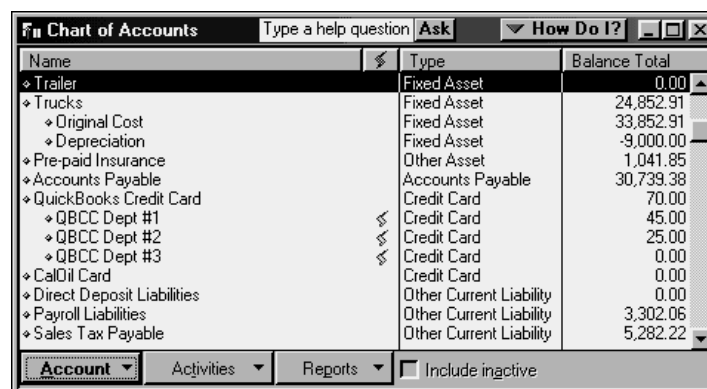
To set up asset accounts to track depreciation on a new trailer purchased by Rock Castle Construction:

- 1 In the chart of accounts window, click the Account menu button, and then choose New.

QuickBooks displays the New Account window.

- 2 In the Type field, choose Fixed Asset from the drop-down list.
- 3 In the Name field, type **Trailer**.
- 4 Leave the opening balance blank, and click OK.

QuickBooks displays the new fixed asset account in the chart of accounts.



Name	Type	Balance Total
Trailer	Fixed Asset	0.00
Trucks	Fixed Asset	24,852.91
Original Cost	Fixed Asset	33,852.91
Depreciation	Fixed Asset	-9,000.00
Pre-paid Insurance	Other Asset	1,041.85
Accounts Payable	Accounts Payable	30,739.38
QuickBooks Credit Card	Credit Card	70.00
QBCC Dept #1	Credit Card	45.00
QBCC Dept #2	Credit Card	25.00
QBCC Dept #3	Credit Card	0.00
CalOil Card	Credit Card	0.00
Direct Deposit Liabilities	Other Current Liability	0.00
Payroll Liabilities	Other Current Liability	3,302.06
Sales Tax Payable	Other Current Liability	5,282.22

Now you need to add two subaccounts: one for the asset's cost, and the other for depreciation.

To add subaccounts:

- 1** In the chart of accounts window, click the Account menu button, and then choose New.
- 2** In the Type field, choose Fixed Asset from the drop-down list.
- 3** In the Name field, type **Cost**.
- 4** Select the “Subaccount of” checkbox, and then select **Trailer** as the parent account.
- 5** Leave the opening balance blank.

The opening balance is the original cost of the asset, if you purchased the asset before your QuickBooks start date. If you’re buying the asset now, as the owner of Rock Castle Construction is, you leave the opening balance for the Cost account blank. When you enter information about the loan Rock Castle Construction takes out to pay for the truck (later in this lesson), you’ll update the Cost account with the truck’s original cost.

Your screen should resemble the following figure.

The screenshot shows the 'New Account' window. At the top, there's a title bar with 'New Account' and a help icon. Below it, a search bar says 'Type a help question' with an 'Ask' button and a 'How Do I?' dropdown. The main area has a 'Type' dropdown set to 'Fixed Asset'. Below that, a 'Name' field contains 'Cost'. A 'Subaccount of' checkbox is checked, and its dropdown is set to 'Trailer'. There are empty fields for 'Description', 'Note', and 'Tax Line' (which has a '<Unassigned>' dropdown). At the bottom, the 'Opening Balance' field is empty, followed by 'as of' and a date field set to '12/15/2007'. On the right side, there are 'OK', 'Cancel', and 'Next' buttons. Below them is an unchecked checkbox labeled 'Account is inactive' and a link that says 'How Do I choose the right tax line?'.

- 6** Click OK.
- 7** Repeat the previous steps to add a second subaccount to the Trailer fixed asset account. Call the subaccount “Depreciation,” and leave the opening balance blank.

Using other accounts in QuickBooks

The New Account window should look like this.

New Account Type a help question **Ask** ▼ How Do I? _ □ X

Type: Fixed Asset ▼

Name: Depreciation

☒ Subaccount of: Trailer ▼

Description: _____

Note: _____

Tax Line: <Unassigned> ▼

Opening Balance: _____ as of: 12/15/2007

☐ Account is inactive

OK Cancel Next

How Do I choose the right tax line?

When you complete these steps, your chart of accounts should look like this.

Name	Type	Balance Total
◊ Trailer	Fixed Asset	0.00 ▲
◊ Depreciation	Fixed Asset	0.00
◊ Cost	Fixed Asset	0.00
◊ Trucks	Fixed Asset	24,852.91
◊ Original Cost	Fixed Asset	33,852.91
◊ Depreciation	Fixed Asset	-9,000.00
◊ Pre-paid Insurance	Other Asset	1,041.85
◊ Accounts Payable	Accounts Payable	30,739.38
◊ QuickBooks Credit Card	Credit Card	70.00
◊ QBCC Dept #1	Credit Card	45.00
◊ QBCC Dept #2	Credit Card	25.00
◊ QBCC Dept #3	Credit Card	0.00
◊ CalOil Card	Credit Card	0.00
◊ Direct Deposit Liabilities	Other Current Liabi...	0.00 ▼

Account ▼ Activities ▼ Reports ▼ ☐ Include inactive

If you wish, you can change the order in which the accounts are listed by dragging the Cost account to the position just above the Depreciation account (the same way the accounts are displayed under the Trucks parent account).

Note: The amount you enter as the opening balance depends on whether you acquired the asset after or before your QuickBooks start date. If you acquired the asset after your QuickBooks start date, you don't enter an opening balance. If you acquired the asset before your QuickBooks start date, you enter the accumulated depreciation of the asset as of the start date—entered as a negative number.

Entering depreciation transactions

When it's time to enter depreciation for an asset, you can use the register for the asset's accumulated depreciation account.

To enter a transaction for depreciation:

- 1** In the chart of accounts, select the Depreciation subaccount for the Trailer.
- 2** Click the Activities menu button, and then choose Use Register.
QuickBooks displays the register for the Trailer:Depreciation asset account.
- 3** In the Decrease column, type **1300** and press Tab. This is the depreciation amount.
- 4** In the Account field, select Depreciation Expense from the drop-down list.
Your register should resemble the following figure.

Date	Ref	Payee	Decrease	Increase	Balance
Type	Account	Memo			
12/15/2007	Ref	Payee	1,300.00	<input checked="" type="checkbox"/>	
	GENJRL	Depreciation Expen:			
		Memo			

Ending balance 0.00

Buttons: Splits, 1-Line, Sort by [Date, Type, Number/...], Record, Restore

- 5** Click Record.
- 6** Close the register window.

When you record the transaction, QuickBooks does the following:

- Subtracts the depreciation amount from the current value of the asset in the asset's fixed asset account.
- Enters the depreciation amount as an increase to your company's depreciation expense in the expense account that tracks depreciation.

Working with liability accounts

QuickBooks has two account types for tracking the value of your short- and long-term liabilities:

- An Other Current Liability account tracks liabilities that your company expects to pay within a year. Other current liabilities might include short-term loans or a line of credit.
- A Long-term Liability account tracks debts that your business is *not* likely to pay off within a year. The most common long-term liabilities are loans that you expect to pay off in more than one year.

Tracking a loan with a long-term liability account

You've already added an asset account to track the value of the new trailer. Because the trailer loan is not going to be paid off in a year or less, you need to add a long-term liability account.

To add a long-term liability account:

- 1 In the chart of accounts, click the Account menu button, and then choose New.
- 2 In the New Account window, select Long Term Liability in the Type drop-down list.
- 3 In the Name field, type **Trailer Loan**.
- 4 Leave the Opening Balance field blank.

Your screen should resemble the figure below.

The screenshot shows the 'New Account' dialog box in QuickBooks. The 'Type' dropdown menu is set to 'Long Term Liability'. The 'Name' field is filled with 'Trailer Loan'. Below the name field is a 'Subaccount of' dropdown menu with an unchecked checkbox. The 'Description' field is empty. The 'Bank Acct. No.' field is empty. The 'Tax Line' dropdown menu is set to '<Unsigned>'. The 'Opening Balance' field is empty, and the 'as of' date is '12/15/2007'. On the right side of the dialog, there are three buttons: 'OK', 'Cancel', and 'Next'. Below these buttons is a checkbox labeled 'Account is inactive'. At the bottom right, there is a link that says 'How Do I choose the right tax line?'.

- 5** Click OK.

QuickBooks displays the new liability account in the chart of accounts.

Chart of Accounts		Type a help question	Ask	How Do I?
Name	Type	Balance Total		
Trailer Loan	Long Term Liability	0.00		
Bank of Anycity Loan	Long Term Liability	19,932.65		
Equipment Loan	Long Term Liability	3,911.32		
Note Payable	Long Term Liability	3,440.83		
Truck Loan	Long Term Liability	5,662.38		
Opening Bal Equity	Equity	-15,321.18		
Owner's Equity	Equity	19,000.00		
Owner's Contribution	Equity	25,000.00		
Owner's Draw	Equity	-6,000.00		
Retained Earnings	Equity			
Mileage Income	Income			
Construction	Income			
Discounts given	Income			
Labor	Income			

Account Activities Reports ☐ Include inactive

Because this is a new loan, you are either receiving money to deposit in your bank account or receiving a new asset. In this example, you received an asset (the new trailer), so you need to show an increase in the asset's Cost account.

To record an increase in the asset's Cost account:

- 1** In the chart of accounts, double-click the Trailer:Cost subaccount.

QuickBooks displays the Trailer:Cost register.

Trailer:Cost Type a help question **Ask** **How Do I?**

Go to... Print... Edit Transaction QuickReport

Date	Ref	Payee		Decrease	✓	Increase	Balance
Type	Account	Memo					
12/15/2007	Ref	Payee		Decrease		Increase	
		Account	Memo				

Splits Ending balance 0.00

☐ 1-Line

Sort by Date, Type, Number/...

Record Restore

- 2** In the Increase field, type **30,000**.

- 3** In the Account field, select the Trailer Loan liability account from the drop-down list.

Make sure that you select the Trailer Loan long-term liability account, not the Trailer fixed asset account.

Using other accounts in QuickBooks

4 Click Record.

Your screen should resemble the following.

The screenshot shows the 'Trailer:Cost' window in QuickBooks. The window has a title bar with 'Trailer:Cost' and a search bar. Below the title bar are buttons for 'Go to...', 'Print...', 'Edit Transaction', and 'QuickReport'. The main area is a table with columns: Date, Ref, Payee, Decrease, Increase, and Balance. The first row shows a date of 12/15/2007, a reference of A107, a payee of GENJRL, and a balance of 30,000.00. The second row shows a date of 12/15/2007, a reference of Ref, a payee of Payee, and a balance of 30,000.00. The third row shows a date of 12/15/2007, a reference of Ref, a payee of Account, and a balance of 30,000.00. The bottom of the window has a 'Splits' button, a '1-Line' checkbox, a 'Sort by' dropdown menu, and 'Record' and 'Restore' buttons.

Date	Ref	Payee	Decrease	Increase	Balance
12/15/2007	A107	GENJRL		30,000.00	30,000.00
12/15/2007	Ref	Payee			
		Account			

Ending balance 30,000.00

Sort by Date, Type, Number/...

Record Restore

5 Close the register window.

6 Close the chart of accounts.

When you complete these steps, QuickBooks increases the value of your Cost asset account to 30,000. (This effectively sets the opening balance.) It also enters a liability of 30,000 in the liability account you use to track the loan. (Again, this sets the opening balance.)

Tracking fixed assets

You can enter the Trailer on the Fixed Asset Item list. Tracking fixed assets using the Fixed Asset Item list enables you to record such information about an asset as purchase date and price, whether the asset was new or used when purchased, and the asset's sale price if you decide to sell it. You can also generate customizable reports listing all your fixed assets.

The information you enter in the Fixed Asset Item list does not transfer to the chart of accounts.

To create a fixed asset item:

1 From the Lists menu, choose Fixed Asset Item List.

QuickBooks displays the Fixed Asset Item list.

Fixed Asset Item List					
		Type a help question		Ask	How Do I?
Name	FAM Number	Purchase Date	Purchase Description	Account	Cost
1999 Utility Truck		10/01/1999	1999 Utility Truck	Trucks	15,250.00
2000 Pickup		06/15/2000	2000 Pickup truck	Trucks	18,602.91
<div> Item Activities Reports <input type="checkbox"/> Include inactive </div>					

- 2 Click the Item menu button, and select New.
QuickBooks displays the New Item window.

New Item		Type a help question Ask		How Do I?	
Type Fixed Asset Use for property you purchase, track, and may eventually sell. Fixed assets are long-lived assets, such as land, buildings, furniture, equipment, and vehicles.					
Asset Name/Number		Asset Account			
Purchase Information		Sales Information			
Purchase Description Item is <input checked="" type="radio"/> new <input type="radio"/> used		Sales Description <input type="checkbox"/> Item is sold			
Date		Sales Date			
Cost 0.00		Sales Price 0.00			
Vendor/Payee		Sales Expense 0.00			
Asset Information					
Asset Description					
Location	PO Number	Serial Number	Warranty Expires		
Notes					
<input type="checkbox"/> Item is inactive					
OK Cancel Next Custom Fields Spelling					

The item type is preset as Fixed Asset.

- 3 In the Asset Name/Number field, type **Trailer**.
- 4 Enter the following information to complete the Purchase Information section:
 - Item is: new
 - Purchase Description: Trailer
 - Date: 12/15/2007
 - Cost: 30,000
 - Vendor/Payee: East Bayshore Auto Mall

Using other accounts in QuickBooks

The New Item window should look like the following graphic.

5 Enter the following information to complete the Asset Information section:

- Asset Description: White trailer with company logo
- Serial Number: 123456789
- Warranty Expires: 12/15/2010

6 From the Asset Account drop-down list, choose Trailer:Cost.

The New Item window should look like the following graphic.

- 7** Click OK.
- 8** Close the Fixed Asset Item list.

If you work with an accountant who uses the QuickBooks Fixed Asset Manager (a separate application used to work with fixed assets), he or she can determine the depreciation of your assets and update your company file with that information. A summary of information calculated in the QuickBooks Fixed Asset Manager and sent to QuickBooks displays in the Fixed Asset Item list.

Recording a payment on a loan

When it's time to make a payment on a loan, use the Write Checks window to record a check to your lender. You'll want to assign part of the payment to a loan interest expense and the remainder to loan principal.

To record a payment on a loan:

- 1** From the Banking menu, choose Write Checks.
QuickBooks displays the Write Checks window.
- 2** In the "Pay to the Order of" field, type **Great** and then press Tab.
QuickBooks fills in the field with Great Statewide Bank. If QuickBooks asks whether you want to use the last transaction for this vendor, click No.
- 3** For the dollar amount of the check, type **500.00**.
- 4** Click the Expenses tab, and then click in the Account column and choose the Interest Expense:Loan Interest expense account from the drop-down list.
- 5** In the Amount column highlight the amount that QuickBooks prefilled and then type **225.00**.

- 6 Assign the remainder of the expense (275.00) to the Trailer Loan liability account.

Write Checks - Checking Type a help question **Ask** **How Do I?**

Previous Next Print Find

Bank Account: Checking Ending Balance: 46,322.96

No. To Print
Date 12/15/2007
\$ 500.00

Pay to the Order of: Great Statewide Bank
Five hundred and 00/100***** Dollars

Address: Great Statewide Bank
P.O. Box 522
Bayshore CA 94326

Memo

Order Checks

Expenses \$500.00 Items \$0.00 ☐ Online Payment ☒ To be printed

Account	Amount	Memo	Customer:Job
Interest Expense:...	225.00		
Trailer Loan	275.00		

Clear Splits Recalculate Save & Close Save & New Clear

- 7 Click Save & Close to record the payment.

When you record the transaction, QuickBooks automatically updates the accounts affected by this transaction:

- In your checking account, QuickBooks subtracts the amount of the check from your balance.
- In the expense account that tracks interest, QuickBooks enters the interest amount as an increase to your company's interest expense.
- In the Trailer Loan liability account, QuickBooks subtracts the principal amount from the current value of the liability (reducing the amount of your debt).

Understanding equity accounts

Equity is the difference between what you have (your assets) and what you owe (your liabilities). If you sold all your assets today and paid off your liabilities using the money received from the sale of your assets, the money you'd have left would be your equity.

A balance sheet shows your company assets, liabilities, and equity on a particular date. Because equity is the difference between total assets and total liabilities, it's also true that total assets equal the sum of total liabilities and equity.

As you enter the opening balances of your assets and liabilities, QuickBooks calculates the amount of equity and records it in an equity account called Opening Bal Equity (Bal stands for Balance).

In addition to the Opening Bal Equity account, QuickBooks sets up another type of equity account for you called Retained Earnings. This account tracks your company's net income from previous fiscal years. QuickBooks automatically transfers your profit (or loss) to Retained Earnings at the end of each fiscal year.

If your company is a sole proprietorship (an unincorporated company with only one owner), you don't have to add any more equity accounts to your chart of accounts. All the equity belongs to the company's sole owner.

You can get as involved in tracking equity as you wish. Some people like to track owner investments, owner's draws, and retained earnings prior to their QuickBooks start date by putting them in separate equity accounts. If your business is a partnership, you'll probably want to set up separate equity accounts for each partner.

To learn more about equity and to learn how to set up equity accounts for your business, search the onscreen Help index for *equity*.

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LESSON 6 Entering sales information

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Lesson objectives

- To learn about the different formats available for sales forms
- To save sales and purchase forms in Portable Document Format (PDF)
- To practice creating a new invoice
- To learn the purpose and use of the QuickBooks Item list
- To see how QuickBooks records the information you enter on sales forms
- To memorize an invoice transaction for reuse
- To add a new item to the Item list
- To add a new price level to the Price Level list
- To associate a price level with a customer
- To create invoice letters
- To generate reminder statements
- To create sales orders

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qblesson.qbb) on your hard disk. See “Installing the exercise file” in the Introduction to this guide if you haven’t installed it.

The following steps restore the exercise file to its original state so that the data in the file matches what you see on the screen as you proceed through each lesson.

To restore the exercise file (qblesson.qbb):

- 1** From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2** In the “Get Company Backup From” section of the window, click Browse and select your c:\QBtrain directory.
- 3** Select the qblesson.qbb file, and then click Open.
- 4** In the “Restore Company Backup To” section of the window, click Browse and select your c:\QBtrain directory.
- 5** In the File name field of the Restore To window, type **lesson 6** and then click Save.
- 6** Click Restore.

Using sales forms in QuickBooks

Any time you make a sale in your business, you record it in QuickBooks on a sales form. A sales form can be an invoice (when you expect payment to come later), a sales receipt (when you expect payment at the time you make the sale), or a credit memo.

When to use different types of sales forms

The type of sales form you use depends on whether you expect payment in the future or at the time of the sale.

For payment in the future

If you expect to receive payment at some future date, you enter an invoice. The invoice lists the customer's name and address, along with an itemized list of how much that customer owes.

To display a completed invoice form in QuickBooks:

- 1 From the Customers menu, choose Create Invoices.
QuickBooks displays the Create Invoices window.
- 2 Click Previous to display the previously created invoice.

Create Invoices Type a help question **Ask** How Do I?

Previous Next Spelling History Time/Costs...

Customer: Job
Duncan, Dave:Utility Shed

Template Customize
Custom Invoice

Invoice

DATE 12/15/2007 INVOICE # 92

BILL TO
Duncan, Dave
3442 W. Charleston
Bayshore, CA 94326

P.O. NO. TERMS DUE DATE CONTRACT #
Net 30 01/14/2008

ITEM	QUANTITY	DESCRIPTION	RATE	AMOUNT	Tax
Labor	40		40.00	1,600.00	Non

Customer Message

Tax San Tomas (7.75%) 0.00

Total 1,600.00

☐ To be printed ☐ To be e-mailed Customer Tax Code Tax Apply Credits Payments Applied 0.00
Balance Due 1,600.00

Memo

Let QuickBooks help you get your Invoice paid online by credit card.

Save & Close Save & New Revert

If you own a business that sells products, like Rock Castle Construction, your invoice lists the products purchased by the customer, the amount charged for each item, and any sales tax you need to apply. Notice that Rock Castle Construction's invoice charges for both products and services (such as labor).

A business that sells mainly services, such as a consulting firm, might use a different type of sales form than the one shown above. QuickBooks lets you choose from three different preset formats for your sales forms, or you can create your own customized forms.

- 3 Close the Create Invoices window.

For payment at the time of sale

If you receive full payment at the time you make a sale—either by cash, check, or credit card—you fill out a sales receipt instead of an invoice. Like the invoice, the QuickBooks sales receipt includes information about the items or services purchased, but it also includes information about how payment was made.

To display a completed sales receipt in QuickBooks:

- 1 From the Customers menu, choose Enter Sales Receipts.
QuickBooks displays the Enter Sales Receipts window.
- 2 Click the Previous button to view the previously entered sale.

Enter Sales Receipts | Type a help question | Ask | How Do I? | [Icons]

Previous | Next | [Icons] | Spelling | History | Time/Costs... | Get Online Pmts

Customer: Job
Keenan, Bridget: Sun Room | Template | Customize
Custom Sales Receipt

Sales Receipt

DATE: 12/10/2007 | SALE NO.: 9

SOLD TO
Bridget Keenan
213 Fern Lane
East Bayshore CA 94327

CHECK NO.: 1245 | PAYMENT METHOD: Check

ITEM	DESCRIPTION	QTY	RATE	AMOUNT	Tax
Fluorescent Cell...	Fluorescent Lights	1	95.00	95.00	Tax

Customer Message: Thank you for your business. | Tax: E. Bayshore... (8.05%) 7.65

Total: 102.65

☐ To be printed | ☐ To be e-mailed | Customer Tax Code: Tax | Memo: | ☐ Process credit card payment when saving

Deposit To: Checking | Save & Close | Save & New | Revert

The sales receipt is similar to the invoice—both forms display customer information and describe the items and services purchased. However, because payment is made at the time of sale, the sales receipt has deposit information at the bottom of the window.

- 3 Close the Enter Sales Receipts window.

Using statements to bill customers

Another option for billing customers is to send statements. Statements are ideal if you want to accumulate charges before requesting payment, or if you assess a regular monthly charge. *Billing* statements list the charges a customer has accumulated over a period of time.

You enter statement charges one by one, as you perform services for the customer. Later, you print a billing statement that shows the previous balance, details of all new charges, payments received, and the new balance. Billing statements are appropriate if you want to send monthly statements that show the detail of new charges as well as the previous balance and payments received.

If you bill the same charge to a group of customers on a regular basis, you can set up QuickBooks to enter the charges automatically when it's time to send out your statements. Any business that bills a recurring charge on statements can use this feature. For more information, search the onscreen Help index for *memorized transactions, for statement charges*.

Understanding statement limitations

In QuickBooks, statements have the following limitations:

- You can't record sales tax, percentage discounts, payment items, or group items as a separate charge on a billing statement. To bill for any of these, you must use an invoice.
- You cannot group related charges together and subtotal them (you can group and subtotal charges on an invoice).
- A charge on a billing statement can represent only one item (in contrast, an invoice can represent many items). This means you must enter a separate statement charge for each service or product you sell.
- You cannot add custom fields (for lists or items) to the statement form.

You can include invoice detail on statements and include all open transactions as of a certain date.

Choosing a template for sales forms

QuickBooks has four different templates for invoices: Intuit Service, Intuit Professional, Intuit Product, and Custom.

- Use the Intuit Service Invoice template if you primarily sell services but occasionally sell goods.
- Use the Intuit Professional Invoice template if you sell services and need a lot of room for descriptions of your services.
- Use the Intuit Product Invoice template if you sell parts or products and need fields relevant to shipping.
- Use the Custom Invoice template if you want to tailor a form to your type of business.

Each template has an onscreen version and a printed version. This lets you record all the sales detail you need, but print only what you want customers to see. For example, if you use the Professional Invoice template, the onscreen version shows the number of hours you're billing the client as well as your hourly rate; the printed version shows only the Description and the Amount fields.

You can save all QuickBooks sales and purchase forms as portable document format (PDF) files. To save a form as a PDF file, display the form and then choose Save as PDF from the File menu.

You'll learn how to customize forms in Lesson 15, "Customizing forms and writing QuickBooks Letters."

Filling in a sales form

Suppose Rock Castle Construction wants to bill a customer for a portion of a kitchen remodeling job. Because they expect payment to be made in the future—rather than cash on the spot—they need to create an invoice.

Filling in the customer information

Filling in an invoice is just like filling in a paper form; you enter the customer information first, followed by a description of the charges.

To enter customer information on an invoice:

- 1** From the Customers menu, choose Create Invoices.
Notice that the new invoice already has the current date (12/15/2007 in the sample file) entered in the Date field, and the next invoice number assigned in the Invoice # field.
- 2** In the Template field, select Custom Invoice from the drop-down list.

- 3 In the Customer:Job field, click the arrow next to the drop-down list.
QuickBooks shows you a list of Rock Castle Construction's existing customers and jobs.
- 4 Choose Jacobsen, Doug:Kitchen for the customer and job.
Because this name has already been entered on the Customer:Job list, QuickBooks knows the billing name, the address, and the payment terms. It provides this information for you on the top half of the form.

The screenshot shows the 'Create Invoices' window in QuickBooks. At the top, there's a search bar and a 'How Do I?' button. Below that is a toolbar with icons for Previous, Next, and other functions. The 'Customer:Job' dropdown menu is open, showing 'Jacobsen, Doug:Kitchen'. To the right, there are buttons for 'Template' and 'Customize', and a dropdown for 'Custom Invoice'. The main area is titled 'Invoice'. On the right, there are fields for 'DATE' (12/15/2007) and 'INVOICE #' (93). Below that, the 'BILL TO' section is expanded, showing the address: Doug Jacobsen, 6845 Ocean View, Bayshore, CA 94326. At the bottom, there are fields for 'P.O. NO.', 'TERMS' (Net 30), 'DUE DATE' (01/14/2008), and 'CONTRACT #' (1097-01-DJAC).

Filling in the line item area

On the bottom half of the invoice, you list each service or product you're selling on its own line, along with the amount the customer owes for that item. Because information about individual items is on separate lines, the lines are called line items.

In QuickBooks, you enter line items using the Item list, so you don't have to type and retype lines for services or products you sell frequently. For example, an architect would have one item for design and another for construction supervision.

But items are not just products you sell or services you provide to clients. Line items can be anything you might want to put in the detail area of an invoice, like a discount, a subtotal line, a markup, or a sales tax calculation.

Rock Castle Construction has already entered the items for which it bills customers on its Item list.

To complete the line item area of an invoice:

- 1 In the Item field, type the letters **rem** (for Removal).
QuickFill is an alternative to choosing from a list. Whenever you're in a field where you'll use a list item, you can start typing the first letter or two of the list item you want, and QuickBooks fills in the field with the item that matches the letters you're typing.

Entering sales information

2 Press Tab.

When you press Tab to accept a QuickFill entry, QuickBooks fills in other information about the item, like its description and rate. In this case, QuickBooks displays “Removal labor” in the Description column and a rate of \$35 per hour. All you have to do is enter the number of hours.

3 Type **40** in the Quantity column.

4 Press Tab to have QuickBooks update the invoice total.

ITEM	QUANTITY	DESCRIPTION	RATE	AMOUNT	Tax
Removal	40	Removal labor	35.00	1,400.00	Non

Completing the sales form

If you want to check the form before you print it, you can use the print preview feature in the Create Invoices window.

To complete and record the invoice:

1 On the Create Invoices window toolbar, click the Print drop-down arrow, and then choose Preview.

QuickBooks displays the invoice page as it will look when printed.

Rock Castle Construction
1735 County Road
Bayshore, CA 94326

Invoice

DATE	INVOICE #
12/15/2007	93

BILL TO

Deag Jackson
6845 Ocean View
Berkeley, CA 94706

P.O. NO.	TERMS	DUE DATE	PROJECT	CONTRACT #
	Net 30	1/14/2008	Kuolara	1097-61-DJAC

QUANTITY	DESCRIPTION	RATE	AMOUNT
40	Removal labor CA sales tax, San Tomas County	35.00 7.75%	1,400.00 0.00
Total			\$1,400.00

- 2 Click Zoom In and use the scroll bars to see the invoice items at greater magnification.
- 3 Click Close.
- 4 In the Create Invoices window, record the sale by clicking Save & Close.

QuickBooks records the invoice in your accounts receivable register. If this were a sales receipt, QuickBooks would record the sale in your Undeposited Funds account until you deposit the money at the bank, or record a deposit in the bank account you specified in the Enter Sales Receipts window. (The option to select an account into which you want to deposit the payment is only available when the Sales & Customers preference “Use Undeposited Funds as a default deposit to account” is turned off.)

The accounts receivable register keeps track of how much money your customers owe you.

To see the Accounts Receivable register:

- 1 From the Company menu, choose Chart of Accounts.
QuickBooks displays the chart of accounts.
- 2 In the chart of accounts, double-click the Accounts Receivable account.
QuickBooks displays the accounts receivable register.

Date	Number	Customer	Item	Qty	Rate	Amt Chrg	Amt Paid
12/15/2007	92	Duncan, Dave:Utility Shed	INV			1,600.00	01/14/2008
12/15/2007	93	Jacobsen, Doug:Kitchen	INV			1,400.00	01/14/2008
12/15/2007	42000	Natiello, Ernesto:Kitchen	PMT			13,560.39	

Ending balance 63,441.94

- 3 Select the sale we just recorded in the register (for Doug Jacobsen).
- 4 Double-click the entry.
When you double-click an entry in a register, QuickBooks displays the original form (in this case, the invoice).
- 5 Keep the invoice window open; you'll use it in the next exercise.

Memorizing a sale

Many of the sales you make in your business are ones you repeat again and again. For example, you may have a standing monthly order from a customer, or you may perform essentially the same services for more than one client. QuickBooks lets you memorize sales forms so that you don't have to retype the information.

To memorize the invoice:

- 1 Make sure you have the invoice you want to memorize displayed on your screen.
- 2 From the Edit menu, choose Memorize Invoice.

QuickBooks displays the Memorize Transaction window.

- 3 Type a description that helps you recognize the memorized invoice, or keep the default description QuickBooks has provided.
You can enter any description you like. Notice that you can also have QuickBooks remind you when to use the memorized transaction (for an invoice you always send at the end of the month, for example).
- 4 Click OK.
- 5 Close the Create Invoice, Accounts Receivable, and the Chart of Accounts windows.

When you memorize an invoice, QuickBooks adds it to the Memorized Transaction list.

To recall a memorized sale:

- 1 From the Lists menu, choose Memorized Transaction List.
QuickBooks displays the Memorized Transaction List window.

Transaction Name	Type	Source Account	Amount	Frequency	Auto	Next Date
♦ Kitchen	Invoice	Accounts Receivable	1,400.00	Never		
♦ Reyes Properties	Check	Checking	1,200.00	Quarterly		01/01/2008
♦ Sergeant Insurance	Check	Checking	675.00	Monthly		01/15/2008

Memorized Transaction ▼ Enter Transaction

- 2 Double-click the transaction you just added.
QuickBooks displays the Create Invoices window, with the information you memorized displayed on the form. It gives you a new invoice number and displays the current date. You can modify the information as you wish, or just save the invoice as is.
- 3 Click Save & Close to record the invoice.
- 4 Press the Esc key to close the Memorized Transaction list.

Entering a new service item

When you begin using your own QuickBooks company file, you'll need to create your own line items to include on your invoices. In the next exercise, you'll see how to add information to the Item list.

Rock Castle Construction already has a service item called Repairs that it uses when it wants to charge for general repair work. Suppose Rock Castle wants to add a subitem for plumbing repairs to the Item list. (The company charges a higher rate for plumbing repairs, so it wants a separate item for it on its Item list.)

To create a new service item:

- 1 From the Customers menu, choose Item List.

QuickBooks displays the Item list for Rock Castle Construction.

Name	Description	Type	Account	On Hand	Price
♦Blueprint: changes		Service	Construction:Miscellaneous		0.00
♦Concrete Slab	Foundation slab - prep and pouring	Service	Construction:Labor		0.00
♦Floor Plans	Floor plans	Service	Construction:Miscellaneous		0.00
♦Framing	Framing labor	Service	Construction:Labor		55.00
♦Installation	Installation labor	Service	Construction:Labor		35.00
♦Labor		Service	Construction:Labor		0.00
♦Mileage		Service	Mileage Income	0	0.365
♦Removal	Removal labor	Service	Construction:Labor		35.00
♦Repairs	Repair work	Service	Construction:Miscellaneous		35.00
♦Subs	Subcontracted services	Service	Construction:Subcontractors		0.00
♦Carpet	Install carpeting	Service	Construction:Subcontractors		0.00
♦Drywall	Install drywall	Service	Construction:Subcontractors		0.00
♦Duct Work	Heating & Air Conditioning Duct Work	Service	Construction:Subcontractors		0.00
♦Electrical	Electrical work	Service	Construction:Subcontractors		0.00
♦Insulating	Install insulation	Service	Construction:Subcontractors		0.00
♦Metal Wrk	Metal Work	Service	Construction:Subcontractors		0.00
♦Painting	Painting	Service	Construction:Subcontractors		0.00
♦Plumbing	Plumbing	Service	Construction:Subcontractors		0.00

- 2 Click the Item menu button, and then choose New.

QuickBooks displays the New Item window.

Note: You must be using a QuickBooks: Premier or higher edition product to see Inventory Assembly listed as an item type.

- 3 In the Type field, select Service from the drop-down list.
- 4 In the Item Name/Number field, type **Plumbing**.
- 5 Click the “Subitem of” checkbox to select it.
- 6 In the drop-down list below the “Subitem of” field, select Repairs.
- 7 In the Description field, type **Plumbing repairs and maintenance** and press Tab.
- 8 In the Rate field, type **55**.
- 9 In the Tax Code drop-down list, select Non.

Now you need to assign this line item to one of Rock Castle Construction’s income accounts.

- 10** In the Account field, select Construction:Labor from the drop-down list.
Your screen should look like the following figure.

New Item Type a help question Ask How Do I?

Type: Service Use for services you charge for or purchase, like specialized labor, consulting hours, or professional fees.

Item Name/Number: Plumbing Subitem of: Repairs

☐ This service is used in assemblies or is performed by a subcontractor or partner

Description: Plumbing repairs and maintenance Rate: 55.00 Tax Code: Non

Account: Construction:Labor ☐ Item is inactive

OK Cancel Next Custom Fields Spelling

- 11** Click OK to add the new item to Rock Castle Construction's Item list.

Name	Description	Type	Account	On Hand	Price
♦Repairs	Repair work	Service	Construction:Miscellaneous		35.00
♦Plumbing	Plumbing repairs and maintenance	Service	Construction:Labor		55.00
♦Subs	Subcontracted services	Service	Construction:Subcontract...		0.00
♦Carpet	Install carpeting	Service	Construction:Subcontract...		0.00
♦Drywall	Install drywall	Service	Construction:Subcontract...		0.00
♦Duct Work	Heating & Air Conditioning Duct Work	Service	Construction:Subcontract...		0.00
♦Electrical	Electrical work	Service	Construction:Subcontract...		0.00
♦Insulating	Install insulation	Service	Construction:Subcontract...		0.00
♦Metal Wrk	Metal Work	Service	Construction:Subcontract...		0.00
♦Painting	Painting	Service	Construction:Subcontract...		0.00
♦Plumbing	Plumbing	Service	Construction:Subcontract...		0.00
♦Roofing	Roofing	Service	Construction:Subcontract...		0.00
♦Tile &Counter	Install tile or counter	Service	Construction:Subcontract...		0.00
♦Cabinets	Cabinets	Inventory Part	Construction:Materials	0	0.00
♦Cabinet Pulls	Cabinet Pulls	Inventory Part	Construction:Materials	110	0.00
♦Light Pine	Light pine kitchen cabinet wall unit	Inventory Part	Construction:Materials	9	1,799.00
♦Frames		Inventory Part	Construction:Materials	0	0.00
♦Exterior Frame	Standard exterior door frames	Inventory Part	Construction:Materials	2	0.00

Item Activities Reports Excel Include inactive

- 12** Close the Item list.

Now that the new item is on the Item list, Rock Castle Construction can invoice for plumbing repairs separate from its general repair work. It can also create sales reports that show sales for general repairs separate from sales for plumbing repairs.

Using multiple price levels

In the last exercise, you set up a new service item for Rock Castle construction and assigned a price to that item. Sometimes businesses want to vary an item's price based on who they are selling to. For example, Rock Castle Construction charges different prices depending on whether it is selling to a residential or a commercial customer.

You can associate price levels with specific customers so that each time you create an invoice (or other sales form) for that customer, QuickBooks uses the appropriate price level when calculating rates and amounts on the form. Price levels make it easy to use different rates on sales forms without having to calculate percentage amounts manually. Price levels affect amounts for service, inventory, non-inventory part, and inventory assembly items only. (Inventory assembly items are available in QuickBooks: Premier and higher.)

In this section, you'll create a new price level, associate it with one of Rock Castle's customers, and then create an invoice for that customer.

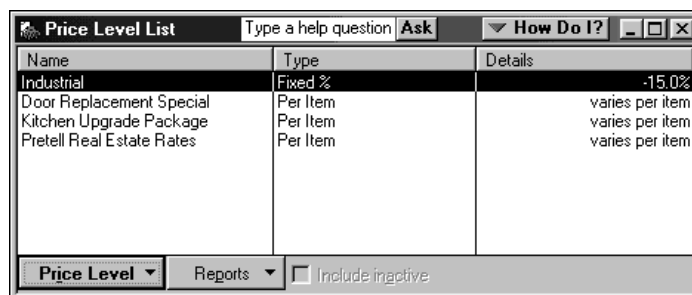
Creating new price levels

Rock Castle Construction charges its residential customers the base sales price it set up on its Item list. The company charges its commercial customers 10 percent less than the base sales price. In this exercise, you'll create a new price level for Rock Castle Construction to use to reduce the sales amount for its commercial customers.

For each price level you create, you assign a name and percentage increase or decrease to the item's base sales price. You can create up to 100 price levels to use on invoices, sales receipts, and credit memos.

To create a new price level:

- 1 From the Lists menu, choose Price Level List.



- 2 From the Price Level menu button, choose New.
- 3 In the Price Level Name field type **Commercial**.

Note: The Price Level Type field is selectable only with QuickBooks: Premier or higher. If you're using QuickBooks: Premier or higher, select "Fixed %" from the Price Level Type drop-down list.

- 4 Leave “decrease” selected in the “This price level will” field, and then type **10** in the percentage field.

Always enter the percentage as a positive number.

- 5 From the “Round up to the nearest” drop-down list, choose “1.00 minus .01.”

This option rounds all the prices to the nearest dollar amount minus one cent, for example, \$10.00 rounds to \$9.99. With QuickBooks, you can round your prices to the nearest whole cent, or you can precisely determine the amount by creating a user defined option.

Your window should look like the following.

- 6 Click OK.

Your screen should now resemble the following.

Name	Type	Details
Commercial	Fixed %	-10.0%
Industrial	Fixed %	-15.0%
Door Replacement Special	Per Item	varies per item
Kitchen Upgrade Package	Per Item	varies per item
Pretell Real Estate Rates	Per Item	varies per item

- 7 Close the Price Level list.

Associating price levels with customers

When you assign price levels to customers, QuickBooks calculates rates and amounts on sales forms based on the price level associated with that customer.

To associate a price level with a customer:

- 1 Click Customer Center on the navigation bar.
- 2 In the Customers & Jobs list, select Lew Plumbing - C.
- 3 Click Edit Customer, and then click the Additional Info tab.

- 4 From the Price Level drop-down list, choose Commercial.
Your screen should look like this.

- 5 Click OK to close the Edit Customer window and save your changes.
Leave the Customer Center open for the next exercise.

Using price levels on sales forms

In this section, you'll create an invoice for the customer with whom you just associated the Commercial price level to see how the price level affects amounts on the form.

To use a price level associated with a customer:

- 1 Make sure Low Plumbing - C is selected in the Customers & Jobs list.
- 2 Click the New Transaction menu button and choose Invoices from the drop-down menu.
- 3 Press Tab.

Notice that QuickBooks displays the name of the price level associated with this Customer:Job in brackets above the Customer:Job drop-down list. (This information will not be printed on the form.)

- 4 Click in the Item column and choose Framing from the drop-down list.
If you don't see the Item column, make sure you are using the Custom Invoice template.
- 5 In the Quantity field, type **8**.
- 6 Click below Framing in the Item field and choose Wood Door:Exterior from the drop-down list.
- 7 In the Quantity field, type **2** and then press Tab.
Your screen should look like this.

ITEM	QUANTITY	DESCRIPTION	RATE	AMOUNT	Tax
Framing	8	Framing labor	49.99	399.92	Non
Wood Door:Ex...	2	Exterior wood door	107.99	215.98	Tax
				Total	632.64

- 8 Keep the invoice open and choose Item List from the Lists menu.

- 9** In the Item list, go to Framing. Note that the price for framing is \$55.00, but the rate on the invoice is \$49.99—10 percent less than the base sales price, rounded to the nearest dollar minus one cent. QuickBooks has automatically reduced the rate on the invoice by 10 percent and rounded the amount according to your price level setting.

Note: **You can set up QuickBooks to round rates up to the nearest cent.** You can set the rounding option for a rate from the Price Level list. See “Creating new price levels” on page 144.

- 10** In the Item list, scroll to the Wood Door:Exterior item and note that the base sales price is \$120—10 percent greater than the rate listed on the invoice using the Commercial price level. It appears on the invoice as \$107.99, including the discount and rounding settings.

- 11** Close the Item list.

- 12** Record the invoice by clicking Save & Close.

Assigning price levels to individual line items

In addition to associating price levels with customers, you can also use price levels on an individual basis on sales forms. The following are some examples of when you might want to do this.

- You’ve associated a price level with a customer, but want to charge the base sales price for an item on a sale to that customer.
- You want to use a price level for one or more items, but you don’t want to assign a price level to the customer for whom you’re recording the sale.

To apply a price to a single line item:

- In a sales form with line items, click in the Rate column and select the price level you want to use from the drop-down list that displays.

When you move out of that field on the form, QuickBooks recalculates the amount and balance due.

Note: If you use QuickBooks: Premier, you can refine your price levels even further by setting price levels for select items. For example, you could give a particular customer or group of customers an extra discount for a specific item or group of items as shown in the following graphic.

Edit Price Level

Price Level Name: ☐ Price Level is inactive

Price Level Type: Use this type of price level to set custom prices for individual items when setting up prices for different customers or jobs.

Item	Cost	Standard ...	Custom Price
✓ Blueprint changes		0.00	
Concrete Slab		0.00	
Floor Plans		0.00	25.00
Framing		55.00	40.00
Installation		35.00	30.00
Labor		0.00	65.00
Mileage		0.365	
Removal		35.00	30.00

☐ Mark All

Adjust price of marked items to be: than its:

Round up to nearest:

[How do I print a report?](#)

Reminding customers of overdue payments

In this section, you'll learn about two types of documents you can create to remind customers about overdue payments.

The first method involves creating a letter to a specific customer directly from that customer's overdue invoice. Using this method, you can create a cover letter that summarizes information about the original invoice and lists the outstanding balance. You can also have QuickBooks list all of the line-item information. An additional option is to have QuickBooks format the letters to work with window envelopes.

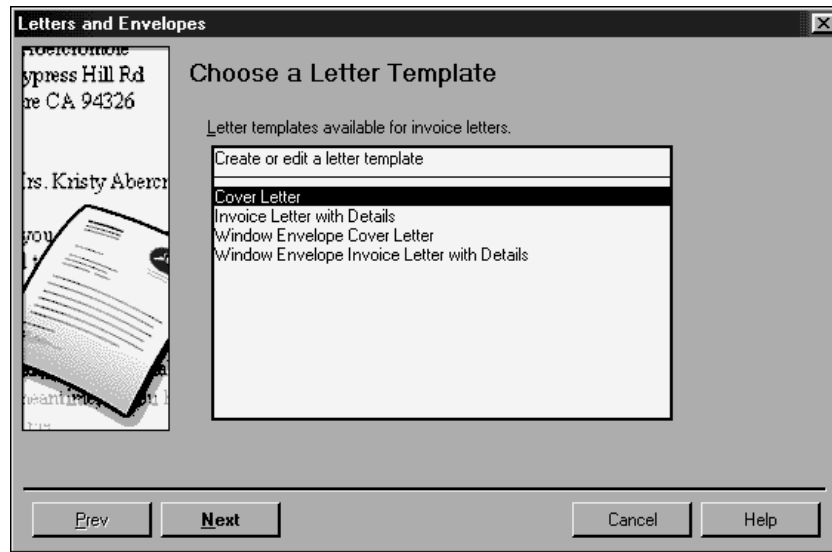
The second method involves generating reminder statements, which allow you to generate documents that list recent invoices, credit memos, and payments received.

Creating invoice letters

Rock Castle has noticed that one of its customers has an invoice with a partial balance still outstanding and wants to send a quick reminder. You create an invoice letter to remind the customer about the unpaid balance.

To create an invoice letter:

- 1 From the Reports menu, choose Customers & Receivables, and then choose Open Invoices from the submenu.
- 2 In the report window, scroll down until you see the listings for Anton Teschner:Sun Room.
- 3 Double-click on the line for invoice # 60.
- 4 In the Create Invoices window, click the down arrow next to the letter and envelope icon to display the drop-down list.
- 5 Select Prepare an Invoice Letter, and then choose Cover Letter.



If you wanted to include all of the line-item detail from the invoice, you would choose the Invoice Letter with Details option.

- 6 Click Next.
- 7 Type **Tom Ferguson** in the Name field and then type **President** in the Title field.
- 8 Click Next.

QuickBooks displays a letter containing summary information pulled from QuickBooks about the unpaid balance on the invoice.

		Rock Castle Construction 1735 County Road Bayshore, CA 94326
December 15, 2007		
Anton Teschner 2424 Lisa Lane Bayshore, CA 94326		
Dear Anton,		
This table summarizes your current invoice activity. Please review this information and let us know if you have any questions.		
Invoice Job	Sun Room	
Invoice Number	60	
Invoice Date	11/28/2007	
Invoice Due Date	12/13/2007	
Invoice Amount	\$8,305.95	
Invoice Balance	\$565.95	
Thank you for choosing Rock Castle Construction. We hope to work with you again in the future.		
Sincerely,		
Tom Ferguson President Rock Castle Construction		

9 You don't need to save the letter for this exercise, so close the Microsoft Word file without saving.

10 In QuickBooks, click Cancel because you don't need to print envelopes now.

11 From the Window menu, choose Close All.

To create your own custom letters that pull information from the Customers & Jobs, Vendor, Employee, and Other Names lists in QuickBooks, see "Using QuickBooks Letters" starting on page 357.

Generating reminder statements

Reminder statements summarize a customer's account with a company by listing recent invoices, credit memos, and payments received. You can use reminder statements when you bill through invoices but want to remind your customers about delinquent payments.

Reminder statements are different than other "forms" in QuickBooks such as invoices, sales receipts, or checks. Because QuickBooks already has all the information you need to create reminder statements, you don't have to fill them out. Instead, you review the information that will appear on each statement, decide whether to add finance charges, and print them.

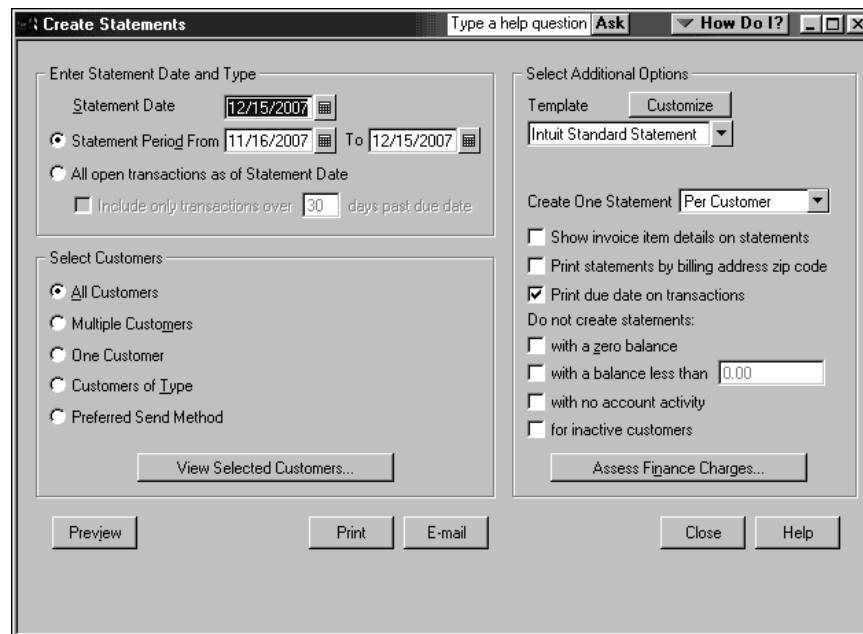
Rock Castle uses invoices to bill its customers, but it sends reminder statements to customers with overdue invoices. In this exercise, you generate statements to send to customers with outstanding balances.

Rock Castle wants to send reminder statements to all customers who have balances more than 30 days past due.

To generate reminder statements:

- 1 From the Customers menu, choose Create Statements.

QuickBooks displays the Create Statements window.



- 2 In the Enter Statement Date and Type section of the window, select the “All open transactions as of Statement Date” option.
- 3 Click to select the “Include only transactions over” checkbox.
- 4 Leave the number of days past due field entry at 30.
- 5 In the Select Customers section, select “All Customers.”
- 6 In the Select Additional Options section, click to select the “Show invoice item details on statements” checkbox.

Your screen should look like the following graphic.

7 Click Assess Finance Charges.

QuickBooks displays the Assess Finance Charges window.

8 Click Unmark All.

9 In the Assess column, click to put a checkmark in the row for the 155 Wilks job for Pretell Real Estate.

Your screen should look like the following graphic.

Assess	Last FC	Customer	Overdue Bal.	Finance Charge
	12/11/2007	Cook, Brian	0.00	
		Kitchen	700.00	
		*Fisher, Jennifer	270.13	
		Jacobsen, Doug	0.00	
		Kitchen	75.00	
		Lew Plumbing - C	175.00	
		Pretell Real Estate	0.00	
<input checked="" type="checkbox"/>		155 Wilks Blvd.	2,239.00	22.08
		Roche, Diarmuid	38.79	

10 Click Assess Charges.

- 11** Answer Yes when QuickBooks displays the message telling you that finance charges have already been assessed today.

QuickBooks creates a finance charge invoice for Pretell Real Estate in the amount of \$22.08. This amount does not display on the current statement, but you can send the finance charge invoice with the reminder statement.

- 12** Click Preview.

QuickBooks displays reminder statements for the three customers whose balances are 30 days or more past due—including the details from the original invoices.

- 13** Click Close.

At this point you could generate and send the reminder statements to your customers.

- 14** Close the Create Statements window.

Processing sales orders

Note: Sales orders are not available in QuickBooks: Pro. To proceed through this exercise, you must be using QuickBooks: Premier or a higher edition.

The sales order feature lets you track orders from customers and “set items aside.” You can also use sales orders to track back orders when a customer orders something and you are out of stock. Using this feature, you can track the orders you need to fill without affecting accounts receivable. Sales orders affect only inventory quantities—not values—until you actually sell the items.

When inventory items come in, you can create an invoice directly from the sales order. If only some of the items have come in, you can invoice for those items, and use the sales order to create invoices for the remaining items later. Once all items have been received and invoiced for, QuickBooks: Premier closes the sales order.

Creating sales orders

In this exercise, you’ll create an invoice from a sales order. You display a report to see if there are any open sales orders. The report shows that there is an open sales order for Lumber for Fran Smallson. Rock Castle now has sufficient quantity on hand to fill the customer’s order, so you can close the sales order and invoice the customer.

If you’re using QuickBooks: Premier, you can also generate purchase orders directly from sales orders by clicking the down arrow on the Create Invoices button in the Create Sales Order window, and then selecting Purchase Order. You don’t need to create the purchase order in this exercise.

To create an invoice from a sales order:

- 1 From the Reports menu, choose Sales and then choose Open Sales Orders by Item. QuickBooks displays the Open Sales Orders by Item report.

2:37 PM
12/15/07

Rock Castle Construction
Open Sales Orders by Item
All Transactions

Type	Date	Due Date	Item	Name	Qty	Invoiced	Amount
Parts							
Lumber							
Decking							
Sales Order	11/29/2007	12/29/2007	2	Smallson, Fran	28	0	224.00
Total Decking							224.00
Rough							
Sales Order	11/29/2007	12/29/2007	2	Smallson, Fran	6	0	36.00
Total Rough							36.00
Total Lumber							260.00
Total Parts							260.00
TOTAL							260.00

- 2 Double-click the sales order for Decking in the report window (Sales Order #2 for Fran Smallson). QuickBooks opens the sales order.

Create Sales Orders

Customer: Job
Smallson, Fran

Sales Order

Name / Address
Fran Smallson
5437 Euclid St
Bayshore CA 94326

Date: 11/29/2007
S.O. No.: 2

Ship To: Smallson, Fran
Smallson Electric
5437 Euclid St
Bayshore CA 94326

P.O. No.:

Item	Description	Ordered	Rate	Amount	Tax	Invoiced	Clsd
Lumber:Decking	Decking lumber	28	8.00	224.00	Tax	0	
Lumber:Rough	Rough lumber	6	6.00	36.00	Tax	0	

Customer Message: Tax: San Tomas (7.75%) 20.15
Total: 280.15

☐ To be printed ☐ To be e-mailed Customer Tax Code: Tax ☐ Closed

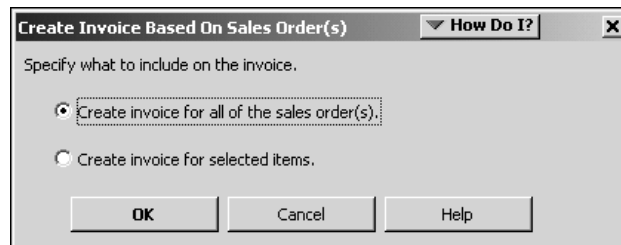
Memo:

Save & Close Save & New Revert

- 3 In the Create Sales Orders window, click Create Invoice menu button on the toolbar and choose Invoice.

Creating the invoice from the sales order links the sales order and invoice, which means that when you invoice the customer for items on the sales order, those items are marked as closed.

QuickBooks displays the Create Invoice Based On Sales Order window.



- 4 Leave the “Create invoice for all of the sales order(s)” option selected, and click OK.

QuickBooks creates an invoice for the customer.

In this case, all of the items the customer order arrived, so you can close the sales order. If only some of the items had come in, you could invoice for only those items and keep the sales order open until any remaining items arrived. QuickBooks tracks which items are still open.

- 5 In the Create Invoices window, click Save & Close.
- 6 Close the report window.

Tracking backorders

Using certain industry-specific QuickBooks Editions, you can use sales orders to track items that customers have ordered, but that are out of stock. Tracking backorders on sales orders, invoices, and other sales forms shows exactly what still needs to be shipped out. Tracking backorders on purchase orders shows what is still expected to be received from a vendor.

In this exercise, you’ll first create a sales order and create an invoice from that sales order. (The customer has ordered items, but you don’t have sufficient quantities to fill the entire order.) Then, you’ll receive items into inventory and track the remaining items on backorder.

Note: You must be using QuickBooks: Premier Accountant Edition, Retail Edition, Manufacturing and Wholesale Edition, or Enterprise Solutions Editions to complete this exercise.

To create a sales order:

- 1 From the Customers menu, choose Create Sales Orders.
QuickBooks displays the Create Sales Orders window.

- 2 In the Customer:Job drop-down list, select Roche, Diarmuid:Room Addition.
- 3 Click in the Item column and select Frames:Exterior Frame from the drop-down list.
- 4 In the Ordered column, click the Availability icon.

In the Current Availability window, you can get information about what is available in inventory, what is listed on other sales orders, what's reserved for assemblies, and what's on order.

Entering sales information

Notice you have two exterior frames available. However, you need four exterior frames to complete the room addition. So you'll need to put the remaining two on backorder.

- 5** Click Close, and then type **4** in the Ordered column.
- 6** Press Tab, and then click OK at the two messages that appear.
- 7** Type **40.00** in the Rate column.
- 8** Press Tab again to have QuickBooks update the total.

The sales order should look like the following graphic.

Create Sales Orders

Customer: Job
Roche, Diarmuid:Room a...

Template: Custom Sales Order

Date: 12/15/2007 S.O. No.: 3

Ship To:

P.O. No.:

Sales Order

Name / Address
Diarmuid Roche
3219 Lisa Lane
Bayshore CA 94326

Item	Description	Ordered	Rate	Amount	Tax
Frames:Exterior ...	Standard exterior door frames	4	40.00	160.00	Tax

Customer Message: Tax: San Tomas (7.75%) 12.40

Total: 172.40

☒ To be printed ☐ To be e-mailed Customer Tax Code: Tax

Memo:

Save & Close Save & New Clear

You can fill part of the order now because you have two exterior frames in stock, so you'll create an invoice from the sales order.

- 9** In the Create Sales Orders window, click Create Invoice menu button on the toolbar and choose Invoice.

This links the sales order and invoice, which means that when you invoice the customer for items on the sales order, those items are marked as closed.

QuickBooks displays the Create Invoice Based On Sales Order window.

- 10** Click "Create invoice for selected items" and click OK.

QuickBooks displays the Specify Invoice Quantities for Items on Sales Order(s) window. When you create the invoice for selected items only, you indicate how many of each item from the sales order you want to include on the invoice.

Item	Date	S.O. No.	On Hand	Ordered	Prev. Invoiced	To Invoice
Frames:Exterior Frame	12/15/2007	3	10	4	2	2

Note: You can click the “Show quantity available instead of quantity on hand” checkbox to display the number of items in inventory plus the number of items on purchase orders with vendors, minus the number listed on all other sales orders and quantity on pending builds.

- 11** Make sure 2 appears in the To Invoice column and click OK to invoice for the two exterior frames you have in inventory.

QuickBooks displays the invoice. On the invoice, QuickBooks lists how many of each item has been invoiced previously and how many are included in the current invoice.

- 12** Click Save & Close.

QuickBooks creates an invoice for the two door frames in stock and puts the other two on backorder.

Entering sales information

The Open Sales Orders by Item report can help you track which items are on backorder by showing the quantity ordered and the quantity invoiced. (To run the report, choose Sales from the Reports menu, and then choose Open Sales Orders by Item.)

Open Sales Orders by Item

Rock Castle Construction
Open Sales Orders by Item
All Transactions

Type	Date	Due Date	Item	Name	Qty	Invoiced	Amount
Inventory							
Frames							
Exterior Frame							
Sales Order	12/15/2007	12/15/2007	3	Roche, Diarmuid:Room addition	4	2	160.00
Total Exterior Frame							160.00
Total Frames							160.00
Total Inventory							160.00
TOTAL							160.00

Receiving items

Rock Castle Construction has just received 10 exterior door frames from Perry Windows & Doors. Before you can invoice Diarmuid Roche for the door frames on backorder, you need to receive the items into inventory.

To receive items into inventory:

- 1 From the Vendors menu, choose Receive Items.
- 2 In the Create Item Receipts window, choose Perry Windows & Doors from the Vendor drop-down list.
- 3 Click No at the message that appears.
- 4 In the Item column, select Frames:Exterior Frame.
- 5 Press Tab twice to go to the Quantity column and type **10**.

- 6 Press Tab and QuickBooks updates the amounts.
Your screen should resemble the following graphic.

Create Item Receipts Type a help question **Ask** **How Do I?**

Previous Next Find History Journal

☒ Bill ☐ Credit ☐ Bill Received

Bill

Vendor Perry Windows & Doors Date 12/15/2007

Item Receipt Only

Ref. No. _____

Total 200.00

Memo Received items (bill to follow)

Expenses \$0.00 Items **\$200.00**

Item	Description	Qty	Cost	Amount	Customer:Job
Frames:Exter...	Standard exterior door frames	10	20.00	200.00	

Select PO Receive All Show PO Time

Clear Splits Recalculate Save & Close **Save & New** Clear

- 7 Click Save & Close.

Once you've entered the items into inventory, you have sufficient quantity on hand to finish filling Diarmuid's order.

To fill Diarmuid's order:

- 1 From the Customers menu, choose Create Sales Orders.

- Click the Previous button to display Diarmuid's sales order.

Create Sales Orders Type a help question **Ask** **How Do I?**

Previous Next Print E-mail Find Spelling History Journal Create Invoice

Customer: Job
he, Diarmuid:Room addition

Template Customize
Custom Sales Order

Sales Order

Name / Address
Diarmuid Roche
3219 Lisa Lane
Bayshore CA 94326

Date 12/15/2007 S.O. No. 3
Ship To

P.O. No.

Item	Description	Ordered	Rate	Amount	Tax	Backordered	Invoiced	Clsd
Frames:Exteri...	Standard exterior door frames	4	40.00	160.00	Tax	2	2	

Customer Message Tax San Tomas (7.75%) 12.40
Total 172.40

☒ To be printed ☐ To be e-mailed Customer Tax Code Tax ☐ Closed
Memo

Save & Close Save & New Revert

Notice that QuickBooks helps you track backordered items by adding a Backordered column to sales orders. (Backordering always starts from sales orders.) In addition, you'll see Invoiced and Clsd columns. Once the sales order is either fully invoiced or closed, the Backorder column no longer displays. The Invoiced and Clsd columns always appear.

- In the Create Sales Orders window, click Create Invoice menu button on the toolbar and choose Invoice.

QuickBooks displays the Create Invoice Based On Sales Order window.

- 4 Click “Create invoice for selected items” and click OK.

QuickBooks displays the Specify Invoice Quantities for Items on Sales Order(s) window. When you create the invoice for selected items only, you indicate how many of each item from the sales order you want to include on the invoice.

Item	Date	S.O. No.	On Hand	Ordered	Prev. Invoiced	To Invoice
Frames:Exterior Frame	12/15/2007	3	10	4	2	2

- 5 Make sure 2 appears in the To Invoice column and click OK to invoice for the two exterior frames for Diarmuid’s room addition.

Entering sales information

QuickBooks displays the invoice. On the invoice, QuickBooks lists how many of each item has been invoiced previously and how many are included in the current invoice.

Create Invoices Type a help question **Ask** **How Do I?**

Previous Next

Customer: Job
he, Diarmuid:Room addition

Template Customize
Custom S.O. Invoice

Invoice

Bill To
Diarmuid Roche
3219 Lisa Lane
Bayshore CA 94326

Date 12/15/2007 Invoice # 98
Ship To

S.O. No. 3 P.O. No. Terms Due on rec...

Item	Description	Ordered	Prev. Invoiced	Invoiced	Rate	Amount	Tax
Frames:Exterio...	Standard exterior door frames	4	2	2	40.00	80.00	Tax

Customer Message Tax San Tomas (7.75%) 6.20
Total 86.20

☐ To be printed
☐ To be e-mailed

Customer Tax Code Tax Apply Credits Payments Applied 0.00
Balance Due 86.20

Memo

Let QuickBooks help you get your Invoice paid online by credit card.

Save & Close Save & New Clear

You can customize invoices to display a Backordered column. See Lesson 15, “Customizing forms and writing QuickBooks Letters.”

- 6** Click Save & Close to save the invoice and close the Create Invoices window.
- 7** From the Customers menu, choose Create Sales Orders.
- 8** Click the Previous button to display Diarmuid’s sales order.

Notice the sales order now indicates that it has been invoiced in full.

Create Sales Orders

Customer: Job
Diarmuid:Room addition

Template: Custom Sales Order

Date: 12/15/2007 S.O. No.: 3

Ship To: [Empty]

P.O. No.: [Empty]

Sales Order

Name / Address
Diarmuid Roche
3219 Lisa Lane
Bayshore CA 94326

Item	Description	Ordered	Rate	Amount	Tax	Invoiced	Clsd
Frames:Exteri...	Standard exterior door frames	4	40.00	160.00	Tax	4	✓

Customer Message: [Empty]

Tax: San Tomas (7.75%) 12.40

Total: 172.40

☒ To be printed ☐ To be e-mailed Customer Tax Code: Tax ☐ Closed

Memo: [Empty]

Buttons: Save & Close, Save & New, Revert

9 Close the Create Sales Order window.

Tracking backorders on purchase orders

A backorder is the inventory on a purchase order that has not yet been received. In QuickBooks this occurs when a purchase order has been sent, a partial shipment has been received, but you have not received the final shipment. The items on the purchase order that have not yet been received are considered to be on backorder.

Backordered and Rcv'd columns automatically appear after a purchase order has been partially received.

Note: Customize your purchase order template if you want the Backordered column to be printed on the purchase order.

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LESSON 7 Receiving payments and making deposits

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To start this lesson, 168

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How QuickBooks handles the deposit, 180

Getting cash back from a deposit, 181

Lesson objectives

- To learn how to record customer payments in QuickBooks
- To learn how to handle customer discounts, partial payments, overpayments, or down payments
- To see how to record a deposit in QuickBooks, and learn how QuickBooks treats the deposit behind the scenes
- To learn how to enter cash back from a deposit in QuickBooks

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qblesson.qbb) on your hard disk. See “Installing the exercise file” in the Introduction to this guide if you haven’t installed it.

The following steps restore the exercise file to its original state so that the data in the file matches what you see on the screen as you proceed through each lesson.

To restore the exercise file (qblesson.qbb):

- 1** From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2** In the “Get Company Backup From” section of the window, click Browse and select your c:\QBtrain directory.
- 3** Select the qblesson.qbb file, and then click Open.
- 4** In the “Restore Company Backup To” section of the window, click Browse and select your c:\QBtrain directory.
- 5** In the File name field of the Restore To window, type **lesson 7** and then click Save.
- 6** Click Restore.

Recording customer payments

If you’re receiving payment at the time of a sale, and you fill out a sales receipt, QuickBooks records a customer payment. When you invoice a customer, and you receive payment later, you enter the payment in the QuickBooks Receive Payments window.

The Receive Payments window lets you match up payments you receive with invoices you’ve written. You’ll be working with the Receive Payments window in this lesson.

Recording a payment in full for a single job

The simplest case is when a customer has one outstanding invoice for one job and sends you a payment for the full amount. Suppose that Rock Castle Construction receives a check for \$4735.73 from Mike Violette for his workshop. Here's how you'd enter the payment.

To record a payment in full:

- 1 From the Customers menu, choose Receive Payments.
QuickBooks displays the Receive Payments window.

The first step is to enter the name of the customer from whom you've received a payment.

- 2 In the Received From field, select Violette, Mike:Workshop from the drop-down list.

QuickBooks displays the outstanding invoice for Mike Violette.

- 3 Press Tab to move to the Amount field.

- 4 In the Amount field, type **4735.73** and press Tab.

QuickBooks updates the amount in the Payment field to 4735.73, and applies the payment to the one outstanding invoice.

- 5 In the Payment Method field, select Check from the drop-down list and then press Tab.

When you enter a preferred payment method in a customer's record, QuickBooks pre-fills that information when you select the customer's name in this window.

Receiving payments and making deposits

- 6 In the Check # field, type **6745**.

Receive Payments Type a help question **Ask** **How Do I?**

Previous Next History Get Online Pmts

Customer Payment

Received From: Violette, Mike:Workshop Customer Balance: **4,735.73**

Amount: 4,735.73 Date: 12/15/2007

Pmt. Method: Check Check #: 6745

Memo: [Where does this payment go?](#)

Find a Customer/Invoice...

✓	Date	Number	Orig. Amt.	Amt. Due	Payment
✓	12/05/2007	66	5,735.73	4,735.73	4,735.73
Totals			5,735.73	4,735.73	4,735.73

Amounts for Selected Invoices:

Amount Due: **4,735.73**

Applied: **4,735.73**

Discount and Credits Applied: **0.00**

Un-Apply Payment Discount & Credits...

Save & Close Save & New Clear

- 7 Click Save & New.

This records the payment and clears the window so you can enter another one.

Entering a partial payment

Rock Castle Construction has also received a check for \$1,000 from Ecker Designs. Ecker Designs has two outstanding invoices and owes more than \$6,000.

To enter a partial payment:

- 1 In the Received From field, select Ecker Designs:Office Repairs from the drop-down list.
In the middle of the window, QuickBooks shows you the invoices still outstanding for the job. In this case, there are two.
- 2 Press Tab to move to the Amount field, and then type **1000**. Then press Tab again.

QuickBooks automatically applies the payment you've entered to Ecker Design's oldest invoice.

✓	Date	Number	Orig. Amt.	Amt. Due	Payment
✓	11/30/2007	62	1,468.30	1,468.30	1,000.00
	12/15/2007	73	4,757.81	4,757.81	0.00
Totals			6,226.11	6,226.11	1,000.00

Underpayment \$468.30. When you finish, do you want to:

☒ Leave this as an underpayment

☐ Write off the extra amount

[View Customer Contact Information](#)

Un-Apply Payment

Discount & Credits...

Amounts for Selected Invoices

Amount Due **1,468.30**

Applied **1,000.00**

Discount and Credits Applied **0.00**

Save & Close **Save & New** Clear

To choose which invoice a payment applies to, rather than having QuickBooks apply it to the oldest one, you can un-apply the payments and apply them as you wish. If you always want to select the invoice yourself, turn off the Sales & Customers preference "Automatically apply payments."

- 3** Click Un-Apply Payment.
- 4** In the Payment column, type **1000** as the amount you want to apply to the second invoice, and then press Tab.

✓	Date	Number	Orig. Amt.	Amt. Due	Payment
	11/30/2007	62	1,468.30	1,468.30	0.00
✓	12/15/2007	73	4,757.81	4,757.81	1,000.00
Totals			6,226.11	6,226.11	1,000.00

Underpayment \$3,757.81. When you finish, do you want to:

☒ Leave this as an underpayment

☐ Write off the extra amount

[View Customer Contact Information](#)

Un-Apply Payment

Discount & Credits...

Amounts for Selected Invoices

Amount Due **4,757.81**

Applied **1,000.00**

Discount and Credits Applied **0.00**

Save & Close Save & New Clear

- 5** In the Pmt. Method field, leave Check selected.
- 6** In the Check # field, type **5678**.
- 7** Leave the "Leave this as an underpayment" option selected.
- 8** Click Save & New to record the partial payment and clear the window.

Applying one payment to multiple jobs

Rock Castle Construction is working on several jobs for a customer, Brian Cook. Brian has payments outstanding for four invoices. He wants to write one check to cover all outstanding payments.

In this exercise, you'll apply this single payment to invoices for multiple jobs.

To apply one payment to multiple jobs:

- 1 In the Receive Payments window, select Cook, Brian from the Received From drop-down list.

QuickBooks lists the open invoices for all of the jobs associated with Brian Cook.

Customer Payment

Received From: Cook, Brian Customer Balance: **7,812.63**

Amount: Date:

Pmt. Method: Check Check #:

Memo: [Where does this payment go?](#)

[Find a Customer/Invoice...](#)

✓	Date	Job	Number	Orig. Amt.	Amt. Due	Payment
	10/15/2007	Kitchen	42	3,100.00	700.00	0.00
	11/25/2007	Kitchen	57	1,636.69	466.69	0.00
	11/25/2007	2nd story addition	58	5,418.00	5,003.30	0.00
	12/11/2007	Kitchen	FC 6	5.95	5.95	0.00
	12/15/2007	Kitchen	76	1,636.69	1,636.69	0.00
Totals				11,797.33	7,812.63	0.00

Amounts for Selected Invoices

Amount Due: **0.00**

Applied: **0.00**

Discount and Credits Applied: **0.00**

[Auto Apply Payment](#) [Discount & Credits...](#) [Save & Close](#) [Save & New](#) [Clear](#)

- 2 Press Tab to move to the Amount field.
- 3 In the Amount field, type **7812.63** and then press Tab.
Notice that QuickBooks applies the payment to all outstanding invoices.
- 4 In the Pmt. Method drop-down list, confirm that Check is selected.
- 5 In the Check # field, type **375**.

Your window should look like this.

Customer Payment

Received From: Cook, Brian Customer Balance: 7,812.63

Amount: 7,812.63 Date: 12/15/2007

Pmt. Method: Check Check #: 375

Memo: [Where does this payment go?](#)

[Find a Customer/Invoice...](#)

	Date	Job	Number	Orig. Amt.	Amt. Due	Payment
✓	10/15/2007	Kitchen	42	3,100.00	700.00	700.00
✓	11/25/2007	Kitchen	57	1,636.69	466.69	466.69
✓	11/25/2007	2nd story addition	58	5,418.00	5,003.30	5,003.30
✓	12/11/2007	Kitchen	FC 6	5.95	5.95	5.95
✓	12/15/2007	Kitchen	76	1,636.69	1,636.69	1,636.69
Totals				11,797.33	7,812.63	7,812.63

Amounts for Selected Invoices

Amount Due: 7,812.63

Applied: 7,812.63

Discount and Credits Applied: 0.00

Un-Apply Payment

Discount & Credits...

Save & Close Save & New Clear

6 Click Save & New.

Entering overpayments

If a customer sends you an overpayment, you simply enter the amount in the Receive Payments window, and QuickBooks keeps track of the additional payment. When the customer has future invoices, you can apply the overpayment to those amounts—you can even apply the credit directly to the invoice.

Suppose that Rock Castle Construction has received a payment of \$12,500.00 from Pretell Real Estate for the 75 Sunset Rd. job. The outstanding invoice for that job is \$12,412.18.

To enter the payment:

- 1 In the Received From field of the Receive Payments window, select Pretell Real Estate:75 Sunset Rd. from the drop-down list.
QuickBooks displays an invoice dated 12/01/2007 for \$12,412.18.
- 2 Press Tab and type **12500** in the Amount field.

Receiving payments and making deposits

- 3 Press Tab again.

Receive Payments Type a help question **Ask** **How Do I?**

Previous Next History Get Online Pmts

Customer Payment

Received From: Pretell Real Estate:75 Sunset Rd. Customer Balance: 12,412.18

Amount: 12,500.00 Date: 12/15/2007

Pmt. Method: Check Check #

Memo: Where does this payment go? [Learn more](#)

Find a Customer/Invoice...

✓	Date	Number	Orig. Amt.	Amt. Due	Payment
✓	12/01/2007	63	12,412.18	12,412.18	12,412.18
Totals			12,412.18	12,412.18	12,412.18

Overpayment \$87.82. When you finish, do you want to:

☒ Leave the credit to be used later

☐ Refund the amount to the customer

[View Customer Contact Information](#)

[Un-Apply Payment](#) [Discount & Credits...](#)

Amounts for Selected Invoices

Amount Due	12,412.18
Applied	12,412.18
Discount and Credits Applied	0.00

[Save & Close](#) [Save & New](#) [Clear](#)

QuickBooks shows an overpayment amount of \$87.82 and prompts you to choose whether to leave the credit to be used later or to refund the amount to the customer. You want to refund the overpayment.

- 4 Select "Refund the amount to the customer" option.
- 5 Click Save & New.

Issue a Refund Type a help question **Ask** **How Do I?**

A refund is due to: Pretell Real Estate:75 Sunset Rd. Issue this refund via: Check

Refund Amount: \$ 87.82 Account: Checking

Date: 12/15/2007 Ref/Check No. To Print: Ending Balance: 46,423.98

Address: Pretell Real Estate
222 Middlefield Ave
Middlefield CA 94482

Memo:

☒ To be printed

[OK](#) [Cancel](#)

- 6 In the Issue a Refund window, click OK.

Handling down payments or prepayments

If a customer makes a payment before you've invoiced him for services (for example, he may be making a down payment or paying a retainer fee), you can still record the payment at the Receive Payments window. However, because you don't have any invoices to which to apply the payment, QuickBooks records the payment as an unused payment (just like an overpayment).

QuickBooks holds the unapplied amount with the customer's name. The next time you enter that customer in the Receive Payments window, QuickBooks displays the credit amount in the Unused Credits area. The customer's balance also reflects the credit amount.

Suppose Kristy Abercrombie wants Rock Castle Construction to do a kitchen remodeling job for her. She's sent Rock Castle Construction a check for \$1,000 as an initial payment, but the company hasn't invoiced her yet.

To enter the down payment you've received:

- 1 In the Received From field, select Abercrombie, Kristy:Kitchen from the drop-down list and then press Tab.
- 2 Type **1000** in the Amount field and then press Tab.
QuickBooks displays the payment as an overpayment.

Receive Payments Type a help question **Ask** **How Do I?**

Previous Next History Get Online Pmts

Customer Payment

Received From: **Abercrombie, Kristy:Kitchen** Customer Balance: **0.00**

Amount: **1,000.00** Date: **12/15/2007**

Pmt. Method: **Check** Check #:

Memo: Where does this payment go?

Find a Customer/Invoice...

✓	Date	Number	Orig. Amt.	Amt. Due	Payment
There are no unpaid invoices for this customer					
Totals			0.00	0.00	0.00

Overpayment \$1,000.00. When you finish, do you want to:

☒ Leave the credit to be used later

☐ Refund the amount to the customer

View Customer Contact Information

Un-Apply Payment Discount & Credits...

Amounts for Selected Invoices

Amount Due	0.00
Applied	0.00
Discount and Credits Applied	0.00

Save & Close Save & New Clear

- 3 Leave the "Leave the credit to be used later" option selected.

Receiving payments and making deposits

- 4 In the Pmt. Method field, make sure Check is selected.
- 5 In the Check # field, type **4321**.
- 6 Click Save & Close.
- 7 Click OK in the message that displays.

Later, Rock Castle Construction is ready to prepare its invoices and needs to invoice Kristy for the labor the workers have already completed on the job.

To create an invoice for a customer who made a down payment:

- 1 From the Customers menu, choose Create Invoices.
QuickBooks displays the Create Invoices window.
- 2 In the Customer:Job field, select Abercrombie, Kristy:Kitchen from the drop-down list.
- 3 QuickBooks displays the Available Estimates window. You don't want to create the invoice from the estimate listed, so click Cancel.
- 4 From the Template drop-down list, choose Custom Invoice.
- 5 Click in the Item column, select Removal from the Item drop-down list, and then press Tab.
- 6 In the Quantity column, type **40** and press Tab.

Create Invoices Type a help question **Ask** **How Do I?**

Previous Next Spelling History Time/Costs...

Customer:Job
Abercrombie, Kristy:Kitchen

Template Custom Invoice

Invoice DATE 12/15/2007 INVOICE # 93

BILL TO
Kristy Abercrombie
5647 Cypress Hill Rd
Bayshore CA 94326

P.O. NO. TERMS Net 30 DUE DATE 01/14/2008 CONTRACT #

ITEM	QUANTITY	DESCRIPTION	RATE	AMOUNT	Tax
Removal	40	Removal labor	35.00	1,400.00	Non

Customer Message

Tax San Tomas (7.75%) 0.00

Total 1,400.00

☐ To be printed
☐ To be e-mailed

Customer Tax Code Tax Apply Credits Payments Applied 0.00
Balance Due 1,400.00

Memo

Let QuickBooks help you get your Invoice paid online by credit card.

Save & Close Save & New Clear

- 7 Click Apply Credits to apply the down payment amount made earlier towards this invoice.

- 8 Click Yes at the message that displays.

QuickBooks opens the Apply Credits window displaying the credit you entered earlier.

Apply Credits

Invoice

Customer:Job	Abercrombie, Kristy:Kitchen		
Number	93	Amount Due	1,400.00
Date	12/15/2007	Discount Used	0.00
Original Amt.	1,400.00	Credits Used	1,000.00
		Balance Due	400.00

Credits

Available Credits

✓	Date	Credit No.	Credit Amt.	Amt. To Use	Credit Balance
✓	12/15/2007	4321	1,000.00	1,000.00	0.00
Totals			1,000.00	1,000.00	0.00

Of all the credits issued to this customer, only unused credits applicable to this specific invoice are displayed above. Clear

Previously Applied Credits

✓	Date	Credit No.	Credit Amt.	Amt. To Use	Credit Balance
Totals			0.00	0.00	0.00

Done Cancel Help

- 9 This is the credit that you want to apply to the invoice, so click Done.

Receiving payments and making deposits

QuickBooks updates the invoice and displays the remaining balance due (\$400) on the invoice.

Create Invoices Type a help question **Ask** **How Do I?**

Customer: Job
Abercrombie, Kristy:Kitchen

Template Custom Invoice

Invoice

DATE 12/15/2007 INVOICE # 93

BILL TO
Kristy Abercrombie
5647 Cypress Hill Rd
Bayshore CA 94326

P.O. NO. TERMS Net 30 DUE DATE 01/14/2008 CONTRACT #

ITEM	QUANTITY	DESCRIPTION	RATE	AMOUNT	Tax
Removal	40	Removal labor	35.00	1,400.00	Non

Customer Message Tax San Tomas (7.75%) 0.00

Total 1,400.00

☐ To be printed ☐ To be e-mailed Customer Tax Code Tax Apply Credits Payments Applied 1,000.00 Balance Due 400.00

Memo

Let QuickBooks help you get your Invoice paid online by credit card.

Save & Close Save & New Revert

QuickBooks applies the existing credit to the new invoice.

10 Click Save & Close to record the transaction.

Making deposits

When you use the Enter Sales Receipt window (for a sales receipt where you receive payment on the spot), the Receive Payments window (for payments on invoices), or a payment item on an invoice, QuickBooks keeps track of the money you've received until you deposit it in the bank. When you receive payments from customers, you can either deposit each payment directly into a QuickBooks bank account or you can group payments together to be moved to that account at a later time. QuickBooks allows you to choose the method you prefer for depositing payments.

If you set the Sales & Customers preference to always use the Undeposited Funds account as the default deposit to account (this is the setting in the exercise file), you do not see the "Deposit to" option in the Receive Payments or Enter Sales Receipts windows.

It's easier to reconcile your QuickBooks accounts with your bank statements when the accounts display deposits the same way that your statements do. Use the following to help you decide how to set the preference in your own business.

- If your bank statement shows a lump sum for a deposit, group payments with other funds for later deposit using the Undeposited Funds account.
- If your bank statement shows each individual payment that was deposited, deposit directly to an account.

Selecting payments to deposit

At your office, you might hold payments in a locked cash drawer or a cash register until you can get to the bank; QuickBooks holds the amount in an asset account called Undeposited Funds. When you're ready to take your payments to the bank, you can record the deposit in QuickBooks, print a deposit slip to bring with you, and enter cash back amounts.

To select payments to deposit:

- 1 From the Banking menu, choose Make Deposits.

QuickBooks displays the Payments to Deposit window, which lists the payments you have not yet deposited.

✓	Date	Time	Type	No.	Payment Method	Name	Amount
	12/14/2007		PMT	986	Check	Jacobsen, Doug:Kitchen	2,000.00
	12/15/2007		LIAB ADJ			Great Statewide Bank	124.00
	12/15/2007		PMT	6745	Check	Violette, Mike:Workshop	4,735.73
	12/15/2007		PMT	5678	Check	Ecker Designs:Office Repairs	1,000.00
	12/15/2007		PMT	375	Check	Cook, Brian	7,812.63
	12/15/2007		PMT		Check	Pretell Real Estate:75 Sunset Rd.	12,500.00
	12/15/2007		PMT	4321	Check	Abercrombie, Kristy:Kitchen	1,000.00

- 2 Click to select the payments you want to bring to the bank.

For this exercise, select the payments you recorded from Mike Violette, Ecker Designs, Brian Cook, Pretell Real Estate, and Kristy Abercrombie.

✓	Date	Time	Type	No.	Payment Method	Name	Amount
	12/14/2007		PMT	986	Check	Jacobsen, Doug:Kitchen	2,000.00
	12/15/2007		LIAB ADJ			Great Statewide Bank	124.00
✓	12/15/2007		PMT	6745	Check	Violette, Mike:Workshop	4,735.73
✓	12/15/2007		PMT	5678	Check	Ecker Designs:Office Repairs	1,000.00
✓	12/15/2007		PMT	375	Check	Cook, Brian	7,812.63
✓	12/15/2007		PMT		Check	Pretell Real Estate:75 Sunset Rd.	12,500.00
✓	12/15/2007		PMT	4321	Check	Abercrombie, Kristy:Kitchen	1,000.00

Receiving payments and making deposits

- 3 Click OK.

QuickBooks displays the Make Deposits window, which shows the payments you just selected.

Received From	From Account	Memo	Chk. No.	Pmt Meth.	Amount
Violette, Mike:Workshop	Undeposited Funds		6745	Check	4,735.73
Ecker Designs:Office Repairs	Undeposited Funds		5678	Check	1,000.00
Cook, Brian	Undeposited Funds		375	Check	7,812.63
Pretell Real Estate:75 Sunset Rd.	Undeposited Funds			Check	12,500.00
Abercrombie, Kristy:Kitchen	Undeposited Funds		4321	Check	1,000.00

Deposit Subtotal 27,048.36

To get cash back from this deposit, enter the amount below. Indicate the account where you want this money to go, such as your Petty Cash account.

Cash back goes to: [dropdown] Cash back memo: [text] Cash back amount: [text]

Deposit Total 27,048.36

[Save & Close] [Save & New] [Clear]

- 4 In the Deposit To field, make sure that Checking is selected.

Note: If you have money to deposit that is not the result of a payment you received for a sale, you can enter it in the detail area of the window. For example, if you received a premium refund from your insurance vendor, you would enter it here.

QuickBooks updates the deposit total at the bottom of the window automatically. If you wanted to print a deposit slip to take to the bank, you would click Print. The Printable Deposit Slips that you can order to work with QuickBooks work only with deposits of cash and checks.

- 5 Click Save & Close to record the deposit.

How QuickBooks handles the deposit

QuickBooks updates the Undeposited Funds account to show that you've made a deposit. It also adds the deposit to your checking account register.

To view the Undeposited Funds account:

- 1 From the Lists menu, choose Chart of Accounts.

- 2 In the chart of accounts, double-click the Undeposited Funds account.

Undeposited Funds							
Go to... Print... Edit Transaction QuickReport							
Date	Ref	Payee		Decrease	✓	Increase	Balance
	Type	Account	Memo				
12/15/2007	4321	Abercrombie, Kristy:Kitchen		1,000.00	✓		2,000.00
	DEP	Checking [split]					
12/15/2007	5678	Ecker Designs:Office Repairs			✓	1,000.00	3,000.00
	PMT	Accounts Receivable					
12/15/2007	5678	Ecker Designs:Office Repairs		1,000.00	✓		2,000.00
	DEP	Checking [split]					
12/15/2007	6745	Violette, Mike:Workshop			✓	4,735.73	6,735.73
	PMT	Accounts Receivable					
12/15/2007	6745	Violette, Mike:Workshop		4,735.73	✓		2,000.00
	DEP	Checking [split]					
Ending balance							2,124.00
Sort by Date, Type, Number/...							

QuickBooks displays your deposits and reduces the balance in the account by the amount of the deposits.

- 3 Close the account register window.
Now you can look at the deposit transaction in the checking account.
- 4 In the chart of accounts, double-click the checking account.

12/15/2007					27,048.36	74,033.62
	DEP	-split-	Deposit			

QuickBooks has entered the deposit as a transaction in the checking account register and has updated the balance of your checking account.

- 5 Close the checking account register and the chart of accounts.

Getting cash back from a deposit

In the Make Deposits window, you can enter information about any cash you took out of the deposit when you are recording the deposit.

To record getting cash back from a deposit:

- 1 From the Banking menu, choose Make Deposits.
QuickBooks displays the Payments to Deposit window. Notice that the deposits you made in the last exercise are no longer listed.

Receiving payments and making deposits

- 2 In the Payments to Deposit window, select the payment from Doug Jacobsen.

✓	Date	Time	Type	No.	Payment Method	Name	Amount
✓	12/14/2007		PMT	986	Check	Jacobsen, Doug Kitchen	2,000.00
	12/15/2007		LIAB ADJ			Great Statewide Bank	124.00

- 3 Click OK.
- 4 In the Make Deposits window, type **Petty Cash** in the “Cash back goes to” field and press Tab.
- 5 When QuickBooks displays a message telling you that Petty Cash is not on the account list, click Set up.

QuickBooks displays the New Account window with the name preset to Petty Cash.

Type: Bank

Name: Petty Cash

☐ Subaccount of

Description:

Bank Acct. No.:

Tax Line: <Unassigned>

Opening Balance: as of 12/15/2007

Remind me to order checks when I print check number:

OK Cancel

☐ Account is inactive

[How Do I choose the right tax line?](#)

[Am I entering the correct opening balance and date?](#)

- 6 Make sure Bank is selected in the Type drop-down list, and then click OK to return to the Make Deposits window.

- 7 In the “Cash back amount” field, type **200** and press Tab.

QuickBooks displays the deposit subtotal amount (\$2000.00) and the total less the cash back amount (\$1800.00).

Make Deposits Type a help question **Ask** **How Do I?**

Previous Next Print Payments History Get Online Pmts

Deposit To: **Checking** Date: **12/15/2007** Memo: **Deposit**

Click Payments to select customer payments that you have received. List any other amounts to deposit below.

Received From	From Account	Memo	Chk No.	Pmt Meth.	Amount
Jacobsen, Doug:Kitc...	Undeposited Funds		986	Check	2,000.00

Deposit Subtotal 2,000.00

To get cash back from this deposit, enter the amount below. Indicate the account where you want this money to go, such as your Petty Cash account.

Cash back goes to: **Petty Cash** Cash back memo: Cash back amount: **200.00**

Deposit Total 1,800.00

Save & Close Save & New Clear

- 8 Click Save & Close.

QuickBooks records the Deposit Total amount in your checking account and the cash back amount in your Petty Cash account.

- 9 To see the effect on these accounts, choose Chart of Accounts from the Lists menu.

Name	Type	Balance Total
♦ Petty Cash	Bank	200.00
♦ Checking	Bank	75,184.52
♦ Savings	Bank	13,868.42
♦ Accounts Receivable	Accounts Receivable	36,481.40
♦ Tools & Equipment	Other Current Asset	5,000.00
♦ Employee Loans	Other Current Asset	0.00
♦ Inventory Asset	Other Current Asset	26,926.43
♦ Retainage	Other Current Asset	2,461.80
♦ Undeposited Funds	Other Current Asset	124.00
♦ Trucks	Fixed Asset	24,852.91
♦ Original Cost	Fixed Asset	33,852.91
♦ Depreciation	Fixed Asset	-9,000.00
♦ Pre-paid Insurance	Other Asset	1,041.85
♦ Accounts Payable	Accounts Payable	30,739.38

Account Activities Reports ☐ Include inactive

- 10 Close the chart of accounts.

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LESSON 8 Entering and paying bills

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Lesson objectives

- To discuss the different ways you can handle bills in QuickBooks
- To learn how to enter a bill in QuickBooks
- To use the Pay Bills window to pay a bill in QuickBooks
- To learn how to enter a discount on a bill from a vendor

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qblesson.qbb) on your hard disk. See “Installing the exercise file” in the Introduction to this guide if you haven’t installed it.

The following steps restore the exercise file to its original state so that the data in the file matches what you see on the screen as you proceed through each lesson.

To restore the exercise file (qblesson.qbb):

- 1 From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2 In the “Get Company Backup From” section of the window, click Browse and select your c:\QBtrain directory.
- 3 Select the qblesson.qbb file, and then click Open.
- 4 In the “Restore Company Backup To” section of the window, click Browse and select your c:\QBtrain directory.
- 5 In the File name field of the Restore To window, type **lesson 8** and then click Save.
- 6 Click Restore.

Handling bills in QuickBooks

When you have a business expense, you can handle it in one of the following ways:

- You can write a check manually and enter the information into a QuickBooks check register later. This doesn’t take advantage of features in QuickBooks, but sometimes it’s necessary. For example, if you purchase supplies at a retail store, they expect payment on the spot, and you may not know the amount in advance.
- You can use QuickBooks to write and print a check. When you receive a bill that you want to pay immediately, you can write a QuickBooks check more quickly and accurately than you can by hand. An additional advantage is that QuickBooks makes the entry in the checking account register for you.
- You can use the QuickBooks accounts payable feature to track the amounts you owe to vendors, track your cash flow needs, and handle bills you want to pay later.

- You can pay by credit card and enter the credit card receipt into QuickBooks later.

Lesson 4, “Working with bank accounts,” shows you how to enter a handwritten check and a QuickBooks check. In Lesson 5, “Using other accounts in QuickBooks,” you learn about credit card accounts. This lesson shows you how to use QuickBooks for accounts payable.

Using QuickBooks for accounts payable

Some business owners, especially if they own smaller, home-based businesses, pay their bills when they receive them. Most business owners, however, find it more convenient to pay bills less often. (They also like keeping the cash in the company for as long as possible.) If you don’t plan on paying your bills right away, QuickBooks can help you keep track of what you owe and when you owe it.

The money you owe for unpaid bills is called *accounts payable*. QuickBooks uses the Accounts Payable account to track all the money you owe. Like any QuickBooks balance sheet account, the Accounts Payable account has a register where you can view all your bills at once.

To see the Accounts Payable register:

- 1 From the Lists menu, choose Chart of Accounts.
QuickBooks displays the chart of accounts.
- 2 Double-click Accounts Payable in the list to open the register.
QuickBooks displays the Accounts Payable register.

Date	Number	Vendor	Due Date	Billed	✓	Paid	Balance
Type	Account	Memo					
12/15/2007		Keswick Insulation	Paid	670.00			31,241.70
	BILL	Job Expense:					
12/15/2007	12/03	Cal Gas & Electric	12/30/2007	122.68			31,364.38
	BILL	Utilities: Gas a Acct #560-82					
12/19/2007		Wheeler's Tile Etc.				625.00	30,739.38
	BILLPMT	Checking					
12/15/2007	Number	Vendor		Billed		Paid	
		Account	Memo				

Ending balance 30,739.38

Sort by: Date, Type, Number/...

Buttons: Splits, 1-Line, Show open balance, Record, Restore

The register keeps track of each bill you have entered, shows you the due date, and keeps a running balance of all the bills you owe. As a business owner, this helps you forecast your cash flow, and the QuickBooks reminder system helps you pay your bills on time.

- 3 Press Esc twice to close the open windows.

Using accounts payable to pay your bills involves two steps: entering the bill and paying the bill. You'll practice both steps in this lesson.

Entering bills

When you receive a bill from a vendor, you should enter it into QuickBooks as soon as you can. This keeps your cash flow forecast reports up to date and doesn't give you the chance to set aside a bill and forget about it.

Rock Castle Construction received a bill from the company that created its new brochures. The bill includes a charge for courier delivery. Rock Castle Construction doesn't plan to pay the bill until close to its due date, but the company wants to keep an eye on the accounts payable total, so enter the bill now.

To enter a bill:

- 1 From the Vendors menu, choose Enter Bills.

QuickBooks displays the Enter Bills window.

The screenshot shows the 'Enter Bills' window in QuickBooks. The window has a title bar with the text 'Enter Bills' and a help button. Below the title bar are buttons for 'Previous', 'Next', 'Find', and 'History'. The main area is divided into two sections. The top section is for bill entry, with a 'Bill' tab selected and a 'Credit' tab. It includes fields for 'Vendor' (a dropdown), 'Date' (12/15/2007), 'Ref. No.', 'Amount Due' (0.00), and 'Bill Due' (12/25/2007). There are also fields for 'Terms' and 'Memo'. A 'Bill Received' checkbox is checked. The bottom section is for bill details, with 'Expenses' and 'Items' tabs. The 'Expenses' tab is active, showing a table with columns for 'Account', 'Amount', 'Memo', and 'Customer:Job'. The table is currently empty. At the bottom of the window are buttons for 'Clear Splits', 'Recalculate', 'Save & Close', 'Save & New', and 'Clear'.

The top half of the window is where you enter the bill. The bottom half is the detail area where you can assign the bill amount to different expense accounts, customers, or jobs.

Notice that the Bill Received checkbox has a checkmark. The only time the Bill Received checkbox should be cleared is if you're using QuickBooks for inventory and you want to record items you've received that you haven't actually been billed for yet.

- 2 In the Vendor field, type **Willis Advertising**, and then press Tab.

- 3 When QuickBooks displays a message telling you that Willis Advertising is not on the Vendor list, click Quick Add.
- 4 In the Amount Due field, type **1500**.
- 5 Click in the Bill Due field.

Notice that QuickBooks supplies a date for you in the Bill Due field. The date displayed is ten days from the date in the Date field. You can change the date if you wish. If your Vendor list had payment terms entered for this vendor, QuickBooks would have used those terms to calculate the bill's due date.

- 6 Click in the Account column on the Expenses tab and type **Printing**. QuickFill completes the entry for you, and displays Printing and Reproduction as the account. QuickBooks lets you assign transactions to more than one account, so you can keep close track of where your company spends its money. Rock Castle Construction wants to assign the majority of this bill to a printing and reproduction expense account, and the rest to a freight delivery expense account.
- 7 Press Tab to accept Printing and Reproduction as the account.
- 8 Type **1450** to change the amount from 1,500 to 1,450.
- 9 Click in the Account column below Printing and Reproduction.
- 10 From the drop-down list, choose Freight & Delivery, and then press Tab.

QuickBooks automatically assigns the remainder of the bill amount (\$50.00) to Freight & Delivery.

Your screen should resemble the figure below.

Enter Bills Type a help question **Ask** **How Do I?**

Previous Next Find History

☒ Bill ☐ Credit ☒ Bill Received

Bill

Vendor Willis Advertising Date 12/15/2007

Address Willis Advertising Ref. No.

Amount Due 1,500.00

Bill Due 12/25/2007

Terms

Memo

Expenses \$1,500.00 **Items** \$0.00

Account	Amount	Memo	Customer:Job
Printing and Reprod...	1,450.00		
Freight & Delivery	50.00		

Clear Splits Recalculate Save & Close Save & New Clear

- 11 Click Save & Close to record the bill.

Paying bills

When you start QuickBooks or open a QuickBooks company file, a Reminders window appears that tells you whether you have transactions to complete, such as bills to pay or money to deposit.

Tip: If you don't see the Reminders window when you start QuickBooks, you can turn it on by choosing Preferences from the Edit menu. Click Reminders, click the My Preferences tab, and select "Show Reminders List when opening a Company file."

When QuickBooks tells you that you have bills due, you can display the Pay Bills window and select the bills you want to pay.

To pay a bill:

- 1 From the Vendors menu, choose Pay Bills.
QuickBooks displays the Pay Bills window.

The screenshot shows the 'Pay Bills' window in QuickBooks. At the top, there's a search bar and a 'How Do I?' button. Below that, the 'Select Bills to be Paid' section has a date filter set to '12/25/2007' and a 'Sort Bills By' dropdown set to 'Due Date'. A table lists four bills with columns for Date Due, Vendor, Ref. No., Disc. Date, Amt. Due, Disc. Used, Credits Used, and Amt. To Pay. The bills are from Hopkins Constr... and Middlefield Drywall. A 'Totals' row shows a total amount due of 3,400.00. Below the table, there's a section for 'Discount & Credit Information for Highlighted Bill' with fields for Vendor, Bill Ref. No., Terms, Sugg. Discount, Number of Credits, and Total Credits Available. At the bottom, there are fields for 'Payment Account' (Checking), 'Payment Method' (Check), 'Payment Date' (12/15/2007), and an 'Ending Balance' of 46,423.98. Buttons for 'Select All Bills', 'Pay & Close', 'Pay & New', and 'Clear' are at the bottom right.

Date Due	Vendor	Ref. No.	Disc. Date	Amt. Due	Disc. Used	Credits Used	Amt. To Pay
12/20/2007	Hopkins Constr...			550.00	0.00	0.00	0.00
12/23/2007	Hopkins Constr...			150.00	0.00	0.00	0.00
12/24/2007	Middlefield Drywall			1,200.00	0.00	0.00	0.00
12/25/2007	Willis Advertising			1,500.00	0.00	0.00	0.00
Totals				3,400.00	0.00	0.00	0.00

The Pay Bills window shows your unpaid bills as of any date you enter. You can pay by check, credit card, or with an online payment (if you are set up to make online payments).

For this exercise, you'll pay a bill using a QuickBooks check (rather than a handwritten one).

- 2 Select the "To be printed" option.

By selecting this option, you are telling QuickBooks that you will print this check later.

- 3** Select the Willis Advertising bill by clicking in the column to the left of the bill. QuickBooks displays a checkmark next to the bill and changes the amount in the Ending Bank Balance to reflect a payment of \$1,500.00. If you want to make a partial payment, you can enter the amount you want to pay in the Amt. To Pay column. Your screen should resemble the figure below.

Pay Bills Type a help question **Ask** **How Do I?**

Select Bills to be Paid

Show bills: ☒ Due on or before 12/25/2007 ☐ Show all bills Sort Bills By: Due Date

	Date Due	Vendor	Ref. No.	Disc. Date	Amt. Due	Disc. Used	Credits Used	Amt. To Pay
<input checked="" type="checkbox"/>	12/20/2007	Hopkins Constru...			550.00	0.00	0.00	0.00
	12/23/2007	Hopkins Constru...			150.00	0.00	0.00	0.00
	12/24/2007	Middlefield Drywall			1,200.00	0.00	0.00	0.00
<input checked="" type="checkbox"/>	12/25/2007	Willis Advertising			1,500.00	0.00	0.00	1,500.00
Totals					3,400.00	0.00	0.00	1,500.00

Discount & Credit Information for Highlighted Bill

Vendor: **Willis Advertising** Terms: Number of Credits: **0**

Bill Ref. No.: Sugg. Discount: **0.00** Total Credits Available: **0.00**

Go to Bill Set Discount Set Credits

Payment Account: Checking Ending Balance: **44,923.98**

Payment Method: Check ☒ To be printed ☐ Assign check no.

Payment Date: 12/15/2007

Clear Selections Pay & Close Pay & New Clear

- 4** Click Pay & Close.

How QuickBooks records your bill payment

When you pay a bill through the Pay Bills window, QuickBooks makes an entry in the accounts payable register, showing a decrease of \$1,500 in the total payables. It also creates a check from your checking account to pay the bill.

To see the entry in the accounts payable register:

- 1** From the Company menu, choose Chart of Accounts. QuickBooks displays the chart of accounts.

Entering and paying bills

- In the chart of accounts, double-click the Accounts Payable account.
QuickBooks displays the accounts payable register.

Date	Number	Vendor	Due Date	Billed	✓	Paid	Balance
Type	Account	Memo					
12/15/2007		Willis Advertising	Paid	1,500.00			31,241.70
	BILL	-split-					
12/15/2007	12/03	Cal Gas & Electric	12/30/2007	122.68			31,364.38
	BILL	Utilities:Gas a Acct #560-82					
12/19/2007		Wheeler's Tile Etc.				625.00	30,739.38
	BILLPMT	Checking					
12/15/2007	Number	Vendor		Billed		Paid	
		Account	Memo				
Ending balance							30,739.38

The register now shows the bill payment to Willis Advertising.

- Close the accounts payable register.

At the same time QuickBooks recorded the entry in your accounts payable register, it made an entry in your Checking account.

To see the entry:

- In the chart of accounts, double-click Checking.
QuickBooks displays the checking account register.

Date	Number	Payee	Payment	✓	Deposit	Balance
Type	Account	Memo				
12/15/2007	To Print BILLPMT	Willis Advertising	1,500.00			45,048.98
		Accounts Payable				
12/16/2007	SEND TRANSFR	Savings			500.00	45,548.98
12/19/2007	SEND BILLPMT	Wheeler's Tile Etc.	625.00			44,923.98
		Accounts Payable H-18756				
12/15/2007	Number	Payee	Payment		Deposit	
		Account	Memo			
Ending balance						44,923.98

Notice that the third to the last entry in the register is the check for the payment to Willis Advertising.

- Select the Willis Advertising transaction.

- 3 On the toolbar, click Edit Transaction.
QuickBooks displays the Bill Payments (Check) window.

Bill Payments(Check) - Checking

Bank Account: Checking Ending Balance: 44,923.98

Pay to the Order of: Willis Advertising

Date: 12/15/2007

\$ 1,500.00

One thousand five hundred and 00/100***** Dollars

Willis Advertising

Address:

Memo:

Bill Payment Information:

P...	Date Due	Vendor	Ref. No.	Bill Amt.	Amt. ...	Disc. Date	Amt. Paid
✓	12/25/2007	Willis Advertising		1,500.00	1,500.00		1,500.00

Online Bank Pmt: ☐ To be printed: ☒

Clear Splits Recalculate Discounts Save & Close Revert

This check is called a “Bill Payment Check” and differs from the check form that you use to enter checks directly into the checking account. (That form shows expenses directly on the check voucher portion, while the bill payment form shows the bills paid by the check.)

- 4 Press Esc to close the Bill Payment Check window.
- 5 From the Window menu, choose Close All to close all the open QuickBooks windows.
- 6 Click Home in the navigation bar to open the Home page.

Applying vendor discounts to bill payments

If you take advantage of discounts for early payment offered by some vendors, you can record the discounts directly in the Pay Bills window. You can set up QuickBooks to track the discount amounts.

In this section, you’ll apply a discount for early payment to one of Rock Castle Construction’s vendors.

To apply a discount for early payment:

- 1 On the Home page, click Pay Bills.
QuickBooks displays the Pay Bills window.

Entering and paying bills

- In the “Due on or before” field, type 1/16/2008 and press Tab.
QuickBooks displays all of Rock Castle Construction’s bills due on or before 1/16/2008.
- From the Sort Bills By drop-down list, choose Discount Date.
Your screen should look like this.

Pay Bills Type a help question **Ask** **How Do I?**

Select Bills to be Paid
Show bills ☒ Due on or before 01/16/2008 ☐ Show all bills
Sort Bills By **Discount Date**

✓	Date Due	Vendor	Ref. No.	Disc. Date	Amt. Due	Disc. Used	Credits Used	Amt. To Pay
	12/31/2007	Timberloft Lumber		12/11/2007	80.50	0.00	0.00	0.00
	12/20/2007	Hopkins Constructio...			550.00	0.00	0.00	0.00
	01/10/2008	Hamlin Metal		12/21/2007	670.00	0.00	0.00	0.00
	12/23/2007	Hopkins Constructio...			150.00	0.00	0.00	0.00
	12/24/2007	Middlefield Drywall			1,200.00	0.00	0.00	0.00
	12/26/2007	Lew Plumbing			1,200.00	0.00	0.00	0.00
Totals					19,875.18	0.00	0.00	0.00

Discount & Credit Information for Highlighted Bill
Vendor: Hamlin Metal
Terms:
Number of Credits: 0
Bill Ref. No.:
Sugg. Discount: 0.00
Total Credits Available: 0.00
[Go to Bill](#) [Set Discount](#) [Set Credits](#)

Payment Account: **Checking**
Ending Balance 44,923.98

Payment Method: **Check**
☒ To be printed
☐ Assign check no.

Payment Date: 12/15/2007

[Wish you could click "Select All Bills"? Get a QuickBooks Credit Card and pay them all. \[Learn more\]\(#\)](#)

[Select All Bills](#) [Pay & Close](#) [Pay & New](#) [Clear](#)

- Click to put a checkmark next to the bill for Hamlin Metal with a due date of 1/10/2008.
QuickBooks displays the discount and credit information for Hamlin Metal.
- Click Set Discount.

QuickBooks displays the Discount and Credits window prefilled with information about Rock Castle's terms with Hamlin Metal, and the amount of the discount based on those terms (in this case, two percent of \$670.00, or \$13.40).

Discount and Credits			
Bill			
Vendor	Hamlin Metal	Amount Due	670.00
Ref. No.		Discount Used	13.40
Date	12/11/2007	Credits Used	0.00
Original Amt.	670.00	Amt. To Pay	656.60
<div> <div>Discount</div> <div>Credits</div> </div>			
Discount Date	12/21/2007		
Terms	2% 10 Net 30		
Suggested Discount	13.40		
Amount of Discount	<input type="text" value="13.40"/>		
Discount Account	<input type="text"/>		
<div> <div>Done</div> <div>Cancel</div> <div>Help</div> </div>			

- 6** From the Discount Account drop-down list, choose Construction:Discounts given to track the discount amount.
- 7** Click Done.
- 8** Click Pay & Close.

Note: You can set up QuickBooks to always use discounts and credits from vendors. If you always track discounts from vendors in the same account, you can set up a default account. From the Edit menu, choose Preferences. Click Purchases & Vendors, and then click the Company Preferences tab. Select the "Automatically use discounts and credits" checkbox and choose the account in which you want QuickBooks to track the discounts you receive from vendors.

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LESSON 9 Analyzing financial data

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Lesson objectives

- To discuss some of the tools QuickBooks gives you for analyzing financial data: QuickReports, preset reports, and graphs
- To create a QuickReport
- To add a column to a report
- To learn how to move a column in a report
- To learn about the types of preset reports QuickBooks offers
- To practice creating reports and viewing them onscreen
- To customize a report by changing how it looks and the data it covers (filtering)
- To learn how to process reports in batches
- To save reports as Portable Document Format (PDF) files
- To learn how to export a report to Microsoft Excel
- To practice filtering reports in Microsoft Excel
- To learn about the types of graphs QuickBooks offers
- To create and customize several graphs

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qblesson.qbb) on your hard disk. See “Installing the exercise file” in the Introduction to this guide if you haven’t installed it.

The following steps restore the exercise file to its original state so that the data in the file matches what you see on the screen as you proceed through each lesson.

To restore the exercise file (qblesson.qbb):

- 1** From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2** In the “Get Company Backup From” section of the window, click Browse and select your c:\QBtrain directory.
- 3** Select the qblesson.qbb file, and then click Open.
- 4** In the “Restore Company Backup To” section of the window, click Browse and select your c:\QBtrain directory.
- 5** In the File name field of the Restore To window, type **lesson 9** and then click Save.
- 6** Click Restore.

Reports and graphs help you understand your business

So far, you've been learning ways to track your data in QuickBooks. In this lesson, you'll work with two of the most valuable tools in QuickBooks: reports and graphs. Reports and graphs give you insight into your finances; they're two of the most important benefits of tracking your data in QuickBooks.

Often, people's perceptions of their business profitability don't match the facts. If you enter your data in QuickBooks, but don't take the time to analyze the data, your business decisions are based on incomplete knowledge. Reports let you summarize your financial data so you make decisions based on analysis of the numbers.

Reports give you the bottom line—you can see exactly how profitable your business is. If it's not doing as well as you'd hoped, you can create reports that show you which areas need improvement. QuickBooks has dozens of preset reports, but if you have specific reporting needs, you can customize any QuickBooks report to show exactly the data you want. And if you're interested in getting quick information, you can use a QuickReport that lets you summarize information from your lists, forms, or registers with one click of a button.

Some people find it easier to see a visual picture of their financial data. If you're interested in learning more about trends or patterns in your business data (for example, what proportion of your income comes from consulting services as compared to product sales), QuickBooks offers six types of QuickInsight graphs.

Creating QuickReports

One of the fastest ways to see a report on your QuickBooks data is to create a QuickReport. QuickReports are predesigned reports that give you information about the items you're currently viewing on screen. Whenever you have a list, a register, or a form displayed, you can click a button to have QuickBooks create a QuickReport.

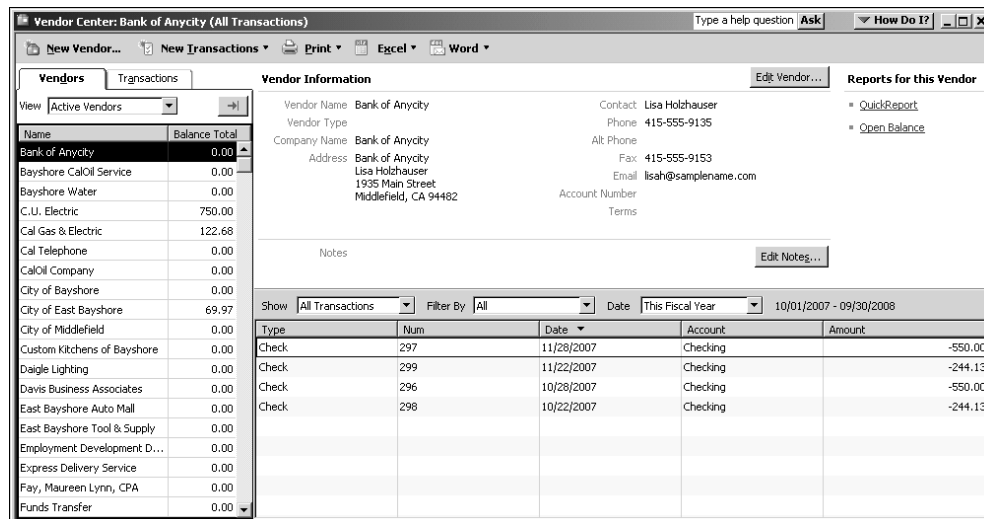
When to use a QuickReport

Suppose you're viewing the Vendor list, and you want to see a history of all transactions for a certain vendor. Select the vendor's name, click the Report menu button, and then select QuickReport. You'll see a report listing information about each bill for that vendor.

Suppose that Rock Castle Construction wants to see what it owes to Patton Hardware.

To see what you owe a vendor:

- 1 Click Vendor Center on the navigation bar.
QuickBooks displays the Vendor Center.



- 2 Select Patton Hardware Supplies.
- 3 In the Reports for this Vendor section, click the QuickReport link.

The screenshot shows the 'Vendor QuickReport' window for 'Patton Hardware Supplies'. The report is for the period 'December 1 - 15, 2007'. It displays a list of transactions with columns for Type, Date, Num, Memo, Account, Clr, Split, and Amount.

Type	Date	Num	Memo	Account	Clr	Split	Amount
Bill	12/02/2007			Accounts Payable	-SPLIT-		-13,695.00
Item Receipt	12/05/2007		Received ite...	Accounts Payable	-SPLIT-		-3,459.20
Bill Pmt -Check	12/05/2007	274	RC 93	Checking	Accounts Pa...		-5,325.00
Check	12/10/2007	279		Checking	Job Materials		-197.59
Bill	12/12/2007			Accounts Payable	Tools and Ma...		-810.00

A vendor QuickReport shows all transactions for this month to date for the selected vendor, Patton Hardware Supplies. The transactions shown can include purchase orders, item receipts, bills, bill payments, and credits received from the vendor.

Note: If you want to see only unpaid bills and unapplied credits for the selected vendor, click the Open Balance link in the Reports for this Vendor section.

Zooming in on a QuickReport

All QuickReports contain a summary of individual transactions. To help you better understand the information presented in reports, QuickBooks lets you trace report data to the individual transaction level using QuickZoom.

When you position the mouse pointer over a number in a report and you see the QuickZoom symbol (a magnifying glass with a Z in it), you can double-click the number to display the original transaction in QuickBooks.

Suppose you want more detail about the item receipt shown in the report. (You use an item receipt in QuickBooks when you want to record that you've received inventory items, but you haven't yet received a bill.)

To see more detail about an item:

- 1 Position the mouse pointer over the item receipt dated 12/05/07.
The arrow pointer turns into a magnifying glass with the letter Z (z for zoom).
- 2 Double-click the item receipt.
QuickBooks displays the Create Item Receipts window for the selected transaction.

Create Item Receipts Type a help question **Ask** **How Do I?**

Previous Next Find History

☒ Bill ☐ Credit ☐ Bill Received

Vendor: **Patton Hardware Supplies** Date: 12/05/2007

Item Receipt Only Ref. No. Total: 3,459.20

Memo: Received items (bill to follow)

Expenses		Items					
Item	Description	Q..	Cost	Amount	Customer:...	PO No.	
Cabinets:Cabin...	Cabinet Pulls	50	1.75	87.50		34	
Cabinets:Light ...	Light pine kitchen cabinet wall unit #CLD- 1235-p	2	1,500.00	3,000.00		34	
Hardware:Door...	Doorknobs Part # DK 3704	6	27.00	162.00		34	

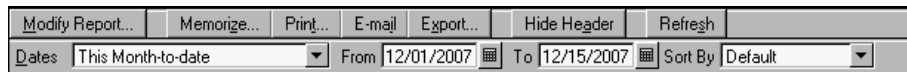
Select PO Clear Qtys Show PO Time

Clear Splits Recalculate Save & Close **Save & New** Revert

- 3 Click **Save & Close** to close the window.
QuickBooks returns you to the QuickReport.

Customizing QuickReports

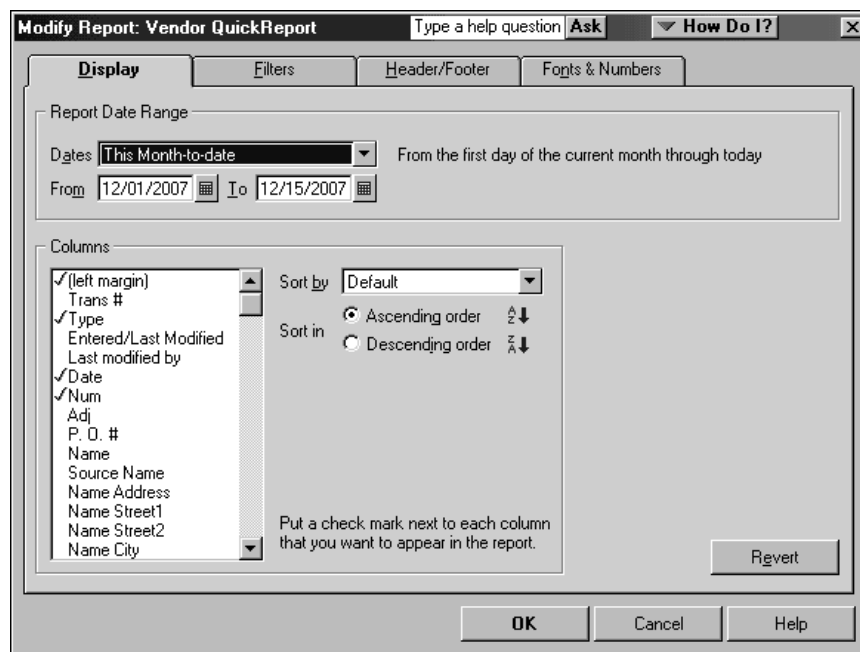
Each QuickReport window has a buttonbar at the top of the report for customizing report content and layout.



In this exercise, you'll customize the QuickReport you just created to display transaction numbers in the report.

To add a column to a report:

- 1 In the QuickReport window, click Modify Report.
QuickBooks displays the Modify Report window.



Use the Display tab of the Modify Report window to select the columns to include in the report and the date range of the report.

- 2 In the Columns list, select Trans #.
QuickBooks displays a checkmark next to Trans # to indicate that it's selected.

- 3 Click OK to accept the change.
QuickBooks displays the customized vendor QuickReport.

Trans #	Type	Date	Num	Memo	Account	Clr	Split	Amount
613	Bill	12/02/2007			Accounts Payable		-SPLIT-	-13,695.00
266	Item Receipt	12/05/2007		Received ite...	Accounts Payable		-SPLIT-	-3,459.20
617	Bill Pmt -Check	12/05/2007	274	RC 93	Checking		Accounts Payable	-5,325.00
268	Check	12/10/2007	279		Checking		Job Materials	-197.59
290	Bill	12/12/2007			Accounts Payable		Tools and Machinery	-810.00

Notice that the item receipt from Patton Hardware Supplies is now listed as Transaction #266.

Next, you'll move the Trans # column to a new position in the report.

To move a report column:

- 1 Position your mouse pointer over the Trans # column that you added to the QuickReport.
The mouse pointer changes shape to look like a hand.
- 2 Hold down the left mouse button and drag the Trans # column to the right until you see an arrow between the Date Column and the Num column.
- 3 Release the mouse button.

QuickBooks places the Trans # column between the Date column and the Num column.

Type	Date	Trans #	Num	Memo	Account	Clr	Split	Amount
Bill	12/02/2007	613			Accounts Payable		-SPLIT-	-13,695.00
Item Receipt	12/05/2007	266		Received ite...	Accounts Payable		-SPLIT-	-3,459.20
Bill Pmt -Check	12/05/2007	617	274	RC 93	Checking		Accounts Payable	-5,325.00
Check	12/10/2007	268	279		Checking		Job Materials	-197.59
Bill	12/12/2007	290			Accounts Payable		Tools and Machinery	-810.00

Next, you'll use the QuickReport buttonbar to customize the report header.

To change information in the report heading:

- 1 In the QuickReport window, click Modify Report, and then click the Header/Footer tab.

The screenshot shows the 'Modify Report: Vendor QuickReport' dialog box with the 'Header/Footer' tab selected. The 'Show Header Information' section has checkboxes for 'Company Name', 'Report Title', 'Subtitle', 'Date Prepared', 'Time Prepared', and 'Print header on pages after first page'. The 'Show Footer Information' section has checkboxes for 'Page Number', 'Extra Footer Line', and 'Print footer on first page'. The 'Page Layout' section shows 'Alignment' set to 'Standard' and a preview of the report header and footer. The 'Revert' button is at the bottom right of the dialog box.

On the Header/Footer tab, you can change the company name, report title, subtitle, and date and time prepared. You can also specify whether to print the header on all pages or on just the first page. The Header/Footer tab is the same for all QuickBooks reports.

Use this window to change the report title from Vendor QuickReport to Vendor History Report.

- 2 In the Report Title field, highlight the text for “Vendor QuickReport,” and type **Vendor History Report** to replace the title.
- 3 Click OK to close the Modify Report window.

QuickBooks changes the title of the report and displays the new report.

The screenshot shows the 'Vendor QuickReport' window with the 'Vendor History Report' displayed. The report is for Rock Castle Construction, dated December 1 - 15, 2007. The report shows a list of transactions with columns for Type, Date, Trans #, Num, Memo, Account, Clr, Split, and Amount.

Type	Date	Trans #	Num	Memo	Account	Clr	Split	Amount
Patton Hardware Supplies								
Bill	12/02/2007	613			Accounts Payable		-SPLIT-	-13,695.00
Item Receipt	12/05/2007	266		Received ite...	Accounts Payable		-SPLIT-	-3,459.20
Bill Print -Check	12/05/2007	617	274	RC 93	Checking		Accounts Payable	-5,325.00
Check	12/10/2007	268	279		Checking		Job Materials	-197.59
Bill	12/12/2007	290			Accounts Payable		Tools and Machinery	-810.00

- 4 Close the QuickReport window.
- 5 Close the Vendor Center.

Creating and customizing preset reports

In addition to QuickReports, QuickBooks has dozens of preset report formats. You can create profit and loss reports, balance sheet reports, accounts receivable reports, sales reports, accounts payable reports, inventory reports, and many other types of reports.

The Reports Center categorizes the preset reports into 12 major categories:

Company & Financial reports include the following:

- Profit and loss reports give you a global view of your company's income, expenses, and net profit or loss over a specific period of time.
- Balance sheet reports show the financial position of your business by listing assets, liabilities, and equity.
- Statement of cash flows reports show the net change in your cash during a period of time.

Customers & Receivables (accounts receivable) reports give you information about the receivables side of your business: which invoices are due (or overdue), how much each customer owes your company, and so on.

Sales reports give you information about what you have sold and to whom.

Jobs, Time & Mileage reports give information about how well your company is doing at estimating jobs, how much time is spent on each job, and the mileage expenses for each vehicle or job.

Vendors & Payables (accounts payable) reports give you information about the payables side of your business, including which bills are due, your sales tax liability, and your current balance with each vendor.

Purchases reports give you information about your purchases.

Inventory reports give you information about status (such as the quantities you have on hand or on order) and the value of your inventory.

Employees & Payroll reports summarize the information you need to pay your current payroll liabilities and fill out your tax forms. QuickBooks has these payroll reports: summary, employee earnings, liabilities, item detail, transaction detail, and transactions by payee.

Banking reports include check detail, deposit detail, missing check reports, and reconciliation reports.

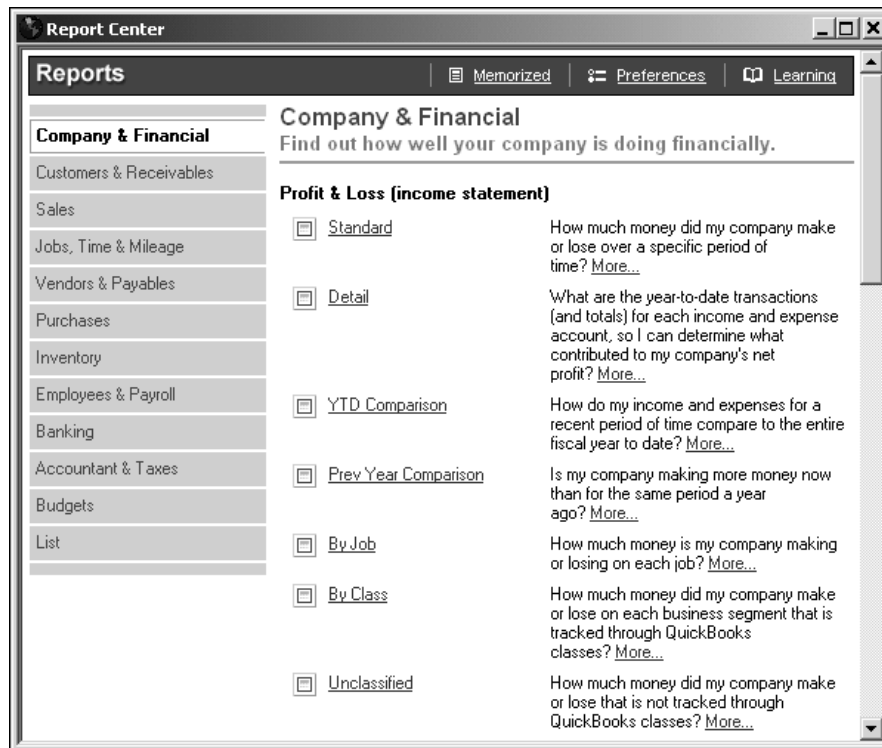
Accountant & Taxes reports include income tax summary, income tax detail, general ledger, trial balance, journal, transaction journal, and audit trail reports.

Budget reports show how your income and expenses compare to the budgets you've set up.

List reports let you report on any information stored in a QuickBooks list.

Using the Report Center

A good way to learn about the reports available in QuickBooks—and how to work with them—is the Report Center, which is available by clicking Report Center on the navigation bar.



The Report Center contains a description and example of each QuickBooks report. The “Learning” link in the center takes you to a window in which you can launch a video tutorial that provides an overview of QuickBooks reports as well as links to several help topics about working with reports.

Creating a balance sheet comparison report

The balance sheet comparison report compares the current year against the previous year in both dollar amount and percentage.

To create a balance sheet comparison report for Rock Castle Construction:

- 1 In the Report Center, choose Company & Financial. Then choose Balance Sheet Prev Year Comparison.

The report on your screen should resemble the following figure.

Balance Sheet Prev Year Comparison

Rock Castle Construction

As of December 15, 2007

	Dec 15, 07	Dec 15, 06	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
Checking	46,548.98	8,070.83	38,478.15	476.8%
Savings	14,368.42	29,500.00	-15,131.58	-51.3%
Total Checking/Savings	60,917.40	37,570.83	23,346.57	62.1%
Accounts Receivable				
Accounts Receivable	62,041.94	1,516.05	60,525.89	3,992.3%
Total Accounts Receivable	62,041.94	1,516.05	60,525.89	3,992.3%
Other Current Assets				
Tools & Equipment	5,000.00	5,000.00	0.00	0.0%
Inventory Asset	27,042.93	-468.90	27,511.83	5,867.3%
Retainage	2,461.80	0.00	2,461.80	100.0%
Undeposited Funds	2,124.00	20,252.08	-18,128.08	-89.5%
Total Other Current Assets	36,628.73	24,783.18	11,845.55	47.8%

- 2 Scroll the report window to see more of the report.

Notice that the buttonbar at the top of the report is the same buttonbar you saw in the QuickReport window, with the addition of a Collapse button.

- 3 Click the Collapse button to see the difference.

The Collapse button hides subaccounts, jobs, and subclasses. Amounts are summarized under the main heading. This button affects both the onscreen and printed report.

- 4 Click Expand to return to the original report display.

- 5 Keep the report displayed on your screen. You'll use it in the next exercise.

Filtering reports

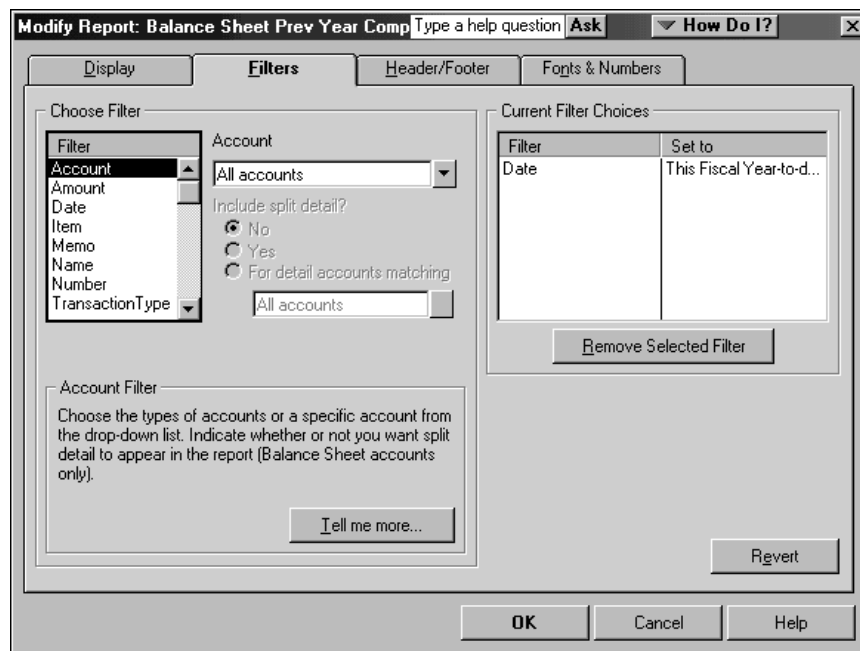
You can customize preset reports the same way you customize QuickReports. In this exercise you'll customize the balance sheet comparison report and *filter* it to include only the transactions you specify.

Report filters let you set custom criteria for the transactions you want included in a report. When you filter a report, QuickBooks includes only those transactions that match the rules you create.

To filter a preset report:

- 1 With the balance sheet comparison report displayed, click Modify Report on the report buttonbar, and then click the Filters tab.

QuickBooks displays the Filters tab of the Modify Report window.



Suppose you want to see only the asset accounts on the comparison balance sheet. You can filter the report by account.

- 2 In the Filter scroll box, make sure Account is selected.
Notice that QuickBooks provides a description of the selected filter below the list of filters. If you need more information about how applying a particular filter will affect the report, click Tell me more.
- 3 In the Account field, choose All assets from the drop-down list.

Selecting a filter

Some filters represent more than one thing. This may be confusing if you've never used report filters in QuickBooks before. Here are some tips on what to filter for:

- Use "Item" to filter for any kind of line item that appears on a purchase order or sales form. These include goods and services, discounts, and sales tax.
- Use "Name" to filter for customers, jobs, vendors, employees, or any name on the Other Names list.
- Use "Transaction type" to filter for any type of transaction, including invoices, cash sales, statement charges, payments from customers, bank deposits, purchase orders, item receipts, bills, bill payments, credit card charges, checks, paychecks, and general journal entries.

4 Click OK.

QuickBooks displays the customized balance sheet comparison report.

Rock Castle Construction				
Balance Sheet Prev Year Comparison				
As of December 15, 2007				
	Dec 15, 07	Dec 15, 06	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
Checking	46,548.98	8,070.83	38,478.15	476.8%
Savings	14,368.42	29,500.00	-15,131.58	-51.3%
Total Checking/Savings	60,917.40	37,570.83	23,346.57	62.1%
Accounts Receivable				
Accounts Receivable	62,041.94	1,516.05	60,525.89	3,992.3%
Total Accounts Receivable	62,041.94	1,516.05	60,525.89	3,992.3%
Other Current Assets				
Tools & Equipment	5,000.00	5,000.00	0.00	0.0%
Inventory Asset	27,042.93	-468.90	27,511.83	5,867.3%
Retainage	2,461.80	0.00	2,461.80	100.0%
Undeposited Funds	2,124.00	20,252.08	-18,128.08	-89.5%
Total Other Current Assets	36,628.73	24,783.18	11,845.55	47.8%
Total Current Assets	159,588.07	63,870.06	95,718.01	149.9%

If you scroll to the bottom of the report, you'll see that QuickBooks removed the liability and other accounts from the report.

To keep a record of the information in the report as it exists today, you can save the report in Portable Document Format (PDF).

To save a report as a PDF file:

- 1 With the report open, choose "Save as PDF" from the File menu.
- 2 Navigate to the folder in which you want to store the file, and enter a filename.
- 3 Click Save.

- 4 Close the report window.
- 5 Click No when QuickBooks asks if you want to add this report to the Memorized Report list.

Creating and customizing a sales report

In this exercise, you'll create a QuickBooks sales report, which you will then customize by changing the date range it covers.

To create a sales report:

- 1 From the Reports menu, choose Sales, and then choose Sales By Customer Summary from the submenu.

QuickBooks displays the sales by customer summary report.

Rock Castle Construction		Sales by Customer Summary	
December 1 - 15, 2007		Dec 1 - 15, 07	
Abercrombie, Kristy			
Remodel Bathroom		4,522.00	
Total Abercrombie, Kristy			4,522.00
Baker, Chris			
Family Room		1,040.00	
Total Baker, Chris			1,040.00
Cook, Brian			
Kitchen			
Change Order #1	4,175.50		
Kitchen - Other	1,528.45		
Total Kitchen		5,703.95	
Total Cook, Brian			5,703.95
Cuddihy, Matthew			120.00
Duncan, Dave			
Utility Shed		1,600.00	
Total Duncan, Dave			1,600.00

The Dates field in the report buttonbar shows that the report covers “This Month-to-date.” Customize the report so you can see sales figures from January 2007.

To customize a report:

- 1 In the Dates field, select Custom from the drop-down list.
- 2 In the From field, enter 01/01/2007.
- 3 In the To field, enter 01/31/2007 and press Tab.

QuickBooks updates the report and displays the new data.

Rock Castle Construction	
Sales by Customer Summary	
January 2007	
	Jan 07
Balak, Mike	
Utility Shed	1,999.00
Total Balak, Mike	1,999.00
Barley, Renee	
Repairs	400.00
Total Barley, Renee	400.00
Bristol, Sonya	
Repairs	93.84
Total Bristol, Sonya	93.84
Rice, Linda	
Repairs	1,830.00
Total Rice, Linda	1,830.00
Yoo, Young-Kyu	
Repairs	210.00
Total Yoo, Young-Kyu	210.00
TOTAL	<u>4,532.84</u>

- 4 From the Dates field, choose All from the drop-down list.

Using QuickZoom in a preset report

As with all QuickBooks reports, you can QuickZoom any item in the report to see more detail.

To QuickZoom on a report item:

- 1 Position the mouse pointer over the \$11,105.00—the amount for Anton Teschner's sun room.

The arrow pointer turns into a magnifying glass with a Z in it.

2 Double-click \$11,105.00.

QuickBooks displays a QuickZoom report showing sales by customer detail.

9:31 AM 12/15/07

Sales by Customer Detail

Accrual Basis

Rock Castle Construction

Sales by Customer Detail

All Transactions

Type	Date	Num	Memo	Name	Item	Qty	Sales Price	Amount	Balance
Teschner, Anton									
Sun Room									
Invoice	10/05/2007	40	Removal lab...	Teschner, Anton:S...	Removal	56	35.00	1,960.00	1,960.00
Invoice	11/28/2007	60	Window	Teschner, Anton:S...	Window	4	150.00	600.00	2,560.00
Invoice	11/28/2007	60	Doors	Teschner, Anton:S...	Wood Door	1	1,950.00	1,950.00	4,510.00
Invoice	11/28/2007	60	Locking inter...	Teschner, Anton:S...	Hardwar...	1	45.00	45.00	4,555.00
Invoice	11/28/2007	60	Rough lumber	Teschner, Anton:S...	Lumber:R...	1	1,400.00	1,400.00	5,955.00
Invoice	11/28/2007	60	Trim lumber	Teschner, Anton:S...	Lumber:T...	1	275.00	275.00	6,230.00
Invoice	11/28/2007	60	Decking lumb...	Teschner, Anton:S...	Lumber:D...	1	710.00	710.00	6,940.00
Invoice	11/28/2007	60	Removal labor	Teschner, Anton:S...	Removal	12	45.00	540.00	7,480.00
Invoice	11/28/2007	60	Framing labor	Teschner, Anton:S...	Framing	40	60.00	2,400.00	9,880.00
Invoice	12/11/2007	70	Check return...	Teschner, Anton:S...	Bad Check	1	1,200.00	1,200.00	11,080.00
Invoice	12/11/2007	70	Service cha...	Teschner, Anton:S...	Bad Chk ...	1	25.00	25.00	11,105.00
Total Sun Room								11,105.00	11,105.00
Total Teschner, Anton								11,105.00	11,105.00
TOTAL								11,105.00	11,105.00

To QuickZoom further to display the original invoice for a transaction:

- 1 Position the mouse pointer over the first item on the report (invoice #40 dated 10/05/2007 for Removal labor).
- 2 Double-click anywhere in the first line.

QuickBooks displays Invoice #40 for Anton Teschner's sun room.

Create Invoices Type a help question **Ask** **How Do I?**

Previous Next [Icons] Spelling History Time/Costs...

Customer: Job
Teschner, Anton: Sun Room

Template Customize
Custom Invoice

Invoice DATE 10/05/2007 INVOICE # 40

BILL TO
Anton Teschner
2424 Lisa Lane
Bayshore, CA 94326

PAID

P.O. NO.	TERMS	DUE DATE	CONTRACT #
	Net 15	10/20/2007	1197-03-LFAV

ITEM	QUANTITY	DESCRIPTION	RATE	AMOUNT	Tax
Removal	56	Removal labor, removed shed and graded area for sun room addition	35.00	1,960.00	Non

Customer Message: Thank you for your business. Tax: San Tomas (7.75%) 0.00

Total 1,960.00

☐ To be printed ☐ To be e-mailed Customer Tax Code Tax Apply Credits Payments Applied 1,960.00 Balance Due 0.00

Memo

Let QuickBooks help you get your Invoice paid online by credit card. Save & Close Save & New Revert

Notice that QuickBooks puts a paid stamp on invoices for which payment has been received in full.

- 3** From the Window menu, choose Close All.
- 4** Click No when QuickBooks asks if you want to memorize the report.
- 5** Click Home in the navigation bar to display the Home page.

What you see when you QuickZoom in a report depends on the type of report displayed:

- If the report shows summary figures (like the sales by customer summary report we just displayed) and you QuickZoom an amount, QuickBooks displays a transaction report that includes the transactions which contribute to that amount.
- If the report shows transactions and you QuickZoom a transaction, QuickBooks displays the invoice, bill, or other form for the requested transaction.

Saving report settings

After you have customized a report to provide the information you need, you can have QuickBooks *memorize* the settings so you can quickly produce the same report in the future. (QuickBooks memorizes a report's settings, not the actual data.)

Note: If you use one of the QuickBooks: Premier products, you can export the settings for memorized reports as report templates. A report template lets you specify all of a report's settings in advance—for example, report date, format, and filters. Report templates can be imported into other QuickBooks data files and then accessed from the Memorized Report list.

Creating memorized report groups

In addition to saving report settings, you can create memorized report groups that you can use to organize your memorized reports in a way that makes sense for your business and to allow you to quickly process a group of reports at once.

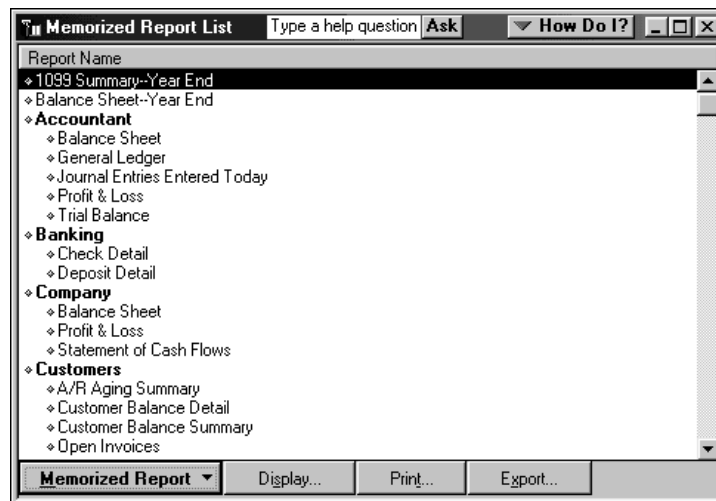
QuickBooks comes preset with a number of memorized report groups each containing common reports for each area. You can add your own reports to these groups, modify the groups to meet your needs, and even create your own groups.

In this exercise, you'll create a memorized group called "Year End" to which you will add some memorized reports. Later, you learn how you can batch process memorized reports.

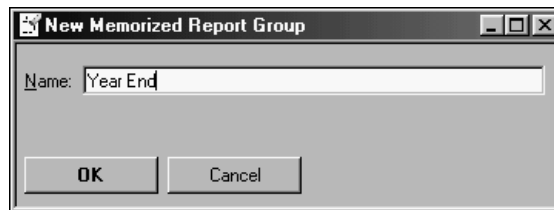
To create a memorize report group:

- 1 Choose Memorized Reports from the Reports menu, and then choose Memorized Report List.

QuickBooks opens the Memorized Report list.



- 2 In the Memorized Report list, click the Memorized Report menu button, and choose New Group.
- 3 In the Name field of the New Memorized Report Group window, type **Year End**. Your window should look like this.



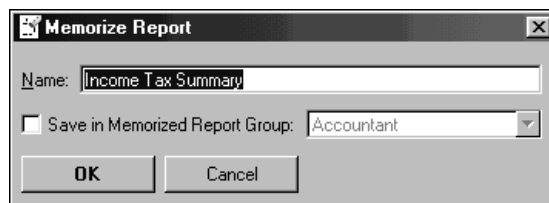
- 4 Click OK.
QuickBooks adds the new group to the Memorized Report list.

Memorizing preset reports

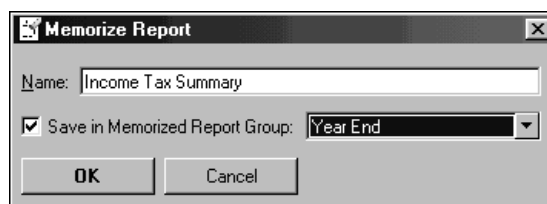
Now, you'll memorize a report and add it to the memorized report group you just created.

To memorize a report:

- 1 From the Reports menu, choose Accountant & Taxes, and then choose Income Tax Summary.
- 2 On the report buttonbar, click Memorize.
QuickBooks displays the Memorize Report window.



- 3 Leave the name of the report as is.
- 4 Click the "Save in Memorized Report Group" checkbox to select it, and then choose Year End from the drop-down list.
Your window should look like this.



- 5 Click OK to memorize the report and add it to the Year End memorized report group.
- 6 Close the income tax summary report.

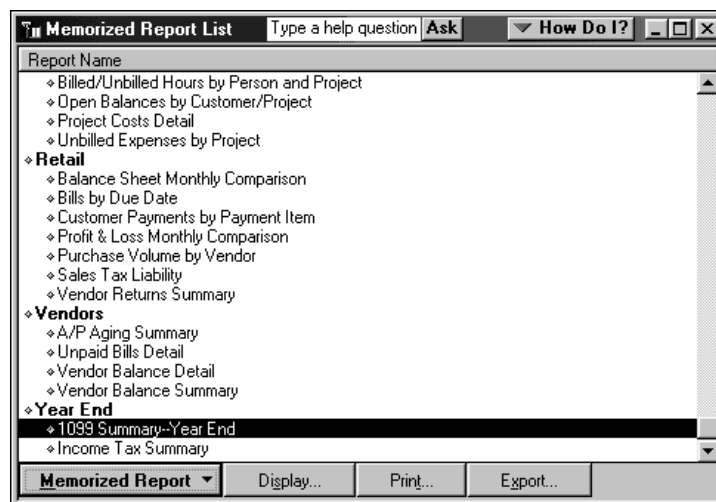
Adding reports to memorized report groups

Now, you'll add two previously memorized reports to the Year End group.

To add memorized reports to a memorized report group:

- 1 In the Memorized Report List window, select the report called "1099 Summary--Year End."
- 2 Click the Memorized Report menu button, and then choose Edit Memorized Report.
QuickBooks opens the Edit Memorized Report window.
- 3 Leave the report name as is.
- 4 Click the "Save in Memorized Report Group" checkbox to select it, and then choose Year End from the drop-down list.
- 5 Click OK.

QuickBooks moves the 1099 Summary report to the Year End memorized report group.



- 6 In the Memorized Report List window, select the report called "Balance Sheet--Year End."
- 7 Click the Memorized Report menu button, and then choose Edit Memorized Report.
- 8 Leave the report name as is.
- 9 Click the "Save in Memorized Report Group" checkbox to select it, and then choose Year End from the drop-down list.
- 10 Click OK.

Once a report is memorized, you can easily display it from the QuickBooks Memorized Report list.

To display a memorized report:

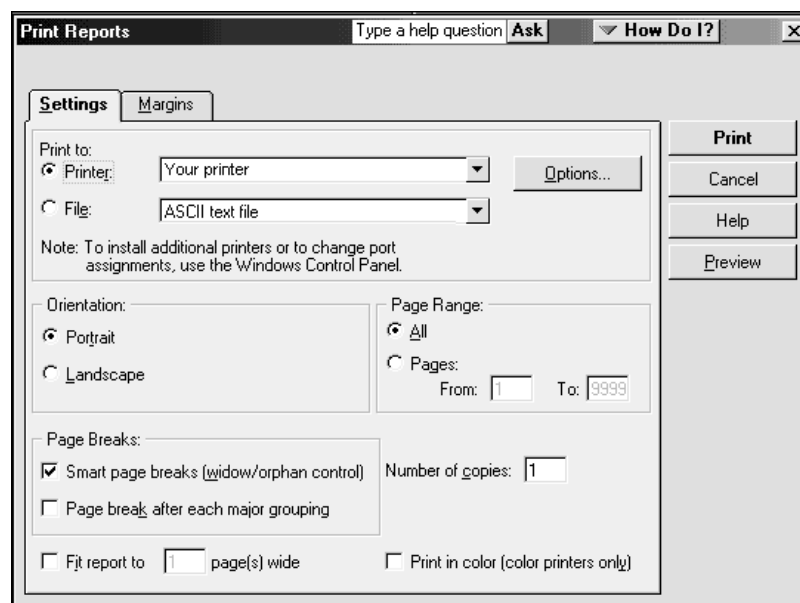
- 1 In the Memorized Report list, select “Balance Sheet--Year End.”
- 2 Click Display.
QuickBooks displays the report.
- 3 Leave the report open.

Printing reports

Any time you have a report displayed in the report window, you can print it by clicking the Print button in the report buttonbar.

To print a report:

- 1 With the balance sheet summary report displayed, click Print.
QuickBooks displays the Print Reports window.



In the Print Reports window you can select the print orientation and tell QuickBooks where you would like the pages to break in multi-page reports.

- 2 Click Preview to see how the report will look when you print it.
QuickBooks displays a preview of your report onscreen.
- 3 Click Close to close the Print Preview window.
- 4 Close the Print Reports window, and then close the report.

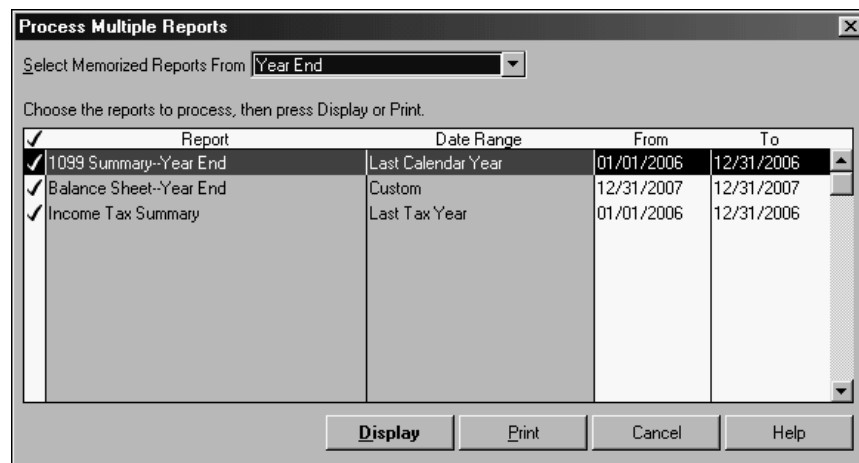
Processing reports in groups

Organizing your memorized reports in groups makes it fast and easy to process several reports at once. Now, you'll process the reports you added to the Year End report group you created in the previous exercise.

To batch process reports:

- 1 In the Memorized Report list, select Year End.
- 2 Click Display.

QuickBooks opens the Process Multiple Reports window. You can use this window to display or print the selected reports. You can also change the date range for reports in this window before you display or print them by clicking in the From or To columns.



- 3 Leave all three reports selected and click Display.
QuickBooks opens the three reports in the Year End group.
- 4 From the Window menu, choose Close All.

Exporting reports to Microsoft Excel

Occasionally, you may want to change a report's appearance or contents in ways that aren't available in QuickBooks, filter report data in ways that you can't in QuickBooks, or run "what-if" scenarios on your QuickBooks data.

You can send reports from QuickBooks to Microsoft Excel. Since the changes you make in Excel don't affect your QuickBooks data, you're free to customize reports as needed, and even change data to run what-if scenarios.

Note: To proceed with this exercise, you need Microsoft Excel 2000, 2002, or 2003. If you don't have Excel, proceed to "Creating QuickInsight graphs" on page 224.

Sending a report to Microsoft Excel

When exporting a report to Microsoft Excel, you indicate whether or not you want to preserve the formatting from your QuickBooks report. You also have the option of turning on or off several Excel features from within QuickBooks.

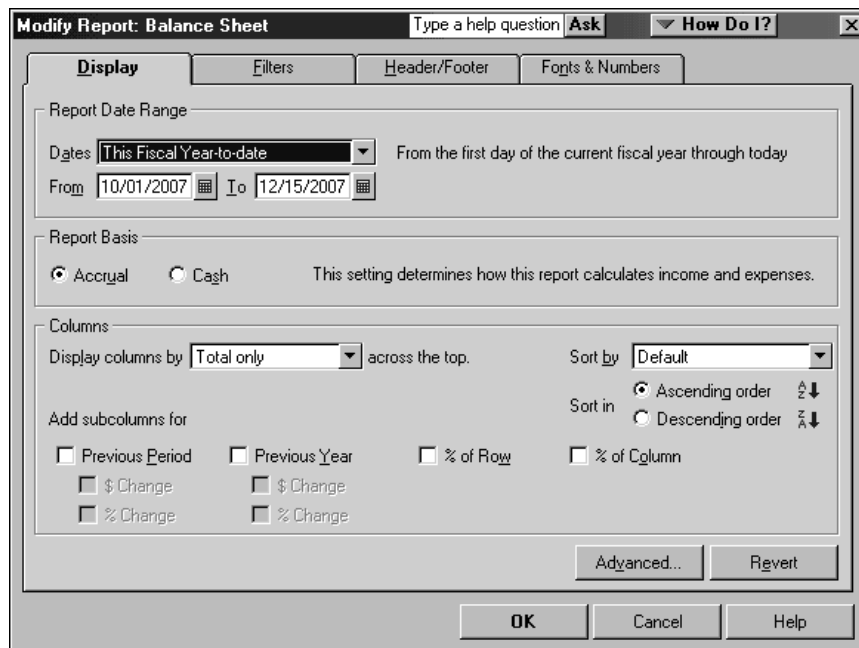
By default, QuickBooks preserves the look of your report when exporting to Microsoft Excel, and turns on the following Excel features:

- **AutoFit** sets column widths in Excel wide enough to display your data without cutting off words or numbers.
- **Freeze panes** allows you to scroll through data while keeping the row and column headers in view.
- **Show Gridlines** turns on gridlines in Excel.

In this exercise, you learn how to select which QuickBooks report formatting options you want to preserve in Excel, and how to turn on and off certain Excel features from within QuickBooks.

To send a report to Microsoft Excel:

- 1 From the Reports menu, choose Company & Financial, and then choose Balance Sheet Standard.
- 2 On the Report buttonbar, click Modify Report.
QuickBooks displays the Modify report window.



- 3 In the “Add subcolumns for” area, click the Previous Period checkbox, and then click the \$ Change and % Change checkboxes.

Your screen should resemble the following.

Modify Report: Balance Sheet Type a help question **Ask** **How Do I?**

Display Filters Header/Footer Fonts & Numbers

Report Date Range

Dates: This Fiscal Year-to-date From the first day of the current fiscal year through today

From: 10/01/2007 To: 12/15/2007

Report Basis

☒ Accrual ☐ Cash This setting determines how this report calculates income and expenses.

Columns

Display columns by: Total only across the top. Sort by: Default

Sort in: ☒ Ascending order ☐ Descending order

Add subcolumns for

☒ Previous Period ☐ Previous Year ☐ % of Row ☐ % of Column

☒ \$ Change ☐ \$ Change

☒ % Change ☐ % Change

Advanced... Revert

OK Cancel Help

4 Click OK.

Your balance sheet should now look like this.

Balance Sheet Type a help question **Ask** **How Do I?**

Modify Report... Memorize... Print... E-mail... Export... Hide Header Collapse Refresh

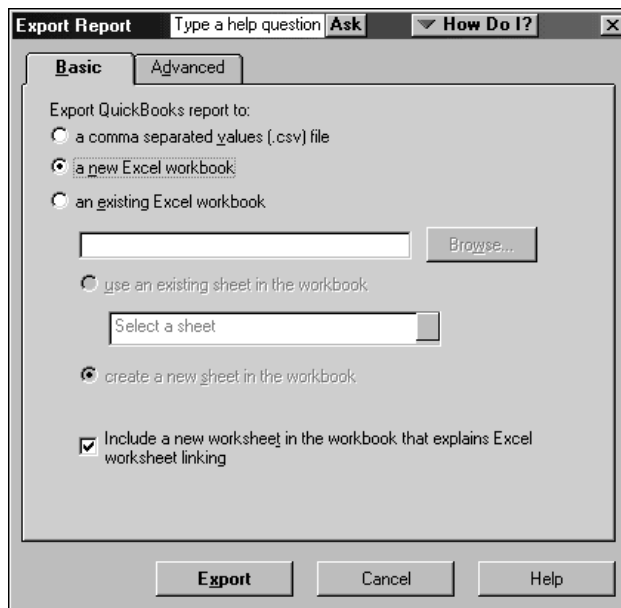
Dates: This Fiscal Year-to-date As of: 12/15/2007 Columns: Total only Sort By: Default

9:57 AM
12/15/07
Accrual Basis

Rock Castle Construction
Balance Sheet
As of December 15, 2007

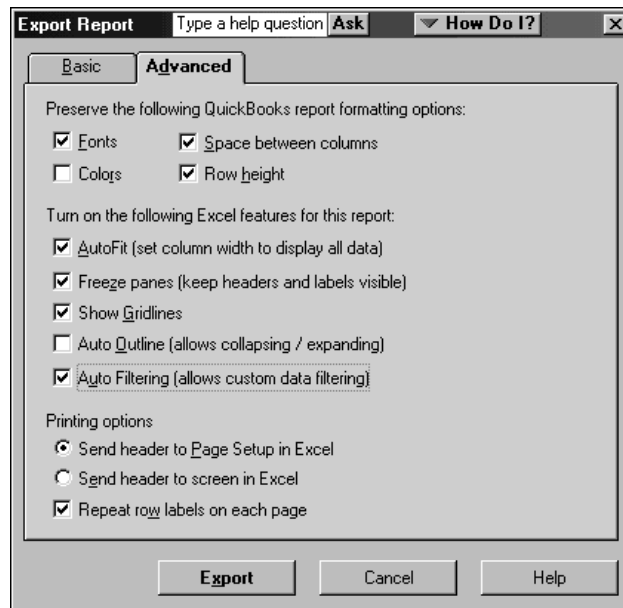
	Dec 15, 07	Sep 30, 07	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
Checking	46,548.98	7,990.28	38,558.70	482.6%
Savings	14,368.42	29,500.00	-15,131.58	-51.3%
Total Checking/Savings	60,917.40	37,490.28	23,427.12	62.5%
Accounts Receivable				
Accounts Receivable	62,041.94	31,668.26	30,373.68	95.9%
Total Accounts Receivable	62,041.94	31,668.26	30,373.68	95.9%
Other Current Assets				
Tools & Equipment	5,000.00	5,000.00	0.00	0.0%
Inventory Asset	27,042.93	4,391.88	22,651.05	515.8%
Retainage	2,461.80	0.00	2,461.80	100.0%
Undeposited Funds	2,124.00	34,197.88	-32,073.88	-93.8%
Total Other Current Assets	36,628.73	43,589.76	-6,961.03	-16.0%
Total Current Assets	159,588.07	112,748.30	46,839.77	41.5%

- 5 On the Report buttonbar, click Export.
QuickBooks displays the Export Report window.



- 6 On the Basic tab, make sure that “a new Excel workbook” is selected.
If desired, you can also send the report to a new sheet in an existing Excel workbook, or to a comma separated value (.csv) file.
- 7 Click the Advanced tab.
- 8 Under Formatting options, click the Colors checkbox to clear it.
The title font will remain blue in QuickBooks, but display in black in Excel.

- 9 Under Excel features, select the Auto Filtering checkbox.
Your screen should now resemble the following.



- 10 Click Export.

QuickBooks starts Excel (if it's not running already) and sends the report to a new spreadsheet.

	Dec 15, 07	Sep 30, 07	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
Checking	46,548.98	7,990.28	38,558.70	482.57%
Savings	14,368.42	29,500.00	-15,131.58	-51.29%
Total Checking/Savings	60,917.40	37,490.28	23,427.12	62.49%
Accounts Receivable				
Accounts Receivable	62,041.94	31,668.26	30,373.68	95.91%
Total Accounts Receivable	62,041.94	31,668.26	30,373.68	95.91%
Other Current Assets				
Tools & Equipment	5,000.00	5,000.00	0.00	0.0%
Inventory Asset	27,042.93	4,391.88	22,651.05	515.75%
Retainage	2,461.80	0.00	2,461.80	100.0%
Undeposited Funds	2,124.00	34,197.88	-32,073.88	-93.79%
Total Other Current Assets	36,628.73	43,589.76	-6,961.03	-15.97%
Total Current Assets	159,588.07	112,748.30	46,839.77	41.54%
Fixed Assets				
Trucks				
Original Cost	33,852.91	33,852.91	0.00	0.0%
Depreciation	-9,000.00	-9,000.00	0.00	0.0%
Total Trucks	24,852.91	24,852.91	0.00	0.0%
Total Fixed Assets	24,852.91	24,852.91	0.00	0.0%

- 11 Leave the report open in Excel; you'll use it in the next exercise.

If you wanted to save the report, you would choose Save from the Excel File menu.

Filtering a report in Microsoft Excel

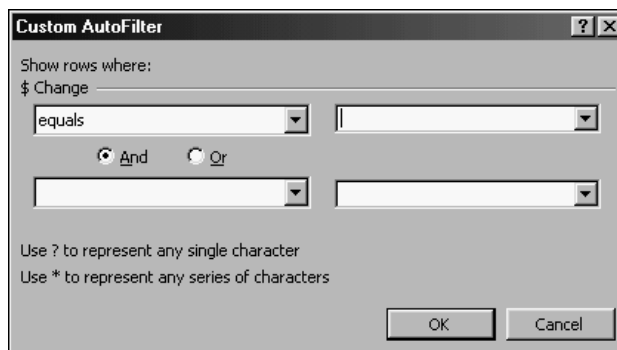
Within Microsoft Excel, you can filter on any column of data using a drop-down list at the top of the column. Using the drop-down list, you can apply a number of preset filters or create your own custom filter.

To find out if any of Rock Castle Construction's account balances have decreased since the previous period, you'll filter the balance sheet report you just created.

To filter a report in Microsoft Excel:

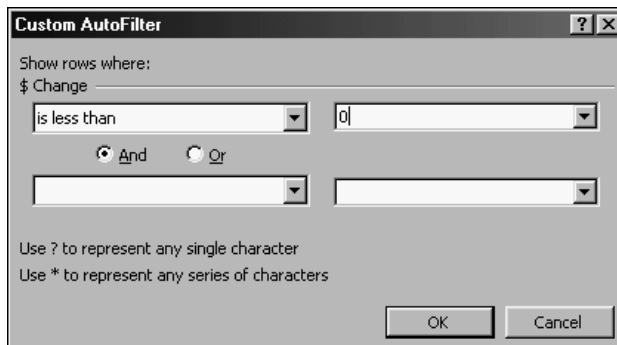
- 1 In the Excel window, click the down arrow in the \$ Change column of the balance sheet report, and choose (Custom...) from the drop-down list.

Excel displays the following window.



- 2 In the \$ Change field, choose "is less than" from the drop-down list.
- 3 In the field to the right, type 0.

Your screen should resemble the following.



4 Click OK.

Excel filters the \$ Change column for negative amounts and displays the results.

	A	B	C	D	E	F	G	H	I	J	K	L	M
							Dec 15, 07	Sep 30, 07	\$ Change	% Change			
7						Savings	14,368.42	29,500.00	-15,131.58	-51.29%			
16						Undeposited Funds	2,124.00	34,197.88	-32,073.88	-93.79%			
17						Total Other Current Assets	36,628.73	43,589.76	-6,961.03	-15.97%			
26						Pre-paid Insurance	1,041.85	3,364.51	-2,322.66	-69.03%			
27						Total Other Assets	1,041.85	3,364.51	-2,322.66	-69.03%			
43						Payroll Liabilities	3,302.06	3,781.99	-479.93	-12.69%			
48						Bank of Anycity Loan	19,932.65	20,801.07	-868.42	-4.18%			
50						Note Payable	3,440.83	20,500.00	-17,059.17	-83.22%			
51						Truck Loan	5,662.38	7,149.32	-1,486.94	-20.8%			
52						Total Long Term Liabilities	32,947.18	48,450.39	-15,503.21	-32.0%			
55						Opening Bal Equity	-21,321.18	-11,937.68	-9,383.50	78.6%			
58						Owner's Draw	-6,000.00	0.00	-6,000.00	-100.0%			
59						Total Owner's Equity	19,000.00	25,000.00	-6,000.00	-24.0%			
61						Net Income	38,013.44	76,530.28	-38,516.84	-50.33%			

5 Close Excel without saving the report.

6 Close the balance sheet report in QuickBooks.

7 Choose No when QuickBooks displays a message asking if you want to memorize the report.

Creating QuickInsight graphs

A report gives you numbers that are essential if you want to stay on top of your business finances. But when you want a visual picture to plan current or future business decisions, a graph is another invaluable tool.

A QuickInsight graph shows your data pictured as either a bar graph or a pie chart. The bar graphs and pie charts are simply different views of the same company financial information.

QuickBooks has six types of graphs, providing up to 15 different views of your data:

- **Income and Expenses graphs** show your income and expenses for the period you specify.
- **Sales graphs** show your company's sales income for the period you specify.
- **Accounts Receivable graphs** show how much your customers owe.
- **Accounts Payable graphs** show how much you currently owe your vendors.
- **Net Worth graphs** show changes in your company's net worth.
- **Budget vs. Actual graphs** let you see the variance between your budgeted amounts and the actual amount you earned or spent.

To create a QuickInsight graph, select the type of graph you want from a report submenu.

Creating an Income and Expense graph

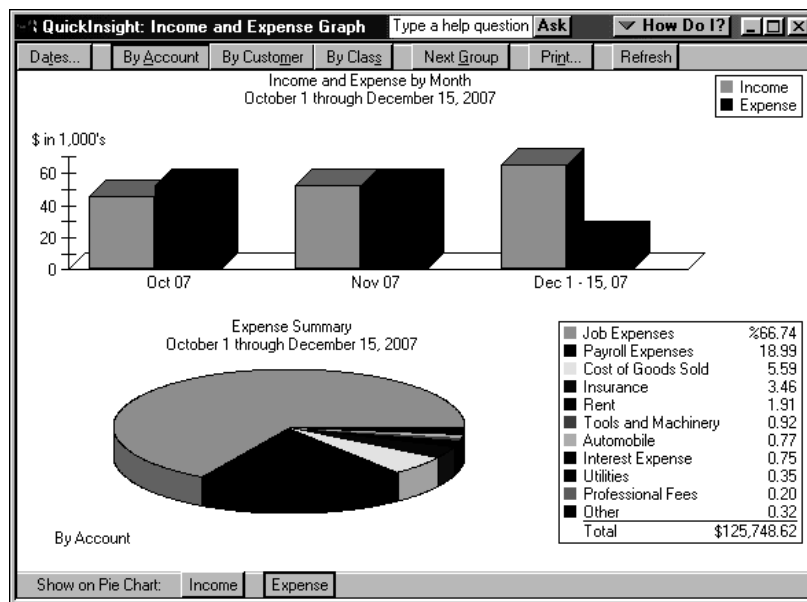
If you want your business to be profitable, you need to keep an eye on your expenses. The income and expense graph shows you exactly what you're spending and where.

You should be especially concerned with the proportion you're spending relative to the income you receive. As a simplistic example, if you're earning only \$20,000 in income, you don't want to spend \$30,000 in expenses.

To create an income and expense graph:

- 1 From the Reports menu, choose Company & Financial, and then choose Income & Expense Graph.

QuickBooks displays a graph depicting your income and expenses.



In the top portion of the graph window, QuickBooks displays a bar graph and legend showing total income and expenses. In the lower portion of the window, QuickBooks displays a pie chart and legend showing expense percentages by account.

- 2 QuickBooks can display only 10 accounts at a time. To display more accounts, click the Next Group button at the top of the graph window.

Features of QuickInsight graphs

These features are common to all QuickInsight graphs:

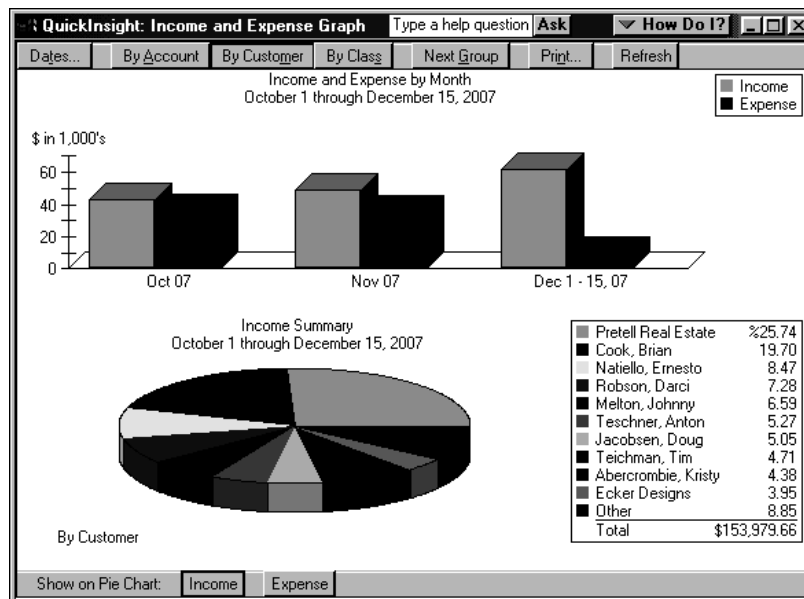
- Every graph window, except for the Net Worth and the Budget vs Actual graphs, shows a bar graph in the top part of the window and a pie chart in the bottom half. The bar graph usually shows totals. For example, the Income and Expense graph shows the total for income and the total for expenses in each month of the period. The pie chart shows a breakdown of the information shown in the bar graph; each pie slice in the Income and Expense graph represents a type of income or expense. The legend to the right of the pie chart shows you which income or expense account corresponds to the color shown in the pie chart; it also shows you what percentage of the pie each slice represents.
- Every graph window has a buttonbar with buttons you can click to customize the graph. For example, you can change the time period shown in the graph by clicking the Dates button. If you want the pie chart to show a breakdown by customer or class rather than a breakdown by account, just click By Customer or By Class.
- Just as you can use QuickZoom in a report to get more detail on the numbers, you can use QuickZoom in a graph to see the numbers behind the picture. When you double-click a bar or pie slice, QuickBooks shows you the numbers represented by that graphic image. For example, the pie chart legend tells which income/expense accounts are represented by each pie slice, and tells you what percentage of the whole is represented by each slice. When you zoom in on a pie slice, you can find out exactly how much you received or spent (in dollars) for each account.

Customizing graph data

To display income accounts instead of expense accounts:

- 1** Click Income at the bottom of the graph window.
- 2** Click By Customer.

QuickBooks changes the pie chart to display income by customers.



Using QuickZoom with graphs

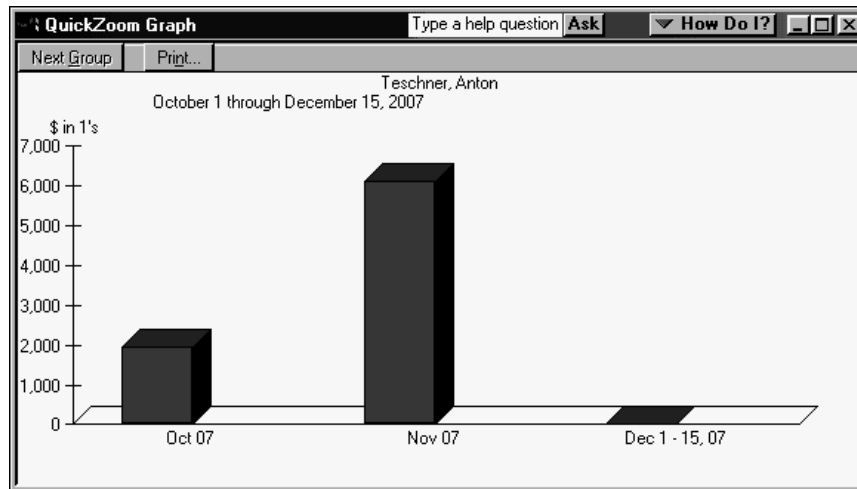
To help you better understand the information shown in the graphs, QuickBooks lets you trace graphical data using QuickZoom graphs.

To display the sales for Anton Teschner:

- 1 Position the mouse pointer over the Teschner, Anton slice of the pie chart.
(Use the Key on the right side of the window.)
The pointer changes to a magnifying glass with the letter Z inside.
- 2 Double-click the Teschner, Anton slice.

Note: If a slice is too small to click, click on its legend representation instead.

QuickBooks displays a QuickZoom graph depicting sales for Anton Teschner by month.



To display a report describing the transactions for a given month:

- 1 Position the mouse pointer over the bar representing November 2007.

The pointer turns into the QuickZoom symbol.

- 2 Double-click the bar.

QuickBooks displays the custom transaction detail report for the month of November 2007.

Type	Date	Num	Name	Memo	Account	Clr	Split	Amount	Balance
Nov 07									
Invoice	11/28/2007	60	Teschner, Anton:Sun...	Window	Materials		Accounts Receivable	600.00	600.00
Invoice	11/28/2007	60	Teschner, Anton:Sun...	Doors	Materials		Accounts Receivable	1,950.00	2,550.00
Invoice	11/28/2007	60	Teschner, Anton:Sun...	Doors	Cost of Goods Sold		Accounts Receivable	-1,750.00	800.00
Invoice	11/28/2007	60	Teschner, Anton:Sun...	Locking inter...	Materials		Accounts Receivable	45.00	845.00
Invoice	11/28/2007	60	Teschner, Anton:Sun...	Locking inter...	Cost of Goods Sold		Accounts Receivable	-39.40	805.60
Invoice	11/28/2007	60	Teschner, Anton:Sun...	Rough lumber	Materials		Accounts Receivable	1,400.00	2,205.60
Invoice	11/28/2007	60	Teschner, Anton:Sun...	Trim lumber	Materials		Accounts Receivable	275.00	2,480.60
Invoice	11/28/2007	60	Teschner, Anton:Sun...	Decking lumb...	Materials		Accounts Receivable	710.00	3,190.60
Invoice	11/28/2007	60	Teschner, Anton:Sun...	Removal labor	Labor		Accounts Receivable	540.00	3,730.60
Invoice	11/28/2007	60	Teschner, Anton:Sun...	Framing labor	Labor		Accounts Receivable	2,400.00	6,130.60
								6,130.60	6,130.60

You may need to scroll to the right to see the entire report.

To display the first transaction in the report:

- 1 Double-click any of the lines in the report for Invoice #60.
QuickBooks displays the invoice.

The screenshot shows the 'Create Invoices' window in QuickBooks. The customer is 'Teschner, Anton:Sun Room'. The invoice is dated 11/28/2007 and is invoice #60. The 'BILL TO' address is 2424 Lisa Lane, Bayshore, CA 94326. The terms are 'Net 15', the due date is 12/13/2007, and the contract # is 1197-03-LFAV. The invoice items are:

ITEM	QUANTITY	DESCRIPTION	RATE	AMOUNT	Tax
Window	4	Window	150.00	600.00	Tax
Wood Door	1	Doors	1,950.00	1,950.00	Tax
Hardware:Lk D...	1	Locking interior doorknobs	45.00	45.00	Tax
Customer Message			Tax San Tomas (7.75%)	385.95	
			Total	8,305.95	

At the bottom, there are checkboxes for 'To be printed' and 'To be e-mailed', a 'Customer Tax Code' dropdown set to 'Tax', an 'Apply Credits' button, and a summary showing 'Payments Applied' of 7,740.00 and 'Balance Due' of 565.95. There is also a 'Memo' field and buttons for 'Save & Close', 'Save & New', and 'Revert'.

- 2 From the Window menu, choose Close All.

Customizing how graphs display

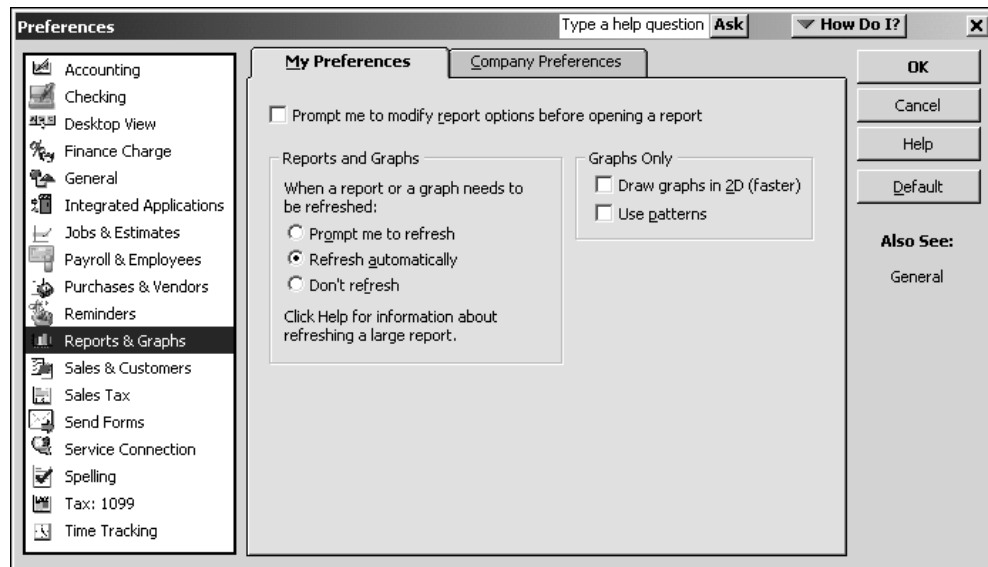
You can customize graphs to control what data they include and how the data is displayed. In this exercise, you'll change the display from three-dimensional (3D) to two-dimensional (2D) graphs.

To change from 3D to 2D:

- 1 From the Edit menu, choose Preferences.
QuickBooks displays the Preferences window.

- 2 In the left panel, click Reports & Graphs.

QuickBooks displays the Preferences window for Reports and Graphs.



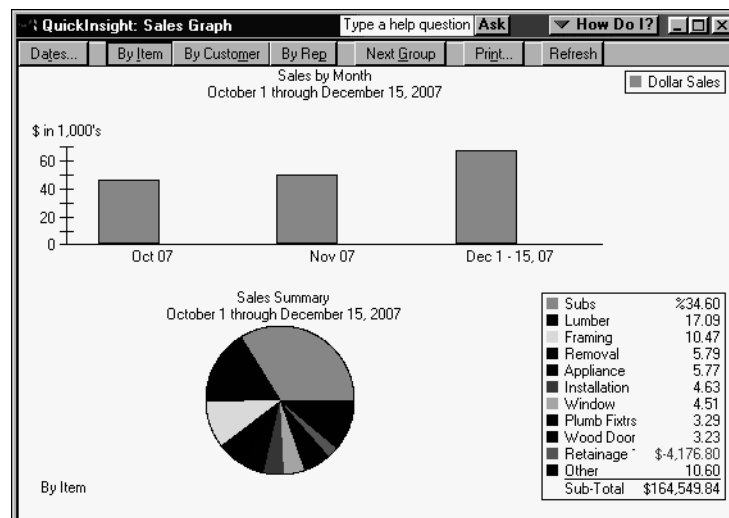
- 3 Click "Draw graphs in 2D (faster)."

A checkmark appears in the checkbox to indicate that Draw graphs in 2D (faster) is selected.

- 4 Click OK.

- 5 From the Reports menu, choose Sales. Then choose Sales Graph.

QuickBooks displays the sales graph in 2D.



Displaying graphs in 2D often allows your computer to draw them on your screen faster than displaying them in 3D.

- 6 Close the graph.

• • • • •

LESSON 10 Setting up inventory

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Entering products into inventory, 233

Ordering products, 236

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Lesson objectives

- To get an overview of inventory in QuickBooks
- To practice filling out a purchase order for inventory items
- To track the receipt of the inventory items in QuickBooks
- To adjust inventory manually, to enter a stock loss or increase
- To create, build, and edit inventory assemblies (finished goods)

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qblesson.qbb) on your hard disk. See “Installing the exercise file” in the Introduction to this guide if you haven’t installed it.

The following steps restore the exercise file to its original state so that the data in the file matches what you see on the screen as you proceed through each lesson.

To restore the exercise file (qblesson.qbb):

- 1 From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2 In the “Get Company Backup From” section of the window, click Browse and select your c:\QBtrain directory.
- 3 Select the qblesson.qbb file, and then click Open.
- 4 In the “Restore Company Backup To” section of the window, click Browse and select your c:\QBtrain directory.
- 5 In the File name field of the Restore To window, type **lesson 10** and then click Save.
- 6 Click Restore.

Turning on the inventory feature

The QuickBooks inventory feature is turned on in your exercise file, but you’ll review how to turn on this feature so you become familiar with QuickBooks preferences. If you need to track inventory for your company, you can turn the feature on while completing the EasyStep Interview. If you want to turn on the inventory feature after you’ve completed the EasyStep Interview, follow this procedure.

To turn on the inventory feature:

- 1 From the Edit menu, choose Preferences.
- 2 Select Purchases & Vendors from the left panel.
- 3 Click the Company Preferences tab.

Note: Only the QuickBooks Administrator can change company preferences.

- 4 Click the “Inventory and purchase orders are active” checkbox to select it.
A checkmark shows that the inventory feature is turned on.
- 5 Click OK.

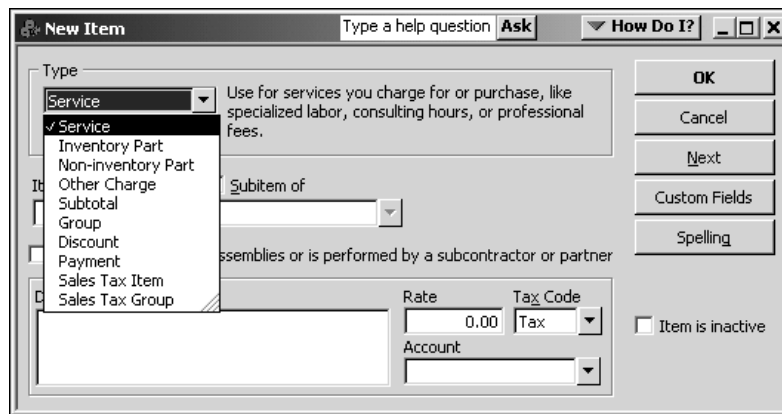
Entering products into inventory

Many small businesses that stock inventory don’t know the number of units they have on hand or on order at any given time, and have no way of getting that information quickly. Using QuickBooks to manage your inventory, you’ll be able to track the number of items in stock and the value of your inventory after every purchase and sale. As you order inventory items, receive the items, and later sell the items from inventory, QuickBooks tracks each inventory-related transaction. You will know the status of your inventory and will have a more accurate picture of your business’s assets.

To track inventory, you must enter each product into the Item list as an inventory part. Once you enter a product, QuickBooks tracks it as you sell or reorder the product.

To enter a product into inventory:

- 1 From the Vendors menu, choose Item List.
QuickBooks displays the Item list.
- 2 Click the Item menu button, and then choose New.
QuickBooks displays the New Item window.



You’ll enter one new item into your inventory.

- 3 In the Type field, choose Inventory Part from the drop-down list.

QuickBooks changes the New Item window to accept information for an inventory part.

- 4 In the Item Name/Number field, type **Cab 2015** (2015 is the style number).
- 5 Select the “Subitem of” checkbox, and then choose Cabinets from the drop-down list.

Note: You can use the Manufacturer’s Part Number field to specify the part number the manufacturer uses. This can simplify reordering.

- 6 In the “Description on Purchase Transactions” field, type **Kitchen Cabinet #2015**, and then press Tab to move to the Cost field.

Notice that QuickBooks fills in the Description on Sales Transactions field with the same description you entered for the purchase side. You can leave the sales description the same or change it later.

- 7 In the Cost field, type **169**.
- 8 In the Preferred Vendor field, choose Thomas Kitchen and Bath from the drop-down list.

Or, type the first few letters of your selection and QuickBooks fills in the rest.

- 9 In the Sales Price field, type **225**.
- 10 Leave the Tax Code setting as is.

If you wanted to assign a different tax code, you could select a different code from the drop-down list when setting up the item.

- 11 In the Income Account field, choose Construction:Materials.

- 12 Press Tab to move to the Asset Account field.

Inventory Asset was filled in when you selected Inventory Part as the type of item. Leave this default setting.

13 In the Reorder Point field, type **15**.

The Reorder Point is the minimum quantity of a particular inventory item that you want to have in stock at any given time. When the quantity reaches the reorder point, it's time to order more of the item. By using your Reminders list, you can have QuickBooks remind you when it's time to reorder a particular item.

14 In the On Hand field, type **20**, and then press Tab to move to the Total Value field.

Notice that QuickBooks has calculated the value of your item by multiplying the number in the On Hand field by the number in the Cost field.

Your New Item window should resemble the following figure.

15 Click OK to close the New Item window.

QuickBooks adds the new item to the Item list.

16 Close the Item list.

Ordering products

Once you enter your current products and vendors into the Item and Vendor lists, you'll need to order products to keep your inventory stocked.

Creating purchase orders

When you order items from a vendor, you create a purchase order.

To order a product using a purchase order:

- 1 From the Vendors menu, choose Create Purchase Orders.
QuickBooks displays the Create Purchase Orders window.

The screenshot shows the 'Create Purchase Orders' window in QuickBooks. The window has a title bar with 'Create Purchase Orders' and a search bar. Below the title bar are buttons for 'Previous', 'Next', 'Print', 'E-mail', 'Find', 'Spelling', and 'History'. The main area is divided into several sections: 'Vendor' (with a dropdown menu), 'Ship To' (with a dropdown menu), 'Template' (with a dropdown menu), and 'Customize'. The 'DATE' field is set to 12/15/2007, and the 'P.O. NO.' field is set to 40. The 'SHIP TO' field is set to 'Rock Castle Construction, 1735 County Road, Bayshore, CA 94326'. Below these fields is a table with columns: ITEM, DESCRIPTION, QTY, RATE, CUSTOMER, and AMOUNT. The table is currently empty. At the bottom of the window, there are checkboxes for 'To be printed' (checked) and 'To be e-mailed' (unchecked). There is also a 'Memo' field and buttons for 'Save & Close', 'Save & New', and 'Clear'.

You use the Create Purchase Orders window to enter the products you wish to order, the quantities, and the vendor. As you fill in this information, QuickBooks automatically calculates purchase order number, item cost, and total cost.

Notice that QuickBooks has already entered today's date and a sequential purchase order number.

- 2 In the Vendor field, choose Perry Windows & Doors from the drop-down list.
Notice that QuickBooks displays all of the information about Perry Windows & Doors in the appropriate places on the purchase order form.
- 3 In the Item column, select Frames:Exterior Frame from the drop-down list.
- 4 In the QTY field, type **10**.

- 5 In the Vendor Message field of the purchase order, type ***Please rush ship this order.*** Your Purchase Order should resemble the following figure.

Create Purchase Orders Type a help question Ask How Do I?

Previous Next Print E-mail Find Spelling History

Vendor: Perry Windows & Doors Ship To: Rock Castle Construction Template: Custom Purchase O...

Purchase Order

Vendor: Perry Windows & Doors
P.O. Box 5033
Bayshore CA 94326

DATE: 12/15/2007 P.O. NO.: 40

SHIP TO: Rock Castle Construction
1735 County Road
Bayshore, CA 94326

Expected: 12/15/2007 FOB:

ITEM	DESCRIPTION	QTY	RATE	CUSTOMER	AMOUNT
Frames:Exterio...	Standard exterior door frames	10	20.00		200.00

Vendor Message: Please rush ship this order.

Total: 200.00

☒ To be printed ☐ To be e-mailed

Memo: Save & Close Save & New Clear

- 6 Click Save & Close to record the purchase order.

After you have created a purchase order, QuickBooks adds an account to the chart of accounts called Purchase Orders. This is a non-posting account and does not affect your balance sheet or income statement. The Purchase Orders account is used to produce a QuickReport showing current purchase orders so you always know what is on order.

Getting a report of purchase orders

To get a chronologically ordered report of all the purchase orders you have written:

- 1 From the Lists menu, choose Chart of Accounts.
 - 2 In the chart of accounts, click Purchase Orders once to select it.
- By default, QuickBooks lists non-posting accounts at the bottom of the list.

Setting up inventory

- Click the Reports menu button and choose QuickReport: Purchase Orders. QuickBooks displays a report of all purchase orders.

Account QuickReport
Type a help question **Ask** **How Do I?**

Modify Report... Memorize... Print... E-mail Export... Hide Header Refresh

Dates: This Fiscal Year-to-date From: 10/01/2007 To: 12/15/2007 Sort By: Default

2:40 PM
12/15/07
Accrual Basis
Rock Castle Construction
Account QuickReport
As of December 15, 2007

Type	Date	Num	Name	Memo	Split	Amount
Purchase Order	11/26/2007	30	Larson Flooring	playhouse	Materials	-40.00
Purchase Order	11/26/2007	32	Timberloft Lumber	playhouse	-SPLIT-	-80.50
Purchase Order	11/26/2007	29	Patton Hardware Sup...		-SPLIT-	-13,695.00
Purchase Order	11/28/2007	33	Perry Windows & Doors		Inventory A...	-2,400.00
Purchase Order	11/30/2007	34	Patton Hardware Sup...		-SPLIT-	-3,459.20
Purchase Order	12/01/2007	35	Daigle Lighting		Job Materials	-571.32
Purchase Order	12/03/2007	36	Larson Flooring		-SPLIT-	-4,750.00
Purchase Order	12/09/2007	37	Wheeler's Tile Etc.		Materials	-188.40
Purchase Order	12/12/2007	38	Lew Plumbing		Job Materials	-403.40
Purchase Order	12/15/2007	39	Daigle Lighting		Job Materials	-65.00
Purchase Order	12/15/2007	40	Perry Windows & Doors		Inventory A...	-200.00
Total Purchase Orders						-81,244.82
TOTAL						-81,244.82

Notice the purchase order you have just created is at the bottom of the report.

- Close the QuickReport.
- Close the chart of accounts.

Receiving inventory

When you receive the items you have ordered with your purchase order, you have to enter the items into inventory. You can receive items with a bill or without a bill.

This exercise shows you how to enter into QuickBooks inventory items you've received when the bill for those items will follow later.

To receive inventory without a bill attached:

- 1 From the Vendors menu, choose Receive Items.

QuickBooks displays the Create Item Receipts window.

The Create Item Receipts window lets you enter information for inventory parts you've received.

- 2 In the Vendor field, choose Perry Windows & Doors from the drop-down list and press Tab.

QuickBooks tells you that there are open purchase orders for this vendor and asks if you wish to receive against one of these orders.

- 3 Click Yes.

QuickBooks displays the Open Purchase Orders for Perry Windows & Doors.

✓	Date	PO No.	Memo
	10/22/2007	24	
	11/18/2007	27	Pretell 75 Sunset office building
	12/15/2007	40	

- 4 Click the third purchase order (#40, dated 12/15/2007) to select it.

QuickBooks places a checkmark in the left-most column for the item selected.

Setting up inventory

- Click OK to move the information to the item receipt.

The Create Item Receipts window should resemble the following figure.

Create Item Receipts Type a help question **Ask** **How Do I?**

Bill ☒ Bill ☐ Credit ☐ Bill Received

Vendor: **Perry Windows & Doors** Date: **12/15/2007**

Item Receipt Only Ref. No. Total: **200.00**

Memo: **Received items (bill to follow)**

Expenses		Items				
\$0.00		\$200.00				
Item	Description	Qty	Cost	Amount	Customer:Job	PO No.
Frames:Exterior...	Standard exterior door frames	10	20.00	200.00		40

Select PO Clear Qtys Show PO Time

Clear Splits Recalculate Save & Close Save & New Clear

- Click Save & Close to process the receipt.

QuickBooks processes the items and adds them to your inventory. If you display the Item list, you'll see that you now have 10 additional door frames on hand.

Entering a bill for inventory

If you've entered an item receipt for inventory, but the bill hasn't arrived yet, you can still record the bill amount in QuickBooks. Entering the bill as shown in this exercise records the amount in your accounts payable account so you can track how much you owe.

When the bill comes, you pay the bill just like you would pay any other bill in QuickBooks (from the Pay Bills window).

To enter the bill:

- 1 From the Vendors menu, choose Enter Bill for Received Items.

QuickBooks displays the Select Item Receipt window, where you can select the vendor and the item for which you have a bill.

Select Item Receipt

Type a help question Ask

How Do I?

Vendor

Choose the Item Receipt which corresponds to your bill

Date	Ref No.	Memo

OK

Cancel

Help

- 2 In the Vendor field, select Perry Windows & Doors in the drop-down list and press Tab.

QuickBooks fills in the Date and Memo fields with information that corresponds to your bill.

- 3 Select "Received items (bill to follow)," dated 12/15/2007.

Select Item Receipt

Type a help question Ask

How Do I?

Vendor

Perry Windows & ...

Choose the Item Receipt which corresponds to your bill

Date	Ref No.	Memo
10/25/2007		Received items (bill to follow)
11/18/2007		Received items (bill to follow)
11/28/2007		Received items (bill to follow)
12/15/2007		Received items (bill to follow)

OK

Cancel

Help

Setting up inventory

4 Click OK.

QuickBooks displays the Enter Bills window.

Enter Bills Type a help question **Ask** **How Do I?**

Previous Next Find History

☒ Bill ☐ Credit ☒ Bill Received

Bill

Vendor: **Perry Windows & Doors** Date: **12/15/2007**

Address: **Perry Windows & Doors**
P.O. Box 5033
Bayshore CA 94326

Ref. No.:
Amount Due: **200.00**
Bill Due: **01/14/2008**

Terms: **Net 30** Discount Date:
Memo:

Expenses: **\$0.00** **Items** **\$200.00**

Item	Description	Qty	Cost	Amount	Customer:Job	PO No.
Frames:Exterio...	Standard exterior door frames	10	20.00	200.00		40

Select PO Clear Qtys Show PO Time

Clear Splits Recalculate Save & Close **Save & New** Revert

5 Click Save & Close.

QuickBooks changes the item receipt to a bill in the Accounts Payable account and lists the bill in the Pay Bills window. If you look at the Accounts Payable, you'll see that the balance increased by \$200.00, based on the bill entered for Perry Windows & Doors.

Because you must have inventory on hand before you can enter a sale for inventory parts, we recommend that you enter your item receipts before entering sales.

Manually adjusting inventory

When you have spoilage or send out samples of your products, you can adjust your inventory manually.

To adjust the inventory manually:

- 1 On the Home page, click Adjust Quantity on Hand.

QuickBooks displays the Adjust Quantity/Value on Hand window.

Item	Description	Current Qty	New Qty	Qty Difference
Cabinets	Cabinets	0		
Cabinets:Cab 2015	Kitchen Cabinet #2015	20		
Cabinets:Cabinet Pulls	Cabinet Pulls	110		
Cabinets:Light Pine	Light pine kitchen cabinet wall unit	9		
Frames		0		
Frames:Exterior Frame	Standard exterior door frames	12		
Frames:Interior Frame	Standard interior door frame	9		
Hardware		0		
Hardware:Brass hinges	Standard brass hinge	475		
Hardware:Doorknobs Loc...	Standard exterior doorknobs	50		

The Adjust Quantity/Value on Hand window lets you enter the adjustment account, and either the New Qty or the Qty Difference.

Since two wood interior doors were damaged, you'll adjust the inventory account to remove two doors.

- 2 In the Adjustment Account field, type **Inventory Adjustment** and press Tab.
- 3 Click Set Up in the window telling you that Inventory Adjustment is not in the account list.

QuickBooks opens the New Account window.

Setting up inventory

- 4 In the Type field, choose Expense from the drop-down list, if it is not selected already.

New Account Type a help question **Ask** **How Do I?**

Type: **Expense**

Name Inventory Adjustment

☐ Subaccount of

Description

Note

Tax Line <Unassigned>

OK **Cancel**

☐ Account is inactive

[How Do I choose the right tax line?](#)

- 5 Click OK to close the New Account window.
 - 6 In the Qty Difference column for Wood Door:Interior wood door, type **-2** (the number of damaged doors), and then press Tab.
- QuickBooks calculates the value adjustment and decreases the inventory by two items.

Adjust Quantity/Value on Hand Type a help question **Ask** **How Do I?**

Previous **Next**

Adjustment Date 12/15/2007

Ref. No. 1 **Customer: Job**

Adjustment Account Inventory Adjustment

Item	Description	Current Qty	New Qty	Qty Difference
Frames:Interior Frame	Standard interior door frame	9		
Hardware		0		
Hardware:Brass hinges	Standard brass hinge	475		
Hardware:Doorknobs Loc...	Standard exterior doorknobs	50		
Hardware:Doorknobs Std	Standard Doorknobs	108		
Hardware:Lk Doorknobs	Locking interior doorknobs	110		
Wood Door	Doors	0		
Wood Door:Exterior	Exterior wood door	3		
Wood Door:Interior	Interior wood door	37	35	-2
Interior Door kit	Complete Interior door	-1		

☐ Value Adjustment **Memo**

Total Value of Adjustment -137.00

Save & Close **Save & New** **Cancel**

- 7 Click Save & Close.

Tracking finished goods

Note: You must be using QuickBooks: Premier or higher to follow the exercises in this section.

QuickBooks: Premier products let you track the building and sale of finished goods using assembly items. When you define assembly items, you tell QuickBooks how many of each inventory item is needed to create the finished product.

Inventory assembly items allow you to create an item that contains assembled material units (finished goods) you buy or produce, track as inventory, and resell. You can keep track of how many items remain in stock after a sale, how many items you have on order, your cost of goods sold, and the value of your inventory. Note that inventory assembly items in QuickBooks are appropriate for indicating “light” assembled items on sales forms and in reports. QuickBooks does not track inventory throughout a manufacturing process.

You must have a QuickBooks: Premier product to create and build inventory assembly items. Afterwards, you can use any version of QuickBooks to view, sell, and report on existing assembly items.

Deciding whether to use group items or create inventory assemblies

Both group items and inventory assembly items record a group of items as a single entry on purchase or sales forms in QuickBooks.

Using group items

Group items are useful for quickly entering a group of individual items that you've already set up as single items on your list and often sell together.

Group items let you track the items you sell in greater detail. For example, a construction firm that remodels houses could set up a group item that lists the significant components of a remodeling job: lumber, carpentry hours, markup, etc. Sales reports for the company would then show income broken down by each component instead of a single lump sum for all remodeling jobs.

If you need to track a lot of detail about your items but you also want to give your customers simple, uncluttered invoices, you can use group items to do both. You can set up a group item so that the printed version of an invoice reduces a group item to a single line item and one amount. Yet when you view the invoice on your screen, you see a separate line entry and amount for each item in the group.

Group items also give you a way to enter a great amount of line item detail quickly. On a sales or purchase form, all you have to do is enter the name of the group item—QuickBooks fills in all the details about the items in the group for you.

Using inventory assemblies

When you build an assembly, an assembled unit is automatically added to quantity on hand and its component parts (inventory items or other assembly items) are automatically deducted from quantity on hand. By using assembly items, you always know how many assembled and component items you actually have in stock.

You can specify a price for an assembly that's different than the sum of component items.

You can easily access the date items were assembled, quantity and cost of assembled items, and a detailed bill of materials.

You can set a build point and QuickBooks will automatically remind you to build finished goods when stock is running low. At build time, QuickBooks will notify you if you don't have enough component items in stock to build the specified number of assembly items.

Note: The ability to create inventory assemblies is available only in **QuickBooks: Premier and higher**. To proceed through this exercise, you must be using a QuickBooks: Premier or higher edition.

Setting a default markup

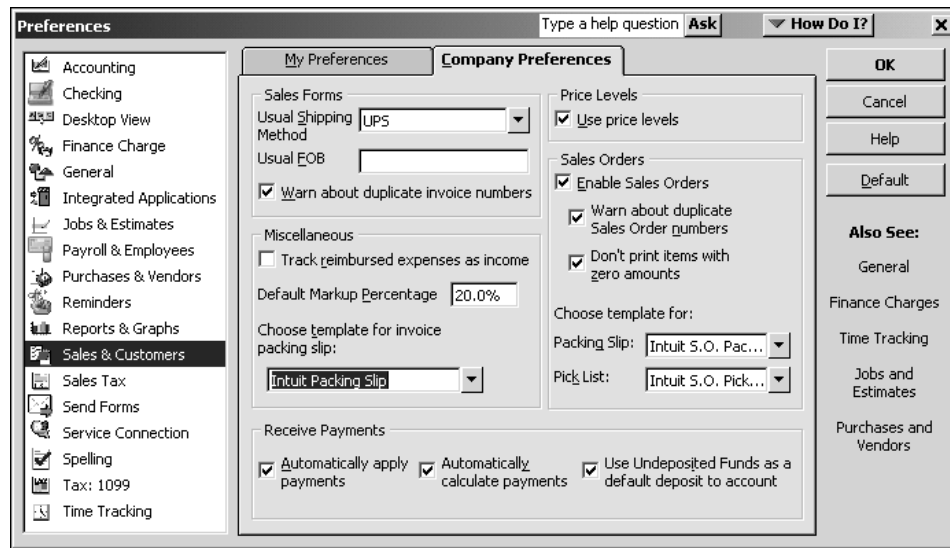
With QuickBooks, you can add a markup to your basic costs by entering a default markup percentage. QuickBooks uses this percentage to calculate the sales price of items that have both a cost and a sales price.

You'll see the effect of the default markup percentage when you create inventory part, non-inventory part, service, and other charge items. When you enter the item's cost, QuickBooks calculates the sales price and enters it in the Sales Price field. For example, entering a cost of \$10.00 when the markup is 25% causes QuickBooks to fill in the sales price as \$12.50. If you don't want to use the default markup for an item, you can change the sales price that QuickBooks fills in.

To set the default markup percentage:

- 1** From the Edit menu, choose Preferences.
- 2** Click Sales & Customers in the left panel.
- 3** Click the Company Preferences tab.
- 4** In the Default Markup Percentage field, enter 20 and press Tab.

Your screen should look like this:



5 Click OK.

You'll see the affects of this markup percentage in the next exercise.

Adding a labor item to use in assemblies

Suppose you have plans to sell all the items needed for installing a door as a kit. You'll also need to account for the labor needed to assemble the kit. To do this, you'll create an "Assembly Labor" item.

To create a labor item to use in assemblies:

- 1 From the Lists menu, choose Item List.
- 2 Click the Item menu button and select New.
QuickBooks displays the New Item window.
- 3 In the Type field, select Service.
- 4 In the Item Name/Number field, type **Assembly labor**.
- 5 Click the checkbox for "This service is used in assemblies or is performed by a subcontractor or partner."

Setting up inventory

The Edit Item window expands so you can enter details that will be used for this item in both sales and purchase transactions.

- 6 In the Description on Purchase Transactions field, type **Direct Labor**, and then press Tab.
- 7 In the Cost field, type **20**, and then press Tab.

QuickBooks automatically enters the Sales Price based on the 20% markup you set in the Company preferences.
- 8 From the Expense Account drop-down list, choose Payroll Expenses.
- 9 From the Tax Code drop-down list, choose Non-taxable Labor.
- 10 From the Income Account drop-down list, choose Construction:Labor.

Your screen should look like this:

- 11 Click OK.

Creating inventory assembly items

Creating assembly items in QuickBooks is a two-part process: first you define an assembly item, and then you build the assembly. Assembly item units are not added to inventory and assembly components (inventory parts or other assemblies) are not deducted from inventory until you build the assembly.

Inventory assembly items can include inventory part and other assembly items only. If you want to include a different type of item (a service item to charge for labor, for example), then you must include the assembly item and service item in a group item.

All items included in an inventory assembly item must be defined in the Item list. You can define them before you create the inventory assembly item, or as you create the assembly item. Note, however, that you cannot edit the items included in the assembly item once it's been used in transactions, or saved with a quantity on hand.

In addition to selling individual items, Rock Castle sells pre-assembled exterior door kits. In this exercise, you define the assembly item for the exterior door kits. All of the component items are already defined in the Item list.

To create an inventory assembly item:

- 1** In the Item List, click the Item menu button and select New.
QuickBooks displays the New Item window.
- 2** In the Type field, select Inventory Assembly.
- 3** In the Item Name/Number field, type ***Exterior Door Kit***.
- 4** Enter **199** in the Cost field, and then press Tab twice.
QuickBooks calculates the Sales price based on the cost you enter in this field and the default markup percentage as set in the company preferences. Leave the COGS Account as is.
- 5** In the Description field, type ***Complete exterior door kit***, and press Tab.

The New Item window should resemble the following graphic.

New Item Type a help question **Ask** ▼ **How Do I?** _ □ X

Type
 Inventory Assembly ▼ Use for inventory items that you assemble from other inventory items and then sell.
 What's the difference between an Inventory Assembly and a Group?

Item Name/Number ☐ Subitem of
 Exterior Door Kit

☐ I purchase this assembly item from a vendor

Cost What is this cost? COGS Account
 199.00 Cost of Goods Sold ▼

Description
 Complete exterior door kit

Sales Price Tax Code Income Account
 238.80 Tax ▼

Bill of Materials

Item	Description	Type	Cost	Qty	Total

Total Bill of Materials Cost: 0.00

Inventory Information
 Asset Account Build Point On Hand Total Value As of
 Inventory Asset 0.00 0.00 12/15/2007

Buttons: OK, Cancel, Next, Custom Fields, Spelling, Print..., Edit Item..., Full View...

QuickBooks allows you to set any price for assembled items; the price is independent of the sales price of the component items. You could change this amount if you wanted.

The Sales Price reflects the cost plus the 20% markup you entered in preferences, so leave it as is.

In addition, the tax code for the assembled item and the component parts can be different.

- 6** In the Income Account field, select Construction:Materials from the drop-down list.
- 7** In the Bill of Materials section, click in the Item column.
- 8** In the Item drop-down list, select Frames:Exterior Frame, and then press Tab.
- 9** In the Qty field, type **1**, and then press Tab.
- 10** In the Item drop-down list, select Hardware:Doorknobs Locking Exterior, and then press Tab.
- 11** In the Qty field, type **1**, and then press Tab.
- 12** In the Item drop-down list, select Hardware:Brass Hinges, and then press Tab.
- 13** In the Qty field, type **3**, and then press Tab.

14 In the Item drop-down list, select Wood Door:Exterior, and then press Tab.

15 In the Qty field, type **1**, and then press Tab.

16 In the Item drop-down list, select Assembly labor, and then press Tab.

17 In the Qty field, type **1**, and then press Tab.

The New Item window should resemble the following graphic.

New Item Type a help question **Ask** **How Do I?** **OK** **Cancel** **Next** **Custom Fields** **Spelling** **Print...**

Type: **Inventory Assembly** Use for inventory items that you assemble from other inventory items and then sell.
What's the difference between an Inventory Assembly and a Group?

Item Name/Number: **Exterior Door Kit** ☐ Subitem of

☐ I purchase this assembly item from a vendor

Cost: **199.00** What is this cost? COGS Account: **Cost of Goods Sold**

Description: **Complete exterior door kit.** ☐ Item is inactive

Sales Price: **238.80** Tax Code: **Tax** Income Account: **Construction:Materials**

Bill of Materials

Item	Description	Type	Cost	Qty	Total
Hardware:Bras...	Standard bras...	Inv Part	3.00	3	9.00
Wood Door:E...	Exterior wood...	Inv Part	105.00	1	105.00
Assembly labor	Direct labor	Service	20.00	1	20.00
Total Bill of Materials Cost:					199.00

Inventory Information

Asset Account: **Inventory Asset** Build Point: On Hand: **0.00** Total Value: **0.00** As of: **12/15/2007**

Edit Item...

You can edit the Bill of Materials for an assembly item at any time. However, assembly revision history is not tracked; if you need to build a previous version of an assembly, you need to edit the assembly and reenter the original bill of materials.

Entering the build point

You can have QuickBooks remind you to build this assembly when your inventory quantity reaches a certain level. (Assembly Items to Build must be turned on in the Company Preferences reminders.) QuickBooks will remind you to build when the combined value of the quantity on hand and the quantity on order (from a purchase order) falls below the value displayed in the Build Point field. Reminders appear in the Reminders window. In QuickBooks Premier or Enterprise Solutions editions, you can rebuild directly from the Reminders list in any of these windows.

To enter the build point:

1 In the Build Point field, type **5**.

Setting up inventory

- 2 Leave the On Hand and Total Value fields as they are.

The New Item window should now resemble the following graphic.

New Item Type a help question **Ask** **How Do I?**

Type: **Inventory Assembly** Use for inventory items that you assemble from other inventory items and then sell.
[What's the difference between an Inventory Assembly and a Group?](#)

Item Name/Number: **Exterior Door Kit** ☐ Subitem of

☐ I purchase this assembly item from a vendor

Cost: **199.00** [What is this cost?](#) COGS Account: **Cost of Goods Sold**

Description: **Complete exterior door kit.** ☐ Item is inactive

Sales Price: **238.80** Tax Code: **Tax** Income Account: **Construction:Materials**

Bill of Materials

Item	Description	Type	Cost	Qty	Total
Hardware:Bra...	Standard bras...	Inv Part	3.00	3	9.00
Wood Door:E...	Exterior wood...	Inv Part	105.00	1	105.00
Assembly labor	Direct labor	Service	20.00	1	20.00

Total Bill of Materials Cost: 199.00

Inventory Information

Asset Account	Build Point	On Hand	Total Value	As of
Inventory Asset	5	0.00	0.00	12/15/2007

Buttons: **OK**, **Cancel**, **Next**, **Custom Fields**, **Spelling**, **Print...**, **Edit Item...**

- 3 Click OK.
- 4 Close the Item list.

Building finished goods

Once you've defined assembly items that define the pieces you build, you are ready to enter the builds into QuickBooks. In this exercise, you build two exterior door kits for Rock Castle.

To build an inventory assembly:

- 1 From the Vendors menu, choose Inventory Activities, and then choose Build Assemblies from the submenu.

QuickBooks displays the Build Assemblies window.

- 2** In the Assembly Item field, select Exterior Door Kit from the drop-down list.
- 3** In the Quantity to Build field, type **2**.

The Build Assemblies window should resemble the following graphic.

Build Assemblies Type a help question **Ask** **How Do I?**

Previous Next

Assembly Item: Exterior Door Kit

Quantity on Hand: 0 Build Point: 5
 Quantity on Sales Order: 0
 Quantity Available: 0

Components Needed to Build Exterior Door Kit

Component Item	Description	Type	Qty On Hand	Qty Needed
Frames:Exterior Frame	Standard exterior door frames	Inv Part	12	0
Hardware:Doorknobs L...	Standard exterior doorknobs	Inv Part	50	0
Hardware:Brass hinges	Standard brass hinge	Inv Part	475	0
Wood Door:Exterior	Exterior wood door	Inv Part	3	0
Assembly labor	Direct labor	Service		0

Maximum number you can build from the quantity on hand: 3

Quantity to Build: 2

Date: 12/15/2007 Build Ref. No.: 1

Memo:

Build & Close Build & New Clear

QuickBooks warns you when you do not have sufficient inventory items on hand to complete a build.

If you choose to build an assembly and do not have enough components in inventory to build the number of assemblies you have specified, you can postpone the build by marking it pending. If you don't mark the build as pending, you have to reduce the number of assemblies or you won't be able to save the build.

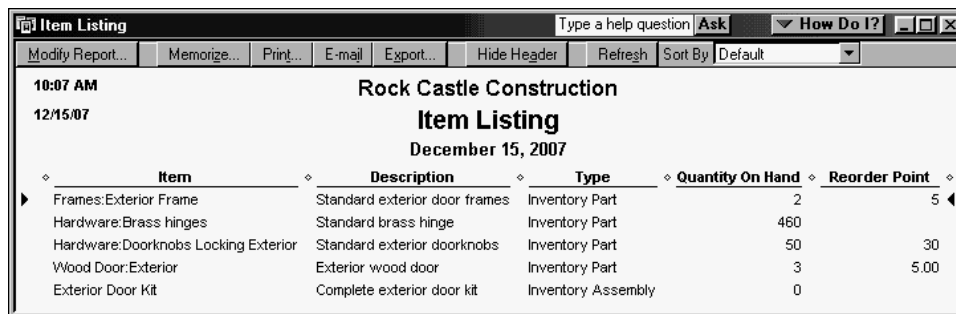
You have enough inventory to build two assemblies, so you can proceed with the build.

- 4** Click Build & Close.

Understanding the effect of builds on inventory

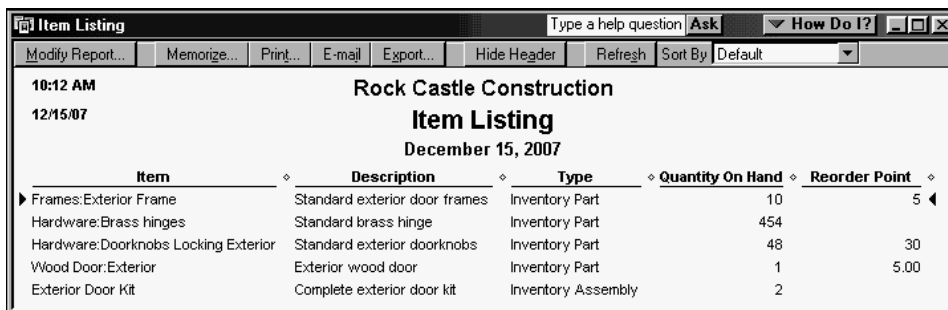
When you build an assembly item, QuickBooks decrements the appropriate number of individual inventory items from inventory and increments the number of inventory assembly items. It takes the inventory asset value of the component items and transfers the value to the assembly item. The parts and the values are combined into the quantity and value of the assembly item.

The following graphic shows the number of component and built items before the build.



Item	Description	Type	Quantity On Hand	Reorder Point
Frames:Exterior Frame	Standard exterior door frames	Inventory Part	2	5
Hardware:Brass hinges	Standard brass hinge	Inventory Part	460	30
Hardware:Doorknobs Locking Exterior	Standard exterior doorknobs	Inventory Part	50	30
Wood Door:Exterior	Exterior wood door	Inventory Part	3	5.00
Exterior Door Kit	Complete exterior door kit	Inventory Assembly	0	

The following graphic shows the number of component and built items after the build.



Item	Description	Type	Quantity On Hand	Reorder Point
Frames:Exterior Frame	Standard exterior door frames	Inventory Part	10	5
Hardware:Brass hinges	Standard brass hinge	Inventory Part	454	30
Hardware:Doorknobs Locking Exterior	Standard exterior doorknobs	Inventory Part	48	30
Wood Door:Exterior	Exterior wood door	Inventory Part	1	5.00
Exterior Door Kit	Complete exterior door kit	Inventory Assembly	2	

Managing pending builds

A pending build is an inventory assembly build transaction that could not be finalized because there were not enough component parts in inventory to build the specified number of assemblies at build time. When a build is pending, “Pending” appears in the Build Assemblies window to remind you that these assemblies haven't been built.

If you modify or delete a previous build transaction, or change inventory quantities or the dates of purchase orders, invoices, or sales receipts, assembly builds that were finalized could change to pending. Finalized builds change to pending when the quantity of at least one component drops below the quantity needed to build the specified number of assemblies on the build transaction date. You can use the pending builds report to see a list of all builds that are currently pending.

In addition, you can choose to manually mark a build as pending even if you currently have enough components in stock to build the specified quantity. This allows you to set up build information but postpone building the assembly until later.

Disassembling inventory assemblies

There are several ways to disassemble inventory assemblies and return component items to inventory. You can do any of the following:

- Use the Adjust Quantity/Value on Hand window to adjust the quantity on hand for each assembly component and the assembly item.
- Reduce quantity to build in the Build Assemblies window and then click Build & Close. The quantity of assembly units in inventory are decreased and the quantity of component inventory parts are increased accordingly.
- Delete a build transaction completely. The quantity of assembly units in inventory are decreased and the quantity of component inventory parts are increased accordingly, but this method completely removes the build transaction from QuickBooks and should not be used if you want to maintain a record of the transaction.

Selling finished goods

When assembly items appear on any form (for example a sales receipt or in a report), their component items are hidden. Only the assembly name, description, and price appear.

If you attempt to sell more assembly units than you have available in inventory, QuickBooks warns you that quantities are insufficient to fulfill the order. If you decide to go ahead with this transaction, the quantity on hand for the specified assembly changes to a negative value. You can set a build point in the Build Assemblies window to remind you when assembly stock is getting low and you need to build more units. If you turn on reminders, a list of assemblies that need to be built appear in the Reminders window.

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LESSON 11 Tracking and paying sales tax

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 Using the sales tax payable register, 270

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Lesson objectives

- To get an overview of sales tax in QuickBooks (the steps involved in tracking, collecting, and paying it)
- To see how to set up QuickBooks to track sales tax
- To see how to apply sales tax to a sale
- To learn how to determine a business's sales tax liability
- To write a QuickBooks check to the appropriate tax agency for sales tax liability

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qblesson.qbb) on your hard disk. See “Installing the exercise file” in the Introduction to this guide if you haven’t installed it.

The following steps restore the exercise file to its original state so that the data in the file matches what you see on the screen as you proceed through each lesson.

To restore the exercise file (qblesson.qbb):

- 1 From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2 In the “Get Company Backup From” section of the window, click Browse and select your c:\QBtrain directory.
- 3 Select the qblesson.qbb file, and then click Open.
- 4 In the “Restore Company Backup To” section of the window, click Browse and select your c:\QBtrain directory.
- 5 In the File name field of the Restore To window, type **lesson 11** and then click Save.
- 6 Click Restore.

Overview of sales tax in QuickBooks

If you have a business where you need to collect sales tax, you already know how complicated the process can be. These are some of the issues you may have to deal with:

- You may have to collect and pay more than one tax (for example, one rate for local taxes and one rate for state taxes).
- You may have some items that are taxable and some that aren't.
- You may tax some customers while others are non-taxable.

QuickBooks reduces some of the complication, because it lets you automatically apply sales tax on particular sales and keep track of how much you collect and from whom.

Then, when you're ready to pay your taxes, QuickBooks can write a check for the correct amount.

To use QuickBooks to track and pay your sales tax:**1 Set up your tax rates and agencies.**

In the QuickBooks Item list, set up the separate tax rates you need to charge. In the Vendor list, set up the agencies to whom you submit the taxes you've collected.

You can also set up sales tax codes, which can help you classify why a transaction (or part of one) is either taxable or non-taxable.

2 Indicate who and what gets taxed.

Not all of the items you sell are taxable, and not all of your customers pay tax. In your Item and Customers & Jobs lists, you can indicate which items or customers are taxable.

3 Apply tax to each sale.

When you fill out an invoice or sales receipt form, and choose a taxable item from your Item list, QuickBooks applies the appropriate sales tax.

4 Find out what you owe.

As you record taxable sales, QuickBooks keeps track of the tax you've collected in your Sales Tax Payable account. When you're ready to pay your sales tax agency, you can open the Sales Tax Payable register to see how much you owe, or you can create a sales tax liability report.

5 Pay your tax agencies.

When you go to the Pay Sales Tax window, QuickBooks shows the amount you owe and writes a check to the tax agency for that amount.

This lesson walks you through each of these steps.

Setting up your tax rates and agencies

The first step is to enter your sales tax rates, and then provide information about the tax agencies to which you pay the taxes.

Creating a tax item for each single tax you apply

Some businesses need to apply more than one sales tax to their sales; for example, they may collect a state sales tax as well as several county sales taxes. You need to create a separate sales tax item for each tax whose amount you must report (not necessarily for each tax you collect—some states want you to report state sales tax and county sales tax as separate items, while others let you report them as one item).

Even if you're paying more than one type of tax, you usually want your customers to see one overall tax amount, not separate taxes for the state and county. You'll learn how to do that in this lesson.

Tracking and paying sales tax

On the Item list, you already have sales tax for San Tomas and San Domingo Counties. Because Rock Castle Construction now does business in the city of Bayshore, you need to add sales tax items for that city.

To add a sales tax item:

- 1 From the Lists menu, choose Item List.

QuickBooks displays the Item list.

Item List					
Type a help question Ask ▼ How Do I? □ ×					
Name	Description	Type	Account	On Hand	Price
• Blueprint changes		Service	Construction:Miscellaneous		0.00
• Concrete Slab	Foundation slab - prep and pouring	Service	Construction:Labor		0.00
• Floor Plans	Floor plans	Service	Construction:Miscellaneous		0.00
• Framing	Framing labor	Service	Construction:Labor		55.00
• Installation	Installation labor	Service	Construction:Labor		35.00
• Labor		Service	Construction:Labor		0.00
• Mileage		Service	Mileage Income	0	0.365
• Removal	Removal labor	Service	Construction:Labor		35.00
• Repairs	Repair work	Service	Construction:Miscellaneous		35.00
• Subs	Subcontracted services	Service	Construction:Subcontractors		0.00
• Carpet	Install carpeting	Service	Construction:Subcontractors		0.00
• Drywall	Install drywall	Service	Construction:Subcontractors		0.00
• Duct Work	Heating & Air Conditioning Duct Work	Service	Construction:Subcontractors		0.00
• Electrical	Electrical work	Service	Construction:Subcontractors		0.00
• Insulating	Install insulation	Service	Construction:Subcontractors		0.00
• Metal Wrk	Metal Work	Service	Construction:Subcontractors		0.00
• Painting	Painting	Service	Construction:Subcontractors		0.00
• Plumbing	Plumbing	Service	Construction:Subcontractors		0.00

- 2 Click the Item menu button, and then choose New.
QuickBooks displays the New Item window.
- 3 In the Type field, choose Sales Tax Item from the drop-down list.
- 4 In the Tax Name field, type **Bayshore**.
- 5 In the Description field, type **Bayshore City**.
- 6 In the Tax Rate (%) field, type **1**.

- 7 In the Tax Agency field, type **Bayshore Tax Agency**.

Your New Item window should now resemble the following figure.

- 8 Click OK.

QuickBooks displays a message telling you that Bayshore Tax Agency is not on your Vendor list.

- 9 Click Quick Add.

If QuickBooks prompts you to add 'Bayshore' to the dictionary, click Add.

QuickBooks adds Bayshore Tax Agency to the Vendor list.

Your Item list should resemble the following figure.

Name	Description	Type	Account	On Hand	Price
Retainage 1	10% retainage to be billed after job is complete...	Other ...	Retainage		-10.0%
Retainage 2	Final billing for 10% retainage	Other ...	Retainage		0.00
Reimb Subt	Subtotal of Reimbursable Expenses	Subtotal			
Subtotal	Subtotal	Subtotal			
A1 Custom Stor...	Custom Storage Building - Model A1	Group			
A2 Custom Stor...	Custom Storage Building - Model A2	Group			
A3 Custom Stor...	Custom Storage Building - Model A3	Group			
Door set	Exterior door and hardware set	Group			
Reimb Group	Time and materials	Group			
Room Addition/...	Project Total	Group			
Discount	10% Discount	Discount	Construction:Discounts given		-10.0%
Payment	Down payment received	Payment	Undeposited Funds		
Bayshore	Bayshore City	Sales ...	Sales Tax Payable		1.0%
East Bayshore	City Sales Tax	Sales ...	Sales Tax Payable		0.3%
Out of State	Out-of-state sale, exempt from sales tax	Sales ...	Sales Tax Payable		0.0%
San Domingo	CA sales tax, San Domingo County	Sales ...	Sales Tax Payable		7.5%
San Tomas	CA sales tax, San Tomas County	Sales ...	Sales Tax Payable		7.75%
E. Bayshore/Co...	Sales Tax	Sales ...	Sales Tax Payable		8.05%

Grouping single taxes together

Even if you collect a combination of sales taxes (for example, city tax and county tax) that you report separately, you probably don't want to confuse customers by showing separate taxes on your invoices or sales forms. QuickBooks lets you group some or all of your tax items so that customers see a single tax amount on your invoices and sales receipts. Instead of a sales tax item, you'll be creating a sales tax group.

To create a sales tax group:

- 1 With the Item list displayed, click the Item menu button, and then choose New.
- 2 In the Type field, choose Sales Tax Group.

The New Item window on your screen should resemble the figure below.

New Item Type a help question Ask How Do I?

Type: **Sales Tax Group** Use to calculate and individually track two or more sales tax items that apply to the same sale. The customer sees only the total sales tax.

Group Name/Number:

Description:

☐ Item is inactive

Enter each individual sales tax you need to charge in this district. QuickBooks will collect tax for these items as a group, but will report on each one individually.

Tax Item	Rate	Tax Agency	Description
Group Rate	0.00		

Buttons: OK, Cancel, Next, Spelling

- 3 In the Group Name/Number field, type **Bayshore Group**.
- 4 In the Description field, type **Sales Tax, Bayshore**.
- 5 Click in the Tax Item column, and then choose Bayshore from the drop-down list.
- 6 Click on the second line in the Tax Item column, and then choose San Tomas.

Your New Item window should resemble the following figure.

New Item Type a help question Ask How Do I?

Type: **Sales Tax Group** Use to calculate and individually track two or more sales tax items that apply to the same sale. The customer sees only the total sales tax.

Group Name/Number: **Bayshore Grp**

Description: **Sales Tax, Bayshore**

☐ Item is inactive

Enter each individual sales tax you need to charge in this district. QuickBooks will collect tax for these items as a group, but will report on each one individually.

Tax Item	Rate	Tax Agency	Description
Bayshore	1.0%	Bayshore Tax Agency	Bayshore City
San Tomas	7.75%		CA sales tax, San ...
Group Rate	8.75%		

Buttons: OK, Cancel, Next, Spelling

Notice that the total Group Rate is 8.75%.

- 7 Click OK.

QuickBooks adds the Bayshore Group to the Item list.

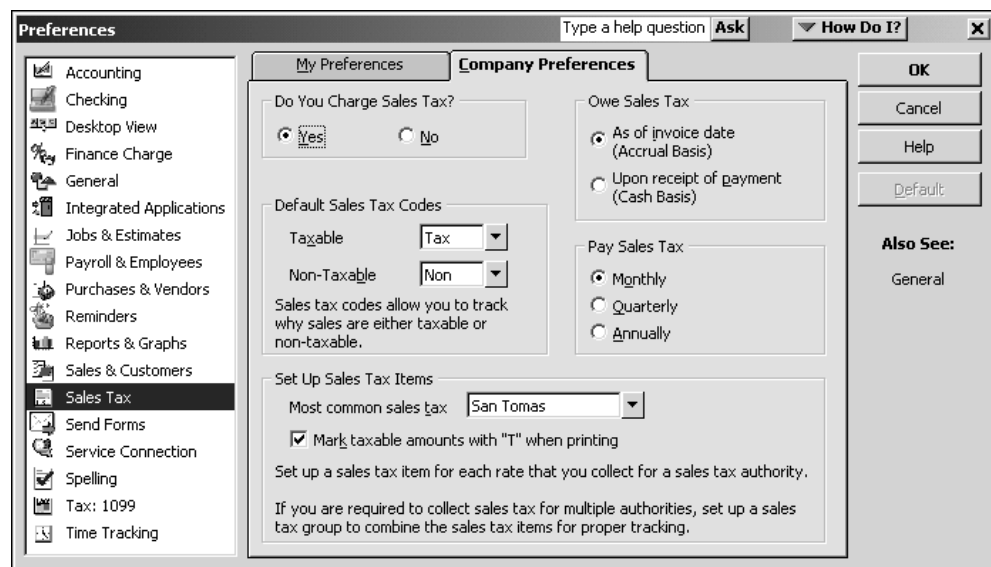
Identifying your most common tax

If you want QuickBooks to apply sales tax to your invoices and sales receipts, you have to tell it which sales tax item or group is the one you use most often. Once you do that, QuickBooks applies that sales tax when you fill out an invoice or a sales receipt. (You can choose a different sales tax from the sales form if you don't want the default tax.)

Assume Rock Castle Construction uses the San Tomas sales tax most often, and set that up as the default sales tax.

To set up a default sales tax:

- 1 From the Edit menu, choose Preferences.
QuickBooks displays the Preferences window.
- 2 In the Preferences window, click the Sales Tax icon in the left panel, and then click the Company Preferences tab.



- 3 In the "Most common sales tax" field, make sure San Tomas is selected.
- 4 Click OK.

If you're using sales tax codes, you can use the Preferences window to tell QuickBooks which sales tax codes to use as the default taxable and non-taxable codes. You can use the codes that come preset with QuickBooks, or define your own. You can also manage sales tax codes using the Sales Tax Code list, which is available on the Lists menu when the sales tax feature is turned on in a company data file.

Indicating who and what gets taxed

The next step in setting up sales tax is to indicate who and what gets taxed. You have to tell QuickBooks whether or not a customer is taxable and assign a default tax item or tax group to that customer.

You must also distinguish between taxable and non-taxable items on the Item list. When you add an item to the Item list, there's a place in the window where you can indicate whether you charge tax for the item. QuickBooks remembers this information, and shows whether or not an item is taxable when you enter the item on a sales form.

In the next exercise, you'll take a look at an item on Rock Castle's Item list to see how to indicate that an item is taxable.

To indicate a taxable item:

- 1 In the Item list, select Doorknobs Std (under Hardware).
- 2 Click the Item menu button, and then choose Edit Item.

QuickBooks displays the Edit Item window.

The screenshot shows the 'Edit Item' window in QuickBooks. The window title is 'Edit Item'. At the top, there is a search bar with the text 'Type a help question' and a button labeled 'Ask'. To the right of the search bar are three buttons: 'How Do I?', a minimize button, and a close button. The main area of the window is divided into several sections. The 'Type' section at the top left has a dropdown menu set to 'Inventory Part' and a description: 'Use for goods you purchase, track as inventory, and resell.' Below this is the 'Item Name/Number' section, which includes a text field with 'Doorknobs Std', a checked 'Subitem of' checkbox, a dropdown menu set to 'Hardware', and a 'Manufacturer's Part Number' field. To the right of these fields are three buttons: 'OK', 'Cancel', and 'Custom Fields'. Below the 'Item Name/Number' section are two columns of information. The left column is 'Purchase Information' and the right is 'Sales Information'. Each column has a 'Description on [Purchase/Sales] Transactions' text area. Below these are fields for 'Cost' (27.00), 'COGS Account' (Cost of Goods Sold), 'Preferred Vendor' (Patton Hardware Su...), 'Sales Price' (30.00), 'Tax Code' (Tax), and 'Income Account' (Construction:Materials). On the far right, there is a checkbox labeled 'Item is inactive'. At the bottom, there is an 'Inventory Information' section with a table showing 'Asset Account', 'Reorder Point', 'On Hand', 'Avg. Cost', and 'On P.O.'. The values are: Asset Account (Inventory Asset), Reorder Point (50), On Hand (103), Avg. Cost (27.00), and On P.O. (0).

The code in the Tax Code field is a taxable code, which tells you that this item is taxable. When you choose the item to be included on a sales form, QuickBooks knows that the item is taxable and automatically applies the default sales tax (San Tomas sales tax with a rate of 7.75%).

To indicate that an item is non-taxable, select a non-taxable code from the drop-down list.

- 3 Click OK to close the Edit Item window.
- 4 Close the Item list.

In the same way that you can specify that an item in the Item list is taxable, you can indicate whether or not a particular customer is taxable or non-taxable in that customer's record.

To see an existing customer record:

- 1 Click Customer Center on the navigation bar.
QuickBooks displays the Customer Center, including the Customers & Jobs list.
- 2 Select Jimenez, Cristina.
- 3 Click Edit Customer.
QuickBooks displays the Edit Customer window.

- 4 Click the Additional Info tab.
The tax code selected indicates that transactions with this customer are subject to sales tax. Because it is the default sales tax, the San Tomas tax item is assigned automatically. However, this customer is located in Bayshore, which has just instituted its city sales tax, so change the tax item to Bayshore Group.

- 5 In the Tax Item field, choose Bayshore Group from the drop-down list.

The screenshot shows the 'Edit Customer' window with the 'Additional Info' tab selected. The 'Tax Item' dropdown in the 'Sales Tax Information' section is set to 'Bayshore Group'. Other visible fields include 'Customer Name' (Jimenez, Cristina), 'Current Balance' (0.00), 'Type' (Residential), 'Terms' (Net 30), 'Rep', 'Preferred Send Method' (E-mail), 'Price Level', 'Contract #', 'B-Day', 'Spouse's Name', and 'Resale Number'. The right sidebar contains buttons for OK, Cancel, Notes, Help, and a checkbox for 'Customer is inactive'.

- 6 Click OK.
- 7 Close the Customer Center.

Applying tax to each sale

If you've set up a default sales tax, assigned taxes to your customers, and marked taxable items you sell as taxable, QuickBooks automatically calculates and applies the tax when you make a sale.

To apply tax to a sale:

- 1 On the Home page, click Invoices.
QuickBooks displays the Create Invoices window.
- 2 In the Customer:Job field, choose Jimenez, Cristina:Utility Shed from the drop-down list. (Select both the customer and the job.)
- 3 In Template field, select Custom Invoice from the drop-down list.
- 4 Click in the Item column and select Doorknobs Std from the drop-down list.

The Create Invoices window should resemble the figure below.

Create Invoices Type a help question **Ask** **How Do I?**

Previous Next **Spelling** **History** **Time/Costs...**

Customer: Job
Jimenez, Cristina:Utility S...

Template Customize
Custom Invoice

Invoice

BILL TO
Cristina Jimenez
6642 W. Skyline Dr
Bayshore, CA 94326

DATE 12/15/2007 INVOICE # 93

P.O. NO. TERMS DUE DATE CONTRACT #
Net 30 01/14/2008

ITEM	QUANTITY	DESCRIPTION	RATE	AMOUNT	Tax
Hardware:Door		Standard Doorknobs	30.00	30.00	Tax

Customer Message Tax Bayshore Gr... (8.75%) 2.63
Total 32.63

☐ To be printed Customer Tax Code Tax Apply Credits Payments Applied 0.00
☐ To be e-mailed Memo Balance Due 32.63

Let QuickBooks help you get your Invoice paid online by credit card. **Save & Close** **Save & New** **Clear**

When you enter a taxable item, QuickBooks displays the tax code associated with that item in the Tax column (which appears to the right of the Amount column). If the customer is taxable, QuickBooks includes all items associated with a taxable tax code in its tax calculation.

Tip: You can select a different tax code from the list to turn taxable status on and off for unique situations. You can also change the customer's taxable status by selecting a non-taxable code from the Customer Tax Code drop-down list.

Notice that QuickBooks applies to the Bayshore Group tax automatically because this is the sales tax you assigned to this customer.

- 5 In the Quantity column, type **4**, and then press Tab.

The Create Invoices window should resemble the following figure.

Create Invoices Type a help question **Ask** **How Do I?**

Customer: Job
Jimenez, Cristina:Utility S...

Template Customize
Custom Invoice

Invoice

DATE 12/15/2007 INVOICE # 93

BILL TO
Cristina Jimenez
6642 W. Skyline Dr
Bayshore, CA 94326

P.O. NO. TERMS Net 30 DUE DATE 01/14/2008 CONTRACT #

ITEM	QUANTITY	DESCRIPTION	RATE	AMOUNT	Tax
Hardware:D...	4	Standard Doorknobs	30.00	120.00	Tax

Customer Message Tax Bayshore Gr... (8.75%) 10.50
Total 130.50

☐ To be printed
☐ To be e-mailed

Customer Tax Code Tax Apply Credits Payments Applied 0.00
Balance Due 130.50

Memo

Let QuickBooks help you get your Invoice paid online by credit card.

Save & Close Save & New Clear

- 6 Click Save & Close.

Determining what you owe

If you're required to collect sales tax from customers, you also have to make periodic payments of the sales tax you've collected. QuickBooks gives you three ways to determine the amount of your sales tax liability: the sales tax liability report, the Sales Tax Payable register, and the Pay Sales Tax window.

Creating a sales tax liability report

The sales tax liability report provides complete information about the sales tax your company owes for a particular period of time.

To create the sales tax liability report:

- 1 From the Reports menu, choose Vendors & Payables, and then choose Sales Tax Liability.

Your report should resemble the following figure.

Sales Tax Liability
November 2007

	Total Sales	Non-Taxable Sales	Taxable Sales	Tax Rate	Tax Collected	Sales Tax Payable As of Nov 30, 07
City of East Bayshore						
East Bayshore	0.00	0.00	0.00	0.3%	0.00	66.68
Total City of East Bayshore	0.00	0.00	0.00		0.00	66.68
State Board of Equalization						
Out of State	0.00	0.00	0.00	0.0%	0.00	0.00
San Domingo	23,483.50	16,675.00	6,808.50	7.5%	510.64	510.64
San Tomas	26,524.25	18,938.25	7,586.00	7.75%	587.91	4,938.37
State Board of Equalization - Other	0.00	0.00	0.00		0.00	0.00
Total State Board of Equalization	50,007.75	35,613.25	14,394.50		1,098.55	5,449.01
TOTAL	50,007.75	35,613.25	14,394.50		1,098.55	5,515.69

- 2 In the Dates field, choose This Month-to-date from the drop-down list.

Your report should resemble the following figure.

Sales Tax Liability
December 1 - 15, 2007

	Total Sales	Non-Taxable Sales	Taxable Sales	Tax Rate	Tax Collected	Sales Tax Payable As of Dec 15, 07
Bayshore Tax Agency						
Bayshore	120.00	0.00	120.00	1.0%	1.20	1.20
Total Bayshore Tax Agency	120.00	0.00	120.00		1.20	1.20
City of East Bayshore						
East Bayshore	1,095.00	0.00	1,095.00	0.3%	3.29	69.97
Total City of East Bayshore	1,095.00	0.00	1,095.00		3.29	69.97
State Board of Equalization						
Out of State	0.00	0.00	0.00	0.0%	0.00	0.00
San Domingo	19,825.18	17,637.18	2,188.00	7.5%	164.10	132.64
San Tomas	48,264.16	34,357.75	13,906.41	7.75%	1,077.74	5,088.91
State Board of Equalization - Other	0.00	0.00	0.00		0.00	0.00
Total State Board of Equalization	68,089.34	51,994.93	16,094.41		1,241.84	5,221.55
Multiple taxes from different vendors	-1,215.00	0.00	-1,215.00		0.00	0.00
TOTAL	68,089.34	51,994.93	16,094.41		1,246.33	5,292.72

The sales tax liability report shows the total taxable sales as of a date you choose, total non-taxable sales, and the amount of sales tax you owe each tax agency.

QuickBooks displays the sales tax liability report on an accrual basis (unless you changed the default setting in the Sales Tax Preferences window). The report shows exactly how much sales tax you collected.

- 3 Close the sales tax liability report.
- 4 If QuickBooks asks if you want to memorize the report, click No.

Determining the source of sales tax revenue

If you'd like to see where your sales tax revenue is coming from, you can run the sales tax revenue summary report, which shows you the sources of all taxable and non-taxable sales transactions, broken down by individual sales tax codes.

To run the sales tax revenue summary report:

- 1 From the Reports menu, choose Vendors & Payables, and then choose Sales Tax Revenue Summary from the submenu.

Rock Castle Construction				
Sales Tax Revenue Summary				
November 2007				
	Taxable Sales	Non-Taxable Labor	Non-Taxable Sales	TOTAL
State Board of Equalization				
San Domingo	6,808.50	0.00	16,675.00	23,483.50
San Tomas	7,586.00	1,005.00	17,933.25	26,524.25
Total State Board of Equalization	14,394.50	1,005.00	34,608.25	50,007.75
TOTAL	14,394.50	1,005.00	34,608.25	50,007.75

You can QuickZoom on the numbers in the report to get more information about specific sales transactions.

- 2 Close the report.

Using the sales tax payable register

Each time you write an invoice or sales receipt that includes sales tax, QuickBooks enters the information in the sales tax payable register. QuickBooks keeps track of transactions for all tax vendors in the same Sales Tax Payable account.

To see the sales tax payable register:

- 1 From the Company menu, choose Chart of Accounts.
QuickBooks displays the chart of accounts.
- 2 Click Sales Tax Payable once to select it.
- 3 Click the Activities menu button and select Use Register.

QuickBooks displays the Sales Tax Payable register.

Date	Number	Vendor	Due Date	Billed	✓	Paid	Balance
12/15/2007	92	State Board of Equalization	12/31/2007	0.00			5,282.22
	INV	Accounts Rec CA sales tax,					
12/15/2007	93	Bayshore Tax Agency	12/31/2007	1.20			5,283.42
	INV	Accounts Rec Bayshore City					
12/15/2007	93	State Board of Equalization	12/31/2007	9.30			5,292.72
	INV	Accounts Rec CA sales tax,					

Ending balance 5,292.72

Buttons: Splits, 1-Line, Sort by [Date, Type, Number/...], Record, Restore

Each entry in the register is a single tax transaction. Taxes you record on invoices and sales receipts appear as increases, and payments you make to tax agencies appear as decreases. The ending balance of the register is your current tax liability.

Notice how some transactions have the same invoice number. When you record two tax rates on the same invoice or cash sale, the register shows a separate transaction for each tax agency. (This is because you have to make separate payments to individual tax agencies.)

- 4 Close the register.
- 5 Close the chart of accounts.

Paying your tax agencies

When it's time to pay sales tax, you use the Pay Sales Tax window to write a check to your tax agency or agencies. Suppose Rock Castle Construction is ready to make a sales tax payment.

To make a sales tax payment:

- 1 On the Home page, click Pay Sales Tax.

Tracking and paying sales tax

QuickBooks displays the Pay Sales Tax window.

P...	Item	Vendor	Amt. Due	Amt. Paid
	East Bayshore	City of East Bayshore	66.68	0.00
	San Tomas	State Board of Equalization	4,011.17	0.00
	San Domingo	State Board of Equalization	-31.46	0.00
Totals			4,046.39	0.00

Buttons: Pay All Tax, Adjust, OK, Cancel, Help. Ending Bank Balance: 46,423.98.

2 Select the “To be printed” checkbox.

3 In the “Show sales tax due through” field, type **12/15/07**, and then press Tab.

QuickBooks displays tax agencies and the amounts you owe. To mark them for payment, click the Pay All Tax button.

The Pay Sales Tax window should resemble the figure below.

Pay	Item	Vendor	Amt. Due	Amt. Paid
✓	Bayshore	Bayshore Tax Agency	1.20	1.20
✓	East Bayshore	City of East Bayshore	69.97	69.97
✓	San Tomas	State Board of Equalization	5,088.91	5,088.91
✓	San Domingo	State Board of Equalization	132.64	132.64
Totals			5,292.72	5,292.72

Buttons: Clear Selections, Adjust, OK, Cancel, Help. Ending Bank Balance: 41,131.26.

4 Click OK.

QuickBooks writes and records checks to the tax agencies you indicated. All you need to do is print the checks. QuickBooks updates the tax report and sales tax payable register to show that you’ve paid the tax agencies.

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LESSON 12 Doing payroll with QuickBooks

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Lesson objectives

- To gain an overview of payroll in QuickBooks
- To learn more about payroll setup
- To set up employee payroll information
- To practice writing and printing a payroll check
- To learn how QuickBooks tracks your tax liabilities
- To practice paying payroll taxes

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qblesson.qbb) on your hard disk. See “Installing the exercise file” in the Introduction to this guide if you haven’t installed it.

The following steps restore the exercise file to its original state so that the data in the file matches what you see on the screen as you proceed through each lesson.

To restore the exercise file (qblesson.qbb):

- 1 From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2 In the “Get Company Backup From” section of the window, click Browse and select your c:\QBtrain directory.
- 3 Select the qblesson.qbb file, and then click Open.
- 4 In the “Restore Company Backup To” section of the window, click Browse and select your c:\QBtrain directory.
- 5 In the File name field of the Restore To window, type **lesson 12** and then click Save.
- 6 Click Restore.

Overview of payroll tracking

This lesson is designed to demonstrate some of the QuickBooks payroll features. The way you process payroll for your company may differ from this lesson depending on which (if any) payroll service you subscribe to.

Because payroll information is already set up in the exercise file, you will not go through the payroll setup process in this lesson.

To calculate payroll, QuickBooks uses tax tables. The exercise file includes the tax table data needed to complete this lesson. To get the tax tables to use with your own QuickBooks company data file, you need to subscribe to one of the Intuit Payroll Services—either QuickBooks Standard Payroll, QuickBooks Enhanced Payroll, or QuickBooks Assisted Payroll. Intuit also offers a full service payroll option—Intuit Payroll Services Complete Payroll. To learn about these options or subscribe to one of them, from the Employees menu, choose Add Payroll Service, and then choose Learn About Payroll Options from the submenu.

QuickBooks calculates each employee's gross pay, and then calculates taxes and deductions to arrive at the net pay. With QuickBooks, you can write the paycheck, record the transaction in your QuickBooks checking account, keep track of your tax liabilities, and pay them.

You, as the employer, must subtract taxes and other deductions before issuing an employee's paycheck. Some typical paycheck deductions are federal and state withholding (income) taxes, social security taxes (FICA), Medicare taxes, and state unemployment insurance. You may also deduct for benefits such as a 401(k) plan, or contributions to your company's medical/dental plan.

When you withhold social security, Medicare, and federal withholding taxes from employees' paychecks, you must submit regular deposits of the withheld tax money (semiweekly or monthly, depending on the size of your payroll), and file quarterly forms that list the total amounts you withheld from each employee's paycheck.

Calculating payroll with QuickBooks

To do its payroll calculations, QuickBooks needs four kinds of information:

- **Information about your company**

Besides the company name and address, this includes information about your federal tax ID numbers. You enter this information in the EasyStep Interview when you set up your QuickBooks company data file. (You can view most company information by choosing Company Information from the Company menu.)

- **Information about your employees**

The QuickBooks Employee list stores general information about each of your employees, and specific information related to payroll (such as the employee's salary or hourly rate, filing status, number of exemptions, and miscellaneous additions, deductions, and company contributions). You can store payroll information that most employees have in common in employee defaults.

Whenever you have a new employee to add, simply enter information that's specific to that employee (name, address, and so on).

■ Information about your payroll items

QuickBooks maintains a list of items that affect the amount on a payroll check, including company expenses related to payroll. When you specify that you want to use payroll, QuickBooks creates a number of payroll items for you. You add others as you need them.

■ Tax tables for federal, state, and local withholdings

QuickBooks uses tax tables to calculate payroll. You get the current tax tables and keep them current when you subscribe to one of the Intuit Payroll Services mentioned on page 274. If you choose not to subscribe to one of these payroll services, you need to calculate and enter your payroll tax deductions manually for each paycheck.

Once you've set up your company, employee data, and payroll items, to run payroll you enter the number of hours worked during the pay period for each employee. QuickBooks calculates the gross wages for the employee, and then refers to its tax tables (if you've subscribed to one of the Intuit Payroll Services—Standard Payroll, Enhanced Payroll, or Assisted Payroll) and the company and employee information you've entered to calculate all withholdings and deductions and to arrive at the net pay figure. QuickBooks also calculates your company payroll expenses (for example, your contributions to social security and Medicare).

Setting up for payroll

By default, the QuickBooks payroll feature is turned on.

To turn payroll off in a company data file:

- 1 From the Edit menu, choose Preferences, and click Payroll & Employees in the left panel.
- 2 Click the Company Preferences tab and select "No payroll."
- 3 Click OK.

Understanding payroll items

QuickBooks maintains a list for everything that affects the amount on a payroll check and for every company expense related to payroll. This list is called the Payroll Item list. There are payroll items for compensation, taxes, other additions and deductions, and employer-paid expenses. QuickBooks uses payroll items to track individual amounts on a paycheck and accumulated year-to-date wage and tax amounts for each employee.

QuickBooks adds some items to the list for you, and you can add others as you need them. For common payroll items, such as compensation and benefits, QuickBooks provides extra assistance so you can set them up quickly and accurately.

You work directly with payroll items as you do payroll tasks. Behind the scenes, QuickBooks tracks your payroll liabilities in the Payroll Liabilities account (an Other Current Liability account) and your payroll expenses in the Payroll Expenses account.

To view the Payroll Item list:

- 1 From the Employees menu, choose Payroll Item List. (You must have payroll turned on to see this choice.)

QuickBooks displays the Payroll Item list.

Item Name	Type	Amount	Annual Limit	Tax Tracking	Payable To	Account ID
Salary	Yearly Salary			Compensation		
Sick Salary	Yearly Salary			Compensation		
Vacation Salary	Yearly Salary			Compensation		
Overtime Pay	Hourly Wage			Compensation		
Regular Pay	Hourly Wage			Compensation		
Sick Hourly	Hourly Wage			Compensation		
Vacation Hourly	Hourly Wage			Compensation		
Bonus	Addition		10,000.00	Compensation		
Mileage Reimb.	Addition	0.32		Compensation		
Health Insurance	Deduction		-1,200.00	None	Sergeant Insurance	
Advance Earned Inco...	Federal Tax			Advance EIC Payment	Great Statewide Bank	00-7904153
Federal Unemployment	Federal Tax	0.8%	7,000.00	FUTA	Great Statewide Bank	00-7904153
Federal Withholding	Federal Tax			Federal	Great Statewide Bank	00-7904153
Medicare Company	Federal Tax	1.45%		Comp. Medicare	Great Statewide Bank	00-7904153
Medicare Employee	Federal Tax	1.45%		Medicare	Great Statewide Bank	00-7904153

You've already used the QuickBooks Item list, so this list should look familiar. Just like the regular Item list, each payroll item has a Name and a Type.

The names of the payroll items are what you'll see on paychecks and in payroll reports.

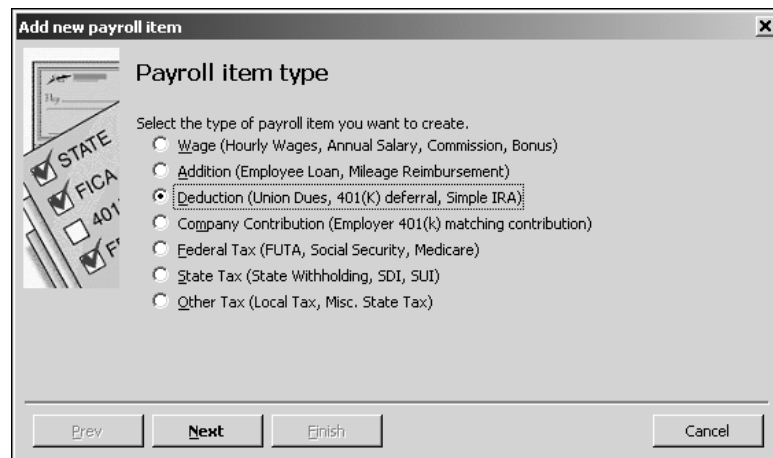
- 2 Close the Payroll Item list.

You won't add a new payroll item in this lesson, but if you need to add an item after you've set up payroll in QuickBooks, you can use the following procedure.

To add a payroll item:

- 1 From the Employees menu, choose Payroll Item list.
- 2 Click the Payroll Item menu button, and then choose New.

- QuickBooks displays the Add new payroll item window, which steps you through the payroll item setup process.



- Select the type of payroll item you want to create. Then, click Next and follow the onscreen instructions.

Setting up employee payroll information

QuickBooks calculates payroll for each employee on the basis of that employee's pay rate, filing marital status, exemptions, and so on. The Employee list stores general information about each employee, as well as payroll information.

What information does QuickBooks store?

You're going to add a new employee to Rock Castle Construction payroll in a moment. First, look at the information QuickBooks stores in the Employee list.

To view information stored in the Employee list:

- 1 Click Employee Center on the navigation bar.

Employee Center: Dan T. Miller

Type a help question Ask How Do I?

New Employee... Related Activities Print Enter Time Export Transactions... Word

Employees Transactions Payroll

View Active Employees

Name

Dan T. Miller

Elizabeth N. Mason

Gregg O. Schneider

Employee Information

Employee Name Dan T. Miller Phone 555-2601

Address Dan Miller Cellular

195 Spruce Ave, #202 Bayshore, CA 94326 Alt Phone

Email

Notes Edit Notes...

Reports for this Employee

- QuickReport
- Payroll Summary
- Paid Time Off Report
- Payroll Transaction Detail
- Learn About Payroll

Show All Transactions Date This Calendar Year 01/01/2007 - 12/31/2007

Transaction Type	Date	Paid Through	Account	Amount
Paycheck	12/10/2007	12/10/2007	Checking	1,320.07
Paycheck	11/27/2007	11/27/2007	Checking	1,297.76
Paycheck	11/13/2007	11/13/2007	Checking	1,297.75
Paycheck	10/30/2007	10/30/2007	Checking	1,297.74
YTD Adjustment	10/15/2007	10/15/2007	Checking	1,272.75
YTD Adjustment	10/01/2007	10/01/2007	Checking	1,265.55
YTD Adjustment	09/17/2007	09/17/2007		1,264.78
YTD Adjustment	09/03/2007	09/03/2007		1,264.78
YTD Adjustment	08/20/2007	08/20/2007		1,264.78
YTD Adjustment	08/06/2007	08/06/2007		1,264.76
YTD Adjustment	07/23/2007	07/23/2007		1,264.78
YTD Adjustment	07/09/2007	07/09/2007		1,264.78
YTD Adjustment	06/30/2007	06/30/2007		8,105.06
YTD Adjustment	03/31/2007	03/31/2007		8,055.05

- 2 Select Dan T. Miller in the list, and then click Edit Employee.

QuickBooks displays the Edit Employee window for Dan T. Miller.

The screenshot shows the 'Edit Employee' window for Dan T. Miller. The window has a title bar with 'Edit Employee', a search bar, and window controls. Below the title bar, there's a section for 'Information for: Dan T. Miller' and a 'Change tabs:' dropdown menu set to 'Personal Info'. The 'Personal' tab is selected, showing fields for 'Mr./Ms./...', 'Legal Name' (First Name: Dan, M.I.: T., Last Name: Miller), 'Print on Checks as' (Dan Miller), 'SS No.' (333-44-5555), 'Gender' (dropdown), and 'Date of Birth' (calendar icon). On the right side, there are buttons for 'OK', 'Cancel', 'Notes', and 'Help', along with a checkbox for 'Employee is inactive'.

The Personal tab contains general information about Dan Miller, such as his name, social security number, and date of birth.

3 Click the Address and Contact tab.

This is where QuickBooks stores employees' addresses, telephone numbers, and other contact information.

The screenshot shows the 'Edit Employee' window for Dan T. Miller, with the 'Address and Contact' tab selected. The 'Personal' tab is still visible in the background. The 'Address and Contact' tab shows fields for 'Home Address' (Address: 195 Spruce Ave, #202, City: Bayshore, State: CA, Zip: 94326), 'Phone' (555-2601), 'Cellular', 'Alt. Phone', 'Fax', 'E-mail', 'Pager', and 'PIN (Pager)'. The right side of the window remains the same with 'OK', 'Cancel', 'Notes', 'Help' buttons and the 'Employee is inactive' checkbox.

- 4 Click the Additional Info tab.

The Additional Info tab lets you add custom fields to the Employee list.

- 5 In the Change tabs drop-down list, select Payroll and Compensation Info.

QuickBooks displays the Payroll Info tab of the Edit Employee window. This is where QuickBooks stores payroll information.

Information for: Dan T. Miller

Change tabs: Payroll and Compensation Info

Payroll Info

Earnings:

Item Name	Hourly/Annual Rate
Salary	41,500.00

Pay Period: Biweekly

☒ Use time data to create paychecks

Additions, Deductions and Company Contributions

Item Name	Amount	Limit
Health Insurance	-25.00	-600

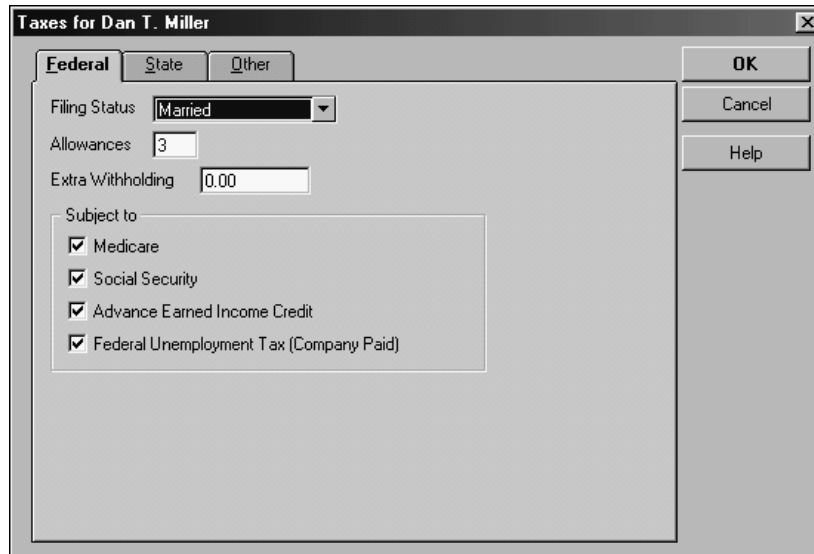
☐ Employee is covered by a qualified pension plan

Buttons: OK, Cancel, Notes, Help, Employee is inactive, Taxes..., Sick/Vacation..., Direct Deposit

The Payroll Info tab contains an employee's specific salary or hourly rate, and any additions, deductions, or company contributions. You can see tax information for this employee (the type of information you get from a W-4) by clicking the Taxes button.

6 Click Taxes.

QuickBooks displays the Federal tab of the Taxes for Dan T. Miller window.



The checkboxes indicate the types of taxes the employee should have deducted from each paycheck. A checkmark in the Federal Unemployment checkbox indicates that this employee's pay is subject to the employer-paid federal unemployment tax.

7 Click the State tab to review the state withholdings.

This window stores information about state withholding taxes, state unemployment, and state disability.

8 Click OK to return to the Edit Employee window.

9 Click OK again to return to the Employee Center.

Using the employee defaults to store common information

QuickBooks stores a wealth of information about each employee, but it doesn't require you to enter the same information over and over. When you have information that applies to most of your employees, you can enter it into your employee defaults. Then, when you add an employee, QuickBooks automatically fills in the information stored with the defaults. You just need to add or change any information that is different for a particular employee.

To view employee defaults:

- 1 With the Employee Center displayed, choose Employee Defaults from the Related Activities menu button.

QuickBooks displays the Employee Defaults window.

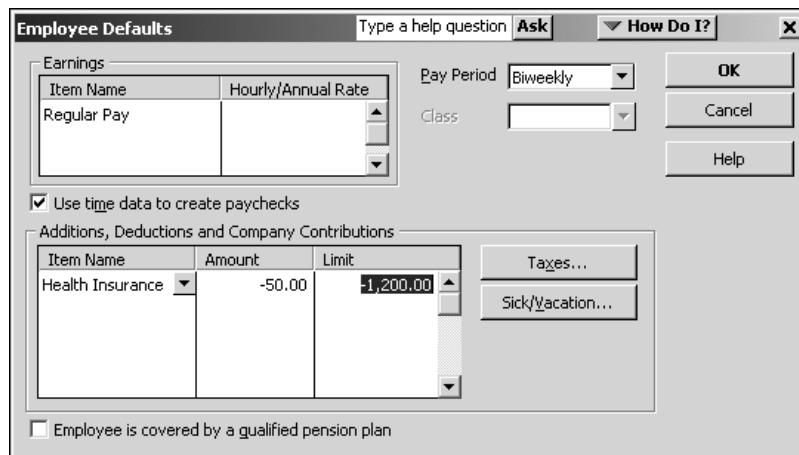
Use this window to set up the payroll information that most of your employees have in common. QuickBooks saves the information so you won't have to re-enter it when you set up the payroll record for an individual employee.

All Rock Castle Construction employees have the same biweekly pay period, so that is entered in the employee defaults.

In addition, all employees are subject to a deduction for health insurance, limited to a maximum of \$1,200. This information isn't reflected in the defaults, so you can add it now.

- 2 Select the "Use time data to create paychecks" checkbox to include pay for time entered using the time tracking feature.
- 3 In the Additions, Deductions and Company Contributions area, click in the Item Name column, and then choose Health Insurance from the drop-down list.

- 4 In the Amount column, type **50** and press Tab.
Your screen should look like the following.



The **Employee Defaults** window is shown. It includes a search bar at the top, a table for Earnings, a checkbox for 'Use time data to create paychecks', and a table for Additions, Deductions and Company Contributions. The 'Health Insurance' deduction is set to -50.00 with a limit of 1,200.00. Buttons for Taxes, Sick/Vacation, OK, Cancel, and Help are on the right.

Item Name	Hourly/Annual Rate
Regular Pay	

Pay Period: **Biweekly**

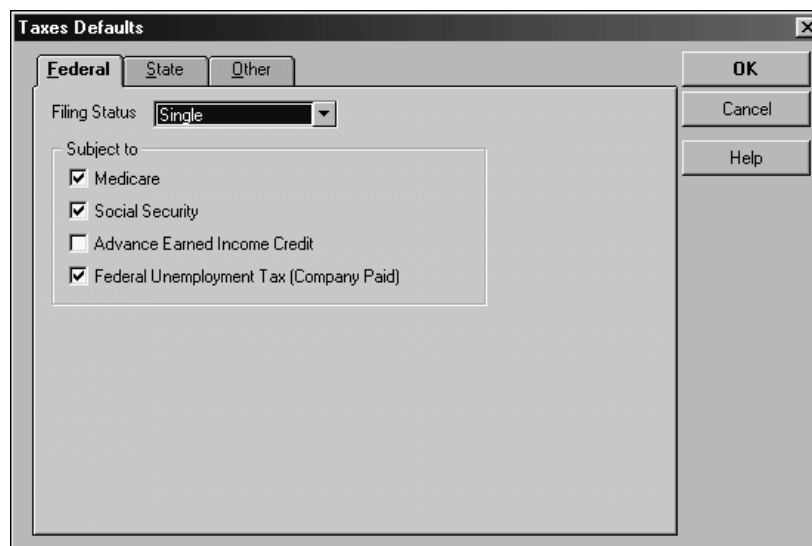
Class:

☒ Use time data to create paychecks

Item Name	Amount	Limit
Health Insurance	-50.00	1,200.00

☐ Employee is covered by a qualified pension plan

- 5 Click Taxes.
QuickBooks displays the Federal tab of the Taxes Defaults window.



The **Taxes Defaults** window is shown with the **Federal** tab selected. It includes a Filing Status dropdown set to 'Single' and a list of tax items to be withheld, all of which are checked: Medicare, Social Security, Advance Earned Income Credit, and Federal Unemployment Tax (Company Paid). Buttons for OK, Cancel, and Help are on the right.

Filing Status: **Single**

Subject to:

- ☒ Medicare
- ☒ Social Security
- ☐ Advance Earned Income Credit
- ☒ Federal Unemployment Tax (Company Paid)

The withholding taxes that should be deducted from each employee paycheck are entered in this window.

- 6 Click Cancel to close the Taxes Defaults window.

7 Click Sick/Vacation.

QuickBooks displays the Sick & Vacation Defaults window.

Information regarding earned sick days and vacation days is entered in this window. QuickBooks keeps track of the earned time each pay period.

8 Click Cancel to close the Sick & Vacation Defaults window.**9** Click OK to close the Employee Defaults window.

Adding a new employee

Suppose you have a new employee on the payroll, and want to add him to your records.

To add a new employee:

1 With the Employee Center displayed, click New Employee.

QuickBooks displays the New Employee window.

- On the Personal tab, enter the employee data as shown below.

- On the Address and Contact tab, enter the employee data as follows.

- In the Change tabs drop-down list, select Employment Info.
- In the Hire Date field, enter 11/28/2007.
- In the Change tabs drop-down list, select Payroll and Compensation Info.
- In the Earnings section of the window, click the Item Name column and press Tab. (Notice that the Regular Pay item is displayed already.)

- 8** In the Hour/Annual Rate column for the Regular Pay payroll item, type **15**. Then press Tab.

The Payroll Info tab should look like the following.

New Employee Type a help question **Ask** How Do I? [Icons]

Information for: Michael M. Wilhite

Change tabs: Payroll and Compensation Info

Payroll Info

Earnings

Item Name	Hourly/Annual Rate
Regular Pay	15.00

Pay Period: Biweekly

☒ Use time data to create paychecks

Additions, Deductions and Company Contributions

Item Name	Amount	Limit
Health Insurance	-50.00	-1,200.00

☐ Employee is covered by a qualified pension plan

Taxes...
Sick/Vacation...
Direct Deposit

OK
Cancel
Next
Help
☐ Employee is inactive

- 9** Click Taxes.

QuickBooks displays the Federal tab of the Taxes for Michael M. Wilhite window.

- 10** From the Filing Status drop-down list, choose Married.

- 11** Click State.

QuickBooks displays the State tab of the Taxes for Michael M. Wilhite window.

- 12** In the Filing Status field, choose "Married (two incomes)."

- 13** Click OK.

QuickBooks returns to the New Employee window.

- 14** In the Additions, Deductions, and Company Contributions area, type **15** in the Amount column for Health Insurance and press Tab.

QuickBooks enters -15.00 in the Amount column. The New Employee window should now look like this.

New Employee Type a help question **Ask** **How Do I?**

Information for: Michael M. Wilhite

Change tabs: Payroll and Compensation Info

Payroll Info

Earnings

Item Name	Hourly/Annual Rate
Regular Pay	15.00

Pay Period: Biweekly

☒ Use time data to create paychecks

Additions, Deductions and Company Contributions

Item Name	Amount	Limit
Health Insurance	-15.00	1,200.00

☐ Employee is covered by a qualified pension plan

☐ Employee is inactive

OK
Cancel
Next
Help
Taxes...
Sick/Vacation...
Direct Deposit

15 Click OK.

16 When QuickBooks asks whether you want to set up additional payroll information, click Leave As Is.

QuickBooks returns to the Employee Center, where the new employee's name is now displayed.

17 Close the Employee Center.

Writing a paycheck

QuickBooks lets you print payroll checks in a batch or one at a time. You may want to process the paychecks of salaried employees in a batch, and do payroll for the hourly employees one at a time.

To run a paycheck:

- 1 From the Employees menu, choose Pay Employees.

QuickBooks displays the Select Employees To Pay window.

Select Employees To Pay

Bank Account: Checking

Paycheck Options:

- ☒ To be printed
- ☐ To be handwritten or direct deposited

First Check Number: 301

Check Date: 12/15/2007 Pay Period Ends: 12/24/2007 Sort By: Employee

Enter hours and preview check before creating.

Create check without preview using hours below and last quantities.

Enter hours using Rapid Time Entry.

Create

Print Paychecks

Print Paystubs

Leave

Mark All

Employee	Pay Period	Rate	Hours	Last Pay Period End
✓ Dan T. Miller	Biweekly	1,596.15	8:00	12/10/2007
Elizabeth N. Mason	Biweekly	14.75	40:00	12/10/2007
Gregg O. Schneider	Biweekly	17.25	8:00	12/10/2007
Michael M. Wilhite	Biweekly	15.00	0:00	

- 2 In the Pay Period Ends field, type **12/15/2007**.

- 3 Click in the column to the left of Michael M. Wilhite's name.

QuickBooks places a checkmark next to the name.

- 4 Make sure that "Enter hours and preview check before creating" is selected.

- 5 Click Create.

- 6 If QuickBooks indicates that there is no time data for this employee, click OK.

QuickBooks displays the Preview Paycheck window. Now you can enter the time Michael worked.

Preview Paycheck

Michael M. Wilhite

Pay Period: 12/02/2007 - 12/15/2007

☐ Use Direct Deposit

Earnings

Item Name	Rate	Hours	Customer: Job	Service Item

Total Hours: 0:00

Other Payroll Items

Item Name	Rate	Quantity
Health Insurance		-15.00

Employee Summary

Item Name	Amount	YTD
Health Insurance	-15.00	-15.00
Federal Withholding	0.00	0.00
Social Security Employee	0.00	0.00
Medicare Employee	0.00	0.00
CA - Withholding	0.00	0.00
CA - Disability Employee	0.00	0.00

Company Summary

Item Name	Amount	YTD
CA - Employee Training Tax	0.00	0.00
Social Security Company	0.00	0.00
Medicare Company	0.00	0.00
Federal Unemployment	0.00	0.00
CA - Unemployment Company	0.00	0.00

Check Amount: -15.00

Create **Cancel** **Help**

☐ Enter net/Calculate gross

- 7 In the Earnings section, click in the Item Name column, and then select Regular Pay from the drop-down list.
- 8 Tab to the Rate column and type **15**, if the amount doesn't pre-fill.
- 9 In the Hours column, type **80** and press Tab.

QuickBooks fills in the Employee Summary area of the Preview Paycheck window, showing the gross regular pay and all of the deductions from Michael's paycheck. The net amount of the check appears at the bottom.

Preview Paycheck Michael M. Wilhite Pay Period: 12/02/2007 - 12/15/2007

☐ Use Direct Deposit

Item Name	Rate	Hours	Customer:Job	Service Item
Regular Pay	15.00	80:00		

Total Hours: 80:00

Item Name	Rate	Quantity
Health Insurance		-15.00

Item Name	Amount	YTD
CA - Employee Training Tax	1.20	1.20
Social Security Company	74.40	74.40
Medicare Company	17.40	17.40
Federal Unemployment	9.60	9.60
CA - Unemployment Company	63.00	63.00

Item Name	Amount	YTD
Regular Pay	1,200.00	1,200.00
Health Insurance	-15.00	-15.00
Federal Withholding	-106.00	-106.00
Social Security Employee	-74.40	-74.40
Medicare Employee	-17.40	-17.40
CA - Withholding	-33.43	-33.43
CA - Disability Employee	-12.96	-12.96

Check Amount: 940.81

☐ Enter net/Calculate gross

Create **Cancel** **Help**

Because payroll tax rates change regularly, your numbers may vary from this illustration.

The Company Summary area of the window shows company-paid taxes and contributions that don't affect the amount of the paycheck (company-paid benefits).

- 10 Click Create.

QuickBooks writes a payroll check for the correct net amount, showing the deductions in the voucher area.

QuickBooks displays the Select Employees To Pay window.

- 11 You don't want to pay another employee now, so click Leave.

Viewing the paycheck

QuickBooks records payroll checks in your QuickBooks checking account register. You can see the check by going to the register.

To view the paycheck from the register:

- 1 From the Lists menu, choose Chart of Accounts.

2 Double-click “Checking.”

QuickBooks displays the Checking account register.

3 Select the paycheck transaction for Michael M. Wilhite, and click Edit Transaction.

QuickBooks displays the Paycheck – Checking window for Michael. Notice that the Paycheck Summary shows a summary of the check’s deductions. If you want to see the deductions that make up this total, you can click the Paycheck Detail button.

Paycheck - Checking Type a help question **Ask** **How Do I?**

Previous Next Print Find

Bank Account: **Checking** Ending Balance: 45,483.17

Pay to the Order of: **Michael M. Wilhite** No. To Print: **12/15/2007** Date: **12/15/2007** \$ **940.81**

Nine hundred forty and 81/100* ***** Dollars

Address: **Michael M. Wilhite
153 West Main Street
Bayshore, CA 94326**

Memo: _____

☒ To be printed

Paycheck Summary

Earnings	1,200.00	Pay Period	12/02/2007 - 12/15/2007
Additions	0.00	Hours Worked	80:00
Taxes	-244.19		
Deductions	-15.00		

Paycheck Detail...

Save & Close **Revert**

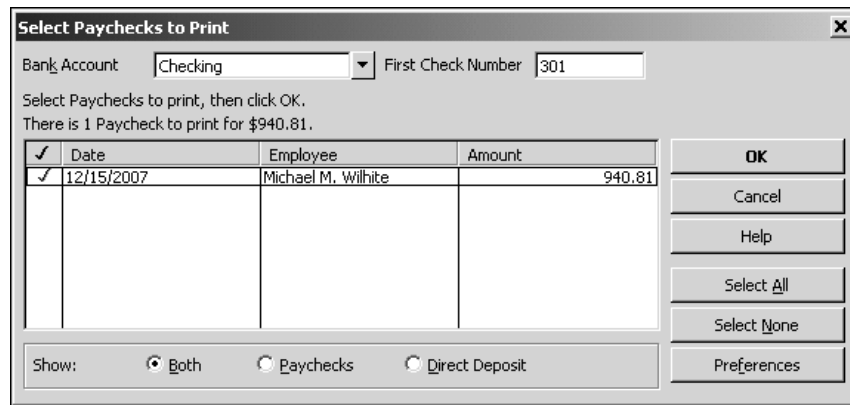
4 Click Save & Close to close the Paycheck – Checking window.**5** Close the checking account register, but leave the chart of accounts open.

Printing paycheck stubs

You can print paychecks as you would any QuickBooks check. If you use voucher checks, QuickBooks prints the payroll item detail in the voucher area. If you don't use voucher checks, you can print a paystub to give to your employees.

To print a paycheck:

- 1 From the File menu, choose Print Forms, and then choose Paychecks.
QuickBooks displays the Select Paychecks to Print window.
- 2 In the First Check Number field, type **301**.



- 3 Make sure there's a checkmark next to Michael Wilhite's name, and then click OK.
- 4 Click Print.

Tracking your tax liabilities

As an employer, you need to track both payroll expenses and payroll liabilities. These are the company payroll expenses you need to track:

- Employees' gross pay
- Employer payroll taxes, such as contributions to social security (FICA), Medicare, federal and state unemployment insurance, and state disability insurance

QuickBooks uses an expense account called Payroll Expenses to track these actual costs to your company. (The funds you deduct from employee paychecks aren't considered an actual cost because they're monies you're holding for the government; they don't come directly from your company assets.) Whenever you run your payroll, QuickBooks keeps track of your company's expenses for each employee. You can then see totals for these expenses on the payroll summary by employee report and on the profit and loss statement.

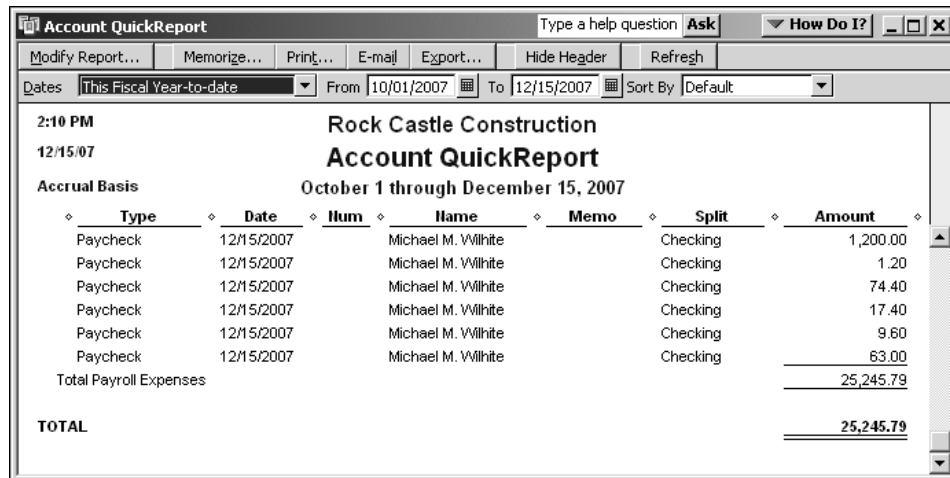
QuickBooks uses the Payroll Liabilities account (an Other Current Liability account) to track what you owe to the government. When you do your payroll, QuickBooks calculates how much you owe for each tax, deduction, or company contribution payroll item and records that information as a transaction in the liability account. This produces a record of how much tax you owe at any time, so you can plan to have the cash available for payment. When you pay your payroll taxes or other payroll liabilities, QuickBooks decreases the balance of the liability account.

Look at the payroll expense and liability accounts, so you can see how QuickBooks recorded expenses and liabilities related to Michael Wilhite's paycheck.

To display the payroll expenses QuickReport:

- 1** In the Chart of Accounts window, select the Payroll Expenses account.
- 2** From the Reports menu button, choose QuickReport: Payroll Expenses.

QuickBooks displays the QuickReport. You can scroll through the report to see the expense items paid by the company for Michael Wilhite's paycheck.



Account QuickReport

2:10 PM
12/15/07

Rock Castle Construction
Account QuickReport
Accrual Basis
October 1 through December 15, 2007

Type	Date	Item	Name	Memo	Split	Amount
Paycheck	12/15/2007		Michael M. Wilhite		Checking	1,200.00
Paycheck	12/15/2007		Michael M. Wilhite		Checking	1.20
Paycheck	12/15/2007		Michael M. Wilhite		Checking	74.40
Paycheck	12/15/2007		Michael M. Wilhite		Checking	17.40
Paycheck	12/15/2007		Michael M. Wilhite		Checking	9.60
Paycheck	12/15/2007		Michael M. Wilhite		Checking	63.00
Total Payroll Expenses						25,245.79
TOTAL						25,245.79

- 3** Close the QuickReport.

- 4 In the chart of accounts, double-click the Payroll Liabilities account.
QuickBooks displays the register for the account. The register shows a separate transaction for each item from Michael's paycheck. The running balance shows an increase for every liability.

Payroll Liabilities						
Type a help question Ask How Do I?						
Go to... Print... Edit Transaction QuickReport						
Date	Ref	Payee		Increase	Decrease	Balance
Type	Account	Memo				
12/15/2007	PAY CHK	Michael M. Wilhite		15.00		3,193.06
		Checking [split]				
12/15/2007	PAY CHK	Michael M. Wilhite		1.20		3,194.26
		Checking [split]				
12/15/2007	PAY CHK	Michael M. Wilhite		106.00		3,300.26
		Checking [split]				
12/15/2007	PAY CHK	Michael M. Wilhite		74.40		3,374.66
		Checking [split]				
12/15/2007	PAY CHK	Michael M. Wilhite		74.40		3,449.06
		Checking [split]				
12/15/2007	PAY CHK	Michael M. Wilhite		17.40		3,466.46
		Checking [split]				
12/15/2007	PAY CHK	Michael M. Wilhite		17.40		3,483.86
		Checking [split]				
12/15/2007	PAY CHK	Michael M. Wilhite		9.60		3,493.46
		Checking [split]				
12/15/2007	PAY CHK	Michael M. Wilhite		33.43		3,526.89
		Checking [split]				
12/15/2007	PAY CHK	Michael M. Wilhite		12.96		3,539.85
		Checking [split]				
12/15/2007	PAY CHK	Michael M. Wilhite		63.00		3,602.85
		Checking [split]				
Ending balance						3,726.85
Splits						
<input type="checkbox"/> 1-Line						
Sort by Date, Type, Number/...						
				Record	Restore	

- 5 Close the register.
- 6 Close the chart of accounts.

Paying payroll taxes

As long as you have a valid subscription to one of the Intuit Payroll Services, QuickBooks uses current tax tables to keep track of your tax liabilities as they accrue, so you know how much you owe at any time.

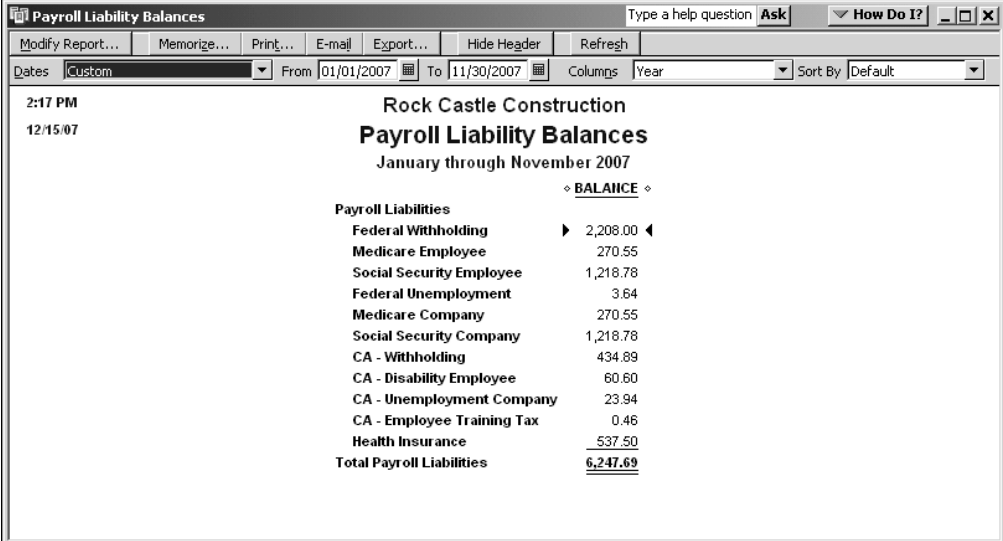
Figuring out what you owe

If you're about to pay taxes or other liabilities, the payroll liabilities report shows you how much to pay. Suppose you are ready to make a tax payment, and you want to see how much you owe.

To create a payroll liabilities report:

- 1 From the Reports menu, choose Employees & Payroll, and then choose Payroll Liability Balances.
- 2 Click Modify Report, select "Display columns by **Year** across the top," and then click OK.

QuickBooks displays a report that shows what you owe for each payroll item.



Rock Castle Construction	
Payroll Liability Balances	
January through November 2007	
◇ BALANCE ◇	
Payroll Liabilities	
Federal Withholding	2,208.00
Medicare Employee	270.55
Social Security Employee	1,218.78
Federal Unemployment	3.64
Medicare Company	270.55
Social Security Company	1,218.78
CA - Withholding	434.89
CA - Disability Employee	60.60
CA - Unemployment Company	23.94
CA - Employee Training Tax	0.46
Health Insurance	537.50
Total Payroll Liabilities	<u>6,247.69</u>

- 3 Close the report.
- 4 Click No at the message asking if you'd like to memorize the report.

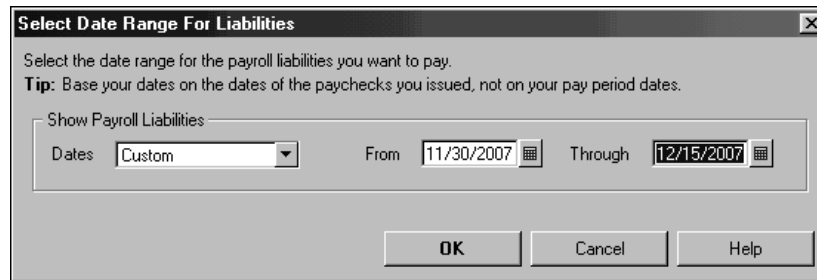
Writing a check for payroll taxes

When it's time to deposit payroll taxes with your deposit institution, use the Liability Check window to fill out a QuickBooks check.

Note: Don't just open the Write Checks window and write a check from there. QuickBooks can't properly adjust your Payroll Liabilities account unless you use the Pay Liabilities feature.

To pay payroll liabilities:

- 1 On the Home page, click Pay Liabilities.
QuickBooks displays the Select Date Range For Liabilities window.
- 2 In the "From" field type **11/30/2007**, and then type **12/15/2007** in the "Through" field.



Select Date Range For Liabilities

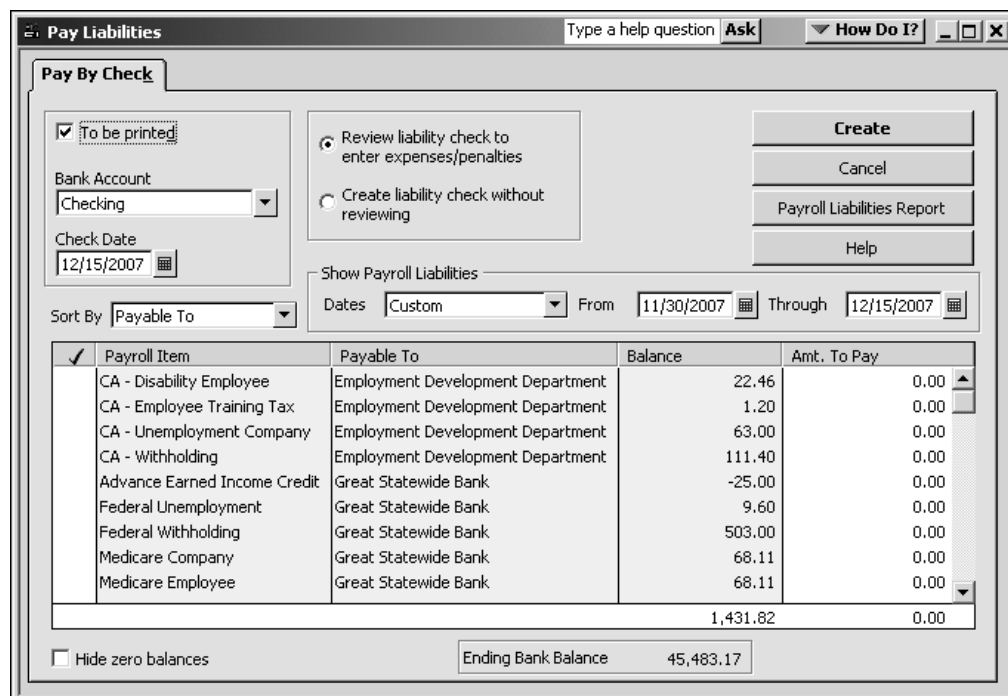
Select the date range for the payroll liabilities you want to pay.
Tip: Base your dates on the dates of the paychecks you issued, not on your pay period dates.

Show Payroll Liabilities:

Dates: Custom From: 11/30/2007 Through: 12/15/2007

OK Cancel Help

- 3 Click OK.
QuickBooks displays the Pay Liabilities window.



Pay Liabilities Type a help question **Ask** **How Do I?**

Pay By Check

☒ To be printed

Bank Account: Checking

Check Date: 12/15/2007

Sort By: Payable To

☐ Review liability check to enter expenses/penalties
☐ Create liability check without reviewing

Show Payroll Liabilities:

Dates: Custom From: 11/30/2007 Through: 12/15/2007

<input checked="" type="checkbox"/>	Payroll Item	Payable To	Balance	Amt. To Pay
<input checked="" type="checkbox"/>	CA - Disability Employee	Employment Development Department	22.46	0.00
<input checked="" type="checkbox"/>	CA - Employee Training Tax	Employment Development Department	1.20	0.00
<input checked="" type="checkbox"/>	CA - Unemployment Company	Employment Development Department	63.00	0.00
<input checked="" type="checkbox"/>	CA - Withholding	Employment Development Department	111.40	0.00
<input checked="" type="checkbox"/>	Advance Earned Income Credit	Great Statewide Bank	-25.00	0.00
<input checked="" type="checkbox"/>	Federal Unemployment	Great Statewide Bank	9.60	0.00
<input checked="" type="checkbox"/>	Federal Withholding	Great Statewide Bank	503.00	0.00
<input checked="" type="checkbox"/>	Medicare Company	Great Statewide Bank	68.11	0.00
<input checked="" type="checkbox"/>	Medicare Employee	Great Statewide Bank	68.11	0.00
			1,431.82	0.00

☐ Hide zero balances

Ending Bank Balance: 45,483.17

Create Cancel Payroll Liabilities Report Help

- 4 Click in the column to the left of the Federal Withholding payroll item.
QuickBooks places a checkmark in the column to show that the item will be paid. It also places a checkmark next to the Advanced Earned Income Credit item.

- 5 Click in the column to the left of the Medicare Company payroll item.
QuickBooks places checkmarks in the column for both Medicare Company and Medicare Employee.
- 6 Click in the column to the left of the Social Security Company payroll item.
QuickBooks places checkmarks in the column for both Social Security Company and Social Security Employee.

Now your Pay Liabilities window should look like the following.

✓	Payroll Item	Payable To	Balance	Amt. To Pay
	CA - Unemployment Company	Employment Development Department	63.00	0.00
	CA - Withholding	Employment Development Department	111.40	0.00
✓	Advance Earned Income Credit	Great Statewide Bank	-25.00	-25.00
	Federal Unemployment	Great Statewide Bank	9.60	0.00
✓	Federal Withholding	Great Statewide Bank	503.00	503.00
✓	Medicare Company	Great Statewide Bank	68.11	68.11
✓	Medicare Employee	Great Statewide Bank	68.11	68.11
✓	Social Security Company	Great Statewide Bank	291.22	291.22
✓	Social Security Employee	Great Statewide Bank	291.22	291.22
			1,431.82	1,196.66

- 7 Make sure “Review liability check to enter expenses/penalties” is selected and then click Create.

QuickBooks displays the Liability Check window, with your check displayed.

Liability Check - Checking Type a help question Ask How Do I?

Previous Next Print Find History

Bank Account: **Checking** Ending Balance: 44,286.51

No. To Print:
 Date: 12/15/2007
 \$ 1,196.66

Pay to the Order of: Great Statewide Bank

One thousand one hundred ninety-six and 66/100*****Dollars

Address: Great Statewide Bank
P.O. Box 522
Bayshore CA 94326

Memo: 00-7904153

Payment for payroll liabilities through: 12/15/2007 ☒ To be printed

Expenses: \$0.00 **Payroll Liabilities** \$1,196.66

Payroll Item	Amount	Memo	Class
Advance Earned Income ...	-25.00		
Federal Withholding	503.00		
Medicare Company	68.11		
Medicare Employee	68.11		

Clear Splits Recalculate Save & Close **Save & New** Revert

You should use a separate check for each type of deposit coupon (for example, 941 or 940).

- 8** In the Memo field, type **EIN 96-4820567, Form 941**.

The Liability Check window should now look like the following.

Liability Check - Checking Type a help question **Ask** **How Do I?**

Previous Next Print Find History

Bank Account: Checking Ending Balance: 44,286.51

Pay to the Order of: Great Statewide Bank No. To Print: Date: 12/15/2007 \$ 1,196.66

One thousand one hundred ninety-six and 66/100* ***** Dollars

Address: Great Statewide Bank, P.O. Box 522, Bayshore CA 94326

Memo: EIN 96-4820567, Form 941

Payment for payroll liabilities through: 12/15/2007 ☒ To be printed

Expenses	Amount	Payroll Liabilities	Amount
	\$0.00		\$1,196.66

Payroll Item	Amount	Memo	Class
Advance Earned Income ...	-25.00		
Federal Withholding	503.00		
Medicare Company	68.11		
Medicare Employee	68.11		

Clear Splits Recalculate Save & Close Save & New Revert

- 9** Click **Save & Close** to record the check.

- 10** Click **Yes** if QuickBooks asks if you wish to save changes made to this transaction.

Whenever you make a payment and record your check this way, QuickBooks decreases the balance of the Payroll Liabilities account.

• • • • •

LESSON 13 Estimating and progress invoicing

Lesson objectives, 300

To start this lesson, 300

Creating jobs and estimates, 301

Turning on estimates and progress invoicing, 301

Creating a new job, 302

Writing an estimate, 305

Creating multiple estimates, 308

Finding estimates, 308

Duplicating estimates, 309

Creating an invoice from an estimate, 311

Displaying reports for estimates, 314

Displaying the job progress invoices vs. estimates report, 314

Updating job status, 315

Making estimates inactive, 316

Lesson objectives

- To learn how to create job estimates
- To find an estimate in a data file
- To learn to duplicate an existing estimate
- To create an invoice from an estimate
- To display project reports for estimates
- To update a job's status
- To make an estimate inactive

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qblesson.qbb) on your hard disk. See “Installing the exercise file” in the Introduction to this guide if you haven’t installed it.

The following steps restore the exercise file to its original state so that the data in the file matches what you see on the screen as you proceed through each lesson.

To restore the exercise file (qblesson.qbb):

- 1** From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2** In the “Get Company Backup From” section of the window, click Browse and select your c:\QBtrain directory.
- 3** Select the qblesson.qbb file, and then click Open.
- 4** In the “Restore Company Backup To” section of the window, click Browse and select your c:\QBtrain directory.
- 5** In the File name field of the Restore To window, type **lesson 13** and then click Save.
- 6** Click Restore.

Creating jobs and estimates

An estimate is a description of work or products you propose to sell to a current or prospective customer. You can create multiple estimates for each name (customer or customer:job combination). If the customer accepts an estimate, you can turn the estimate into an invoice, modifying it as necessary. When you have actual costs and revenues, you can compare them to your estimated costs and revenues to see if you were over or under the estimate.

Estimates are “non-posting” transactions—they do not affect any financial reports or income and expense balances. QuickBooks allows you to create invoices from estimates either by transferring the entire estimate to an invoice or by allowing you to choose a percentage or selected items to invoice from the estimate. The ability to bill for only a percentage of the estimate or selected items on an estimate is called *progress invoicing*.

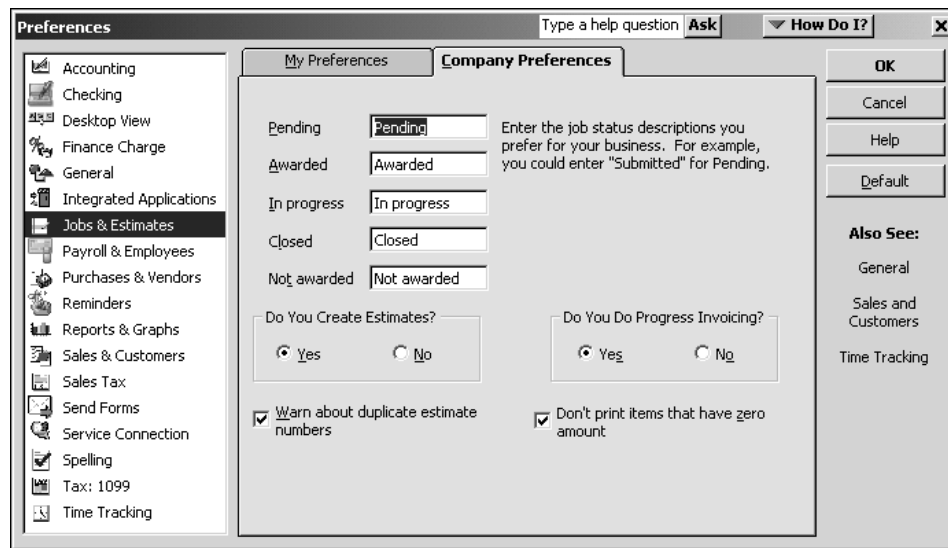
When you create a new QuickBooks company using the EasyStep Interview, QuickBooks asks you if you use estimates and/or progress invoicing. If you respond yes, QuickBooks turns on these features for you. If you respond no, you need to turn on these features in order to use them. Rock Castle Construction already has estimates and progress invoicing turned on, but you’ll review how to do this so you become familiar with QuickBooks preferences.

Turning on estimates and progress invoicing

To turn on estimates and progress invoicing:

- 1** From the Edit menu, choose Preferences.
- 2** Click Jobs & Estimates in the left panel.
- 3** Click the Company Preferences tab to display the job and estimate preferences. QuickBooks displays the Jobs & Estimates section of the Preferences window.
- 4** Click Yes for “Do You Create Estimates?”

- 5 Click Yes for “Do You Do Progress Invoicing?”



- 6 Click OK to record your selections and close the Preferences window.

Creating a new job

Now that you’ve turned on the estimates feature, you can add a new job for a bathroom remodel project for your customer, Ernesto Natiello. Then you’ll create an estimate for the job.

To create a new job:

- 1 Click Customer Center on the navigation bar.
- 2 In the Customers & Jobs list, select Natiello, Ernesto.
- 3 Click the New Customer & Job menu button, and then choose Add Job.

QuickBooks displays the New Job window.

4 In the Job Name field, type **Bathroom remodel**.

5 Click the Job Info tab.

QuickBooks displays the Job Info portion of the New Job window.

6 In the Job Status field, select Pending from the drop-down list.

- 7 In the Start Date field, type **1/4/08**, and then press Tab.
- 8 In the Projected End field, type **2/28/08**.
- 9 Press Tab to move to the End Date field, and then press Delete (on the keyboard) to clear this field.
- 10 In the Job Description field, type **Remodel bathroom**.
- 11 In the Job Type field, choose Remodel from the drop-down list.

Job types give you a way to classify your jobs so you can group and subtotal similar jobs on your reports. By using them, you'll be able to determine which kinds of jobs are the most profitable for your business.

Your screen should look like the figure below.

New Job

Job Name: Bathroom remodel

Opening Balance: as of 12/15/2007

How do I determine the opening balance?

Address Info | Additional Info | Payment Info | **Job Info**

Job Status: Pending | Start Date: 01/04/2008 | Projected End: 02/28/2008 | End Date:

Job Description: Remodel bathroom | Job Type: Remodel

☐ Job is inactive

OK | Cancel | Next | Help

- 12 Click OK.

QuickBooks returns you to the Customer Center.

Customers & Jobs | Transactions

View: Active Customers

Click this button to expand the Customers & Jobs list.

Name	Balance Total
♦ Natiello, Ernesto	-622.26
♦ Bathroom remodel	0.00
♦ Kitchen	-622.26
♦ Nelson, Wilma	0.00
♦ Office Remodel	0.00
♦ Nguyen, Tuan	0.00
♦ Garage	0.00

13 Click the expand arrow to show full details in the Customers & Jobs list.

♦Natiello, Ernesto	-622.26			14,595.25
♦Bathroom remodel	0.00		Pending	
♦Kitchen	-622.26		Closed	14,595.25

Notice that the new Bathroom Remodel is listed as a pending job for Natiello, Ernesto.

Writing an estimate

Now that you've created a new job for the bathroom remodel, you can create an estimate for it.

To create an estimate:

1 In the Customers & Jobs list, select Natiello, Ernesto:Bathroom remodel.

2 Click the New Transactions menu button, and then choose Estimates.

QuickBooks displays the Create Estimates window for this customer and job. You learned in Lesson 6 how to fill out an invoice form, so this form should look familiar.

3 Press Tab to accept Natiello, Ernesto:Bathroom remodel in the Customer:Job field.

Notice that QuickBooks enters the customer's name and address in the appropriate area of the form.

4 Select "Custom Estimate" in the Template field.

- 5** Click in the Item column in the middle of the form.
A Down Arrow appears, indicating that a drop-down list of choices is available.
The Item list, which contains all the services and goods your business provides, is the same list that is available to you on invoice forms and throughout QuickBooks.
- 6** Type *Installation*.
Before you can finish typing, QuickBooks has filled it in for you, and QuickBooks fills in the default description for this item when you exit the field.
- 7** Press Tab twice to move to the QTY column.
- 8** Type **10** in the QTY column, and then press Tab.
The total amount is calculated by QuickBooks when you move out of this field.
- 9** Click the line under “Installation” in the Item column.
- 10** Type *Framing*.
- 11** Press Tab twice to move to the QTY column, and then type **40**.
- 12** In the line under Framing in the Item column, type *Rough*.
QuickBooks completes the field with the item Lumber:Rough.
- 13** Press Tab three times to move to the Cost column, and then type **2500**.
- 14** Press Tab to move to the Markup column.
- 15** Type **15%**, and then press Tab twice.

Your estimate should look like the following figure.

Create Estimates Type a help question **Ask** **How Do I?**

Previous Next **Spelling** **History** **Create Invoice**

Customer: Job **Natiello, Ernesto: Bathroo...** ☒ Estimate Active **Template** **Customize** **Custom Estimate**

Estimate Date: 12/15/2007 Estimate #: 35

Name / Address
Ernesto M Natiello
376 Pine St, #5E
Bayshore CA 94326

Item	Description	Qty	Cost	Amount	Markup	Total	Tax
Installation	Installation labor	10	35.00	350.00		350.00	Non
Framing	Framing labor	40	55.00	2,200.00		2,200.00	Non
Lumber: Rough	Rough lumber		2,500.00	2,500.00	15.0%	2,875.00	Tax
Customer Tax San Tomas (7.75%)							222.81
Total							5,050.00 375.00 5,647.81

☐ To be e-mailed Customer Tax Code Tax Memo

Save & Close **Save & New** **Clear**

Notice that QuickBooks has filled in most of the information for the estimate based on the items selected.

16 Click **Save & Close** to save the estimate.

QuickBooks returns you to the Customers & Jobs list. Notice the Estimate Total column for the Pending Bathroom remodel job for Ernesto Natiello now has a balance of 5,647.81. (Click the expand arrow if you don't see the Estimate column.)

♦Natiello, Ernesto	-622.26			20,243.06
♦Bathroom remodel	0.00	Pending		5,647.81
♦Kitchen	-622.26	Closed		14,595.25

17 Click the collapse arrow to collapse the Customers & Jobs list, then close the Customer Center.

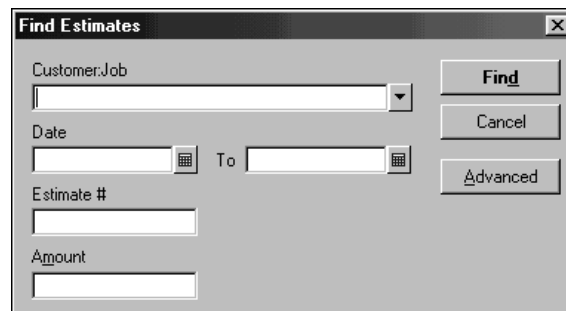
Creating multiple estimates

Just as you've completed the estimate for this customer, he calls and asks you to prepare a second estimate for the same job. He'd like you to price a couple of different options.

Finding estimates

Because you just created the estimate, you can open the Create Estimates window and press Prev and that will take you to the correct estimate. However, when you don't know where an estimate is, there are a couple of methods you can use to locate the estimate you want quickly. You'll use one of them here.

- 1 From the Customers menu, choose Create Estimates.
- 2 Click the magnifying glass icon on the button bar.
QuickBooks displays the Find Estimates window.



- 3 In the Customer:Job drop-down list, select Natiello, Ernesto:Bathroom remodel.
- 4 Click Find.
- 5 When QuickBooks asks if you want to save the current transaction, click No.

QuickBooks displays the estimate that you've already created for this job (Estimate # 35).

Create Estimates

Type a help question

Ask

How Do I?

Previous

Next

Spelling

History

Create Invoice

Customer: Job

☒ Estimate Active

Template

Customize

Ernesto:Bathroom remodel

Custom Estimate

Estimate

Date

12/15/2007

Estimate #

35

Name / Address

Ernesto M Natiello
376 Pine St, #5E
Bayshore CA 94326

Item	Description	Qty	Cost	Amount	Markup	Total	Tax
Installation	Installation labor	10	35.00	350.00		350.00	Non
Framing	Framing labor	40	55.00	2,200.00		2,200.00	Non
Lumber:Rough	Rough lumber		2,500.00	2,500.00	15.0%	2,875.00	Tax
Customer Message			Tax	San Tomas	(7.75%)	222.81	
			Total	5,050.00	375.00	5,647.81	

☐ To be e-mailed

Customer Tax Code

Tax

Memo

Save & Close

Save & New

Revert

6 Keep the estimate open; you'll use it in the next exercise.

Duplicating estimates

Your customer wants you to prepare a second estimate for the bathroom remodel job because he is considering buying the cabinets from you in addition to having you do the installation work.

First, you'll create a duplicate of the original estimate, and then make the modifications necessary for the second bid.

To create a duplicate of an existing estimate:

- 1 Right-click in the body of the estimate and choose Duplicate Estimate from the list that displays.

Estimating and progress invoicing

QuickBooks duplicates the estimate and displays the new version on your screen. Notice that QuickBooks assigns the next available estimate number to the new form.

Create Estimates		Type a help question	Ask	How Do I?			
Previous	Next	Spelling	History	Create Invoice			
Customer: Job		<input checked="" type="checkbox"/> Estimate Active		Template Customize			
Ernesto:Bathroom remodel		Custom Estimate					
Estimate		Date 12/15/2007	Estimate # 36				
Name / Address							
Ernesto M Natiello 376 Pine St., #5E Bayshore CA 94326							
Item	Description	Qty	Cost	Amount	Markup	Total	Tax
Installation	Installation labor	10	35.00	350.00		350.00	Non
Framing	Framing labor	40	55.00	2,200.00		2,200.00	Non
Lumber:Rough	Rough lumber		2,500.00	2,500.00	15.0%	2,875.00	Tax
Customer Message		Tax San Tomas		(7.75%)	222.81		
		Total		5,050.00	375.00	5,647.81	
<input type="checkbox"/> To be e-mailed		Customer Tax Code Tax					
Memo			Save & Close	Save & New	Clear		

- 2** Select the number in the QTY column on the line for Installation.
- 3** Type **18**.
- 4** Click in the Item column in the line below Lumber:Rough, and select Cabinets:Light Pine from the drop-down list.
- 5** Press Tab twice and type **6** in the QTY column.
- 6** Click in the Item column in the line below Cabinets:Light Pine and select Cabinets:Cabinet Pulls from the drop-down list.
- 7** Press Tab twice and type **12** in the QTY column.
- 8** Press Tab and type **10** in the Cost field.
- 9** Press Tab.

Your estimate should look like the following figure.

Create Estimates Type a help question **Ask** **How Do I?**

Previous Next

Customer: Job
Natiello, Ernesto: Bathroom...

☒ Estimate Active

Template Customize
Custom Estimate

Estimate

Date: 12/15/2007 Estimate #: 36

Name / Address
Ernesto M Natiello
376 Pine St, #5E
Bayshore CA 94326

Item	Description	Qty	Cost	Amount	Markup	Total	Tax
Lumber: Rough	Rough lumber		2,500.00	2,500.00	15.0%	2,875.00	Tax
Cabinets: Light ...	Light pine kitchen cabinet wall unit	6	1,500.00	9,000.00	19.9333...	10,794.00	Tax
Cabinets: Ca...	Cabinet Pulls	12	10.00	120.00		120.00	Tax

Customer Message:

Tax: San Tomas (7.75%) 1,068.65

Total 14,450.00 2,169.00 17,687.65

☐ To be e-mailed Customer Tax Code Tax

Memo:

Save & Close Save & New Clear

10 Click Save & Close.

Creating an invoice from an estimate

Once you have created an estimate and the customer has approved it, you can use the estimate to invoice the customer. In this exercise, you'll be using the QuickBooks progress invoicing feature.

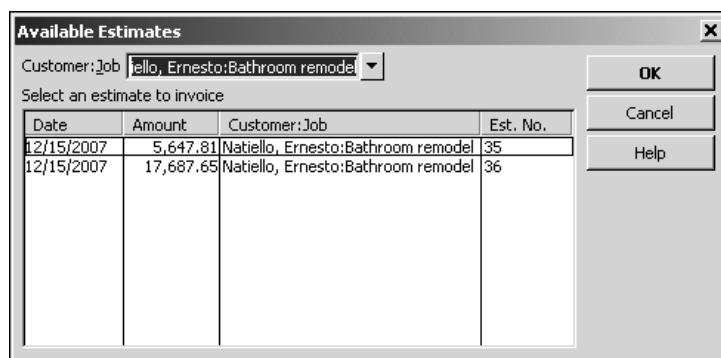
Progress invoicing (also known as progress billing), lets you invoice for jobs that you work on and complete in phases. When using progress invoicing, you start by creating an estimate for the job (you don't have to give this estimate to the customer). Then, as you complete each phase, you can easily transfer items from the original estimate to an invoice. You can specify which items to include on each invoice and change estimated amounts or percentages. When you use estimates to create progress invoices, you can run reports to help you track your estimated versus actual costs.

To create an invoice from an estimate:

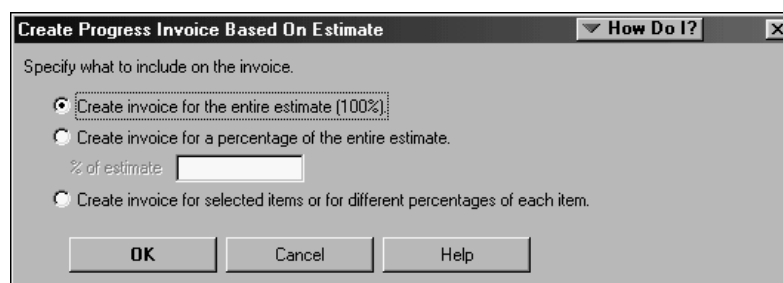
- 1 Click Customer Center on the navigation bar.
- 2 In the Customers & Jobs list, select Natiello, Ernesto: Bathroom remodel.
- 3 Click the New Transactions menu button, and then choose Invoices.

QuickBooks displays the Create Invoices window.

- Press Tab to leave the Customer:Job field.
QuickBooks displays a list of estimates created for this job.



- The customer accepted the first estimate you created, so select the line containing Estimate #35, and click OK.
QuickBooks displays the Create Progress Invoice Based On Estimate window.



Rock Castle Construction typically bills for one-third of the job before starting work, one-third when the project is one-third complete, and the final one-third when the job is completed.

- Select "Create invoice for a percentage of the entire estimate."
- Type **33.333** in the "% of estimate" field.
If you need to invoice for only selected items on an estimate or for varying percentages or amounts for different items, select the option "Create invoice for selected items or for different percentages of each item." QuickBooks then displays a table of all items on the estimate and allows you to select which items you want to include and the amounts for each item.
- Click OK.
- In the Template drop-down list, select Progress Invoice.

QuickBooks completes the invoice for one-third of each item on the estimate. Your invoice should resemble the following figure.

Create Invoices Type a help question **Ask** **How Do I?**

Customer: Job
Natiello, Ernesto: Bathro...

Template: Progress Invoice

Invoice

DATE: 12/15/2007 INVOICE #: 93

BILL TO
Ernesto M Natiello
376 Pine St, #5E
Bayshore CA 94326

ITEM	DESCRIPTION	Est Amt	Prior %	QTY	RATE	Curr %	AMOUNT	Tax
Installation	Installation labor	350.00	0.0%	3.3333	35.00	33.33%	116.67	Non
Framing	Framing labor	2,200.00	0.0%	13.3332	55.00	33.33%	733.33	Non
Lumber: Rough	Rough lumber	2,875.00	0.0%	0.33333	2,875.00	33.33%	958.32	Tax

Customer Message: Tax: San Tomas (7.75%) 74.27
Total: 1,882.59

☐ To be printed
☐ To be e-mailed

Customer Tax Code: Tax Apply Credits Payments Applied: 0.00
Balance Due: 1,882.59

Memo: Let QuickBooks help you get your Invoice paid online by credit card.

Save & Close **Save & New** **Clear**

Notice that QuickBooks changed the invoice template to Progress Invoice and added fields for Estimate Amount, Prior %, and Current %. QuickBooks also tracks that one-third of the Natiello bathroom remodel job has been invoiced and that two-thirds has not yet been invoiced.

Note: If you don't want your customers to see this level of detail on the invoice you send them, you can customize the invoice to remove some of these columns from the printed form. See Lesson 15, "Customizing forms and writing QuickBooks Letters," for more information.

10 Click **Save & Close** to record the invoice.

11 Close the Customer Center.

Displaying reports for estimates

QuickBooks provides five reports on estimates, as described in the following table. You can create these reports from the Jobs, Time & Mileage submenu of the Reports menu.

Report	Description
Job Estimates vs. Actuals Summary	Compares estimated cost to actual cost and estimated revenue to actual revenue for all customers and jobs.
Job Estimates vs. Actuals Detail (for one job)	For a particular customer or job, compares estimated costs to actual costs and estimated revenues to actual revenues.
Job Progress Invoices vs. Estimates	Compares each estimate with progress invoices based on the estimate.
Item Estimates vs. Actuals	For each item, compares estimated cost to actual cost and estimated revenue to actual revenue.
Estimates by Job	Lists all estimates by job.

Displaying the job progress invoices vs. estimates report

Because you've just completed a progress invoice, you can see how QuickBooks records this on the job progress invoices vs. estimates report. This report shows job status, estimate total, total invoiced from the estimate on progress invoices, and the percentage of the estimate already invoiced on progress invoices.

To display the job progress invoices vs. estimates report:

- 1 From the Reports menu, choose Jobs, Time & Mileage.
QuickBooks displays a submenu of project reports that deal with customer jobs and estimates.

2 Choose Job Progress Invoices vs. Estimates.

QuickBooks displays the job progress invoices vs. estimates report.

Type	Date	Num	Estimate Active	Estimate Total	Progress Invoice	% Progress
Natiello, Ernesto						
Bathroom Remodel						
Estimate	12/15/2007	35	✓	5,647.81	1,882.59	33.33%
Estimate	12/15/2007	36	✓	17,687.65	0.00	0.0%
Kitchen						
Estimate	12/13/2007	25	✓	14,595.25	13,560.39	92.91%
Nelson, Wilma						
Office Remodel						
Estimate	12/10/2007	19	✓	6,278.80	0.00	0.0%

Notice that the progress invoice you completed for Ernesto Natiello is listed in the Prog. Invoice column. The % Progress column shows how much of the total estimate you've invoiced for so far.

3 Close the report window.

Updating job status

Every time you change the status of a job, you should update its job status in the Customer:Job list. For example, the estimate for the bathroom remodel is no longer pending: Ernesto Natiello awarded you the job and you have started work.

To update the status of a job:

1 Click Customer Center on the navigation bar.

QuickBooks displays the Customer Center.

2 In the Customers & Jobs list, select Natiello, Ernesto:Bathroom remodel.

3 Click Edit Job.

QuickBooks displays the Edit Job window.

- 4 Click the Job Info tab.
QuickBooks displays the Job Info portion of the Edit Job window.
- 5 In the Job Status field, select “In progress.”
Your screen should look like this.

The screenshot shows the 'Edit Job' window in QuickBooks. The 'Job Info' tab is active. The 'Job Name' field contains 'Bathroom Remodel'. Below it, 'Current Balance' is 1,882.59 with a link 'How do I adjust the current balance?'. There are four tabs: 'Address Info', 'Additional Info', 'Payment Info', and 'Job Info' (selected). The 'Job Info' section contains: 'Job Status' (dropdown menu showing 'In progress'), 'Start Date' (calendar icon, showing 01/04/2008), 'Projected End' (calendar icon, showing 02/28/2008), 'End Date' (calendar icon, empty), 'Job Description' (text field with 'Bathroom Remodel'), and 'Job Type' (dropdown menu showing 'Remodel'). On the right side, there are buttons for 'OK', 'Cancel', 'Notes', and 'Help', and a checkbox labeled 'Job is inactive' which is currently unchecked.

- 6 Click OK.
QuickBooks returns you to the Customer Center.
- 7 Click the expand arrow to display the full details on the Customers & Jobs list.
The Customers & Jobs list now shows this project as being in progress.
- 8 Collapse the Customers & Jobs list, and then close the Customer Center.

Making estimates inactive

Now that the customer has accepted one of the estimates for the bathroom remodel job and you have started work, you might want to make the unaccepted estimate inactive. When you make an estimate inactive QuickBooks keeps a record of it, but does not use the numbers in reports.

To mark an estimate inactive:

- 1 From the Reports menu, choose Jobs, Time & Mileage.

- 2 Choose Estimates by Job from the submenu.
QuickBooks displays the estimates by job report.

Estimates by Job
All Transactions

Type	Date	Num	Memo	Estimate Active	Amount
Natiello, Ernesto					
Bathroom Remodel					
Estimate	12/15/2007	35		✓	5,647.81
Estimate	12/15/2007	36		✓	17,687.65
Total Bathroom Remodel					23,335.46
Kitchen					
Estimate	12/13/2007	25		✓	14,595.25
Total Kitchen					14,595.25
Total Natiello, Ernesto					37,930.71

- 3 Scroll to the section of the report that displays the estimates for Ernesto Natiello.
- 4 Double-click anywhere on the line for Estimate #36.
QuickBooks displays the estimate.

Create Estimates

Customer: Job
Ernesto: Bathroom remodel

☒ Estimate Active

Date: 12/15/2007 Estimate #: 36

Estimate

Name / Address
Ernesto M Natiello
376 Pine St, #5E
Bayshore CA 94326

Item	Description	Qty	Cost	Amount	Markup	Total	Tax
Installation	Installation labor	18	35.00	630.00		630.00	Non
Framing	Framing labor	40	55.00	2,200.00		2,200.00	Non
Lumber: Rough	Rough lumber		2,500.00	2,500.00	15.0%	2,875.00	Tax
Cabinets: Light ...	Light pine kitchen cabinet wall unit	6	1,500.00	9,000.00	19.9333...	10,794.00	Tax

Customer Message:

Tax: San Tomas (7.75%) 1,068.65

Total: 14,450.00 2,169.00 17,687.65

☐ To be e-mailed Customer Tax Code: Tax

Memo:

Buttons: Save & Close, Save & New, Revert

- 5 Click to clear the checkmark in the Estimate Active checkbox.
- 6 Click Save & Close.
- 7 Answer Yes to the message asking if you want to save the changes you made to the transaction.
- 8 Close the report.

• • • • •

LESSON 14 Tracking time

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Lesson objectives

- To learn how to track time worked on a project
- To learn how to invoice a customer for time worked on a project
- To create project reports for time tracking and learn about other project reports
- To learn how to set up items used to track time worked by owners or partners
- To learn how to pay nonemployees for time worked

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qblesson.qbb) on your hard disk. See “Installing the exercise file” in the Introduction to this guide if you haven’t installed it.

The following steps restore the exercise file to its original state so that the data in the file matches what you see on the screen as you proceed through each lesson.

To restore the exercise file (qblesson.qbb):

- 1** From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2** In the “Get Company Backup From” section of the window, click Browse and select your c:\QBtrain directory.
- 3** Select the qblesson.qbb file, and then click Open.
- 4** In the “Restore Company Backup To” section of the window, click Browse and select your c:\QBtrain directory.
- 5** In the File name field of the Restore To window, type **lesson 14** and then click Save.
- 6** Click Restore.

Tracking time and mileage

QuickBooks provides time tracking for any job. Time tracking lets you keep track of the time a person spends on each job (including sick and vacation time and time spent for general overhead). The person whose time you track can be an employee, an owner or partner, or a subcontractor.

You can use time data to do the following:

- Invoice the customer for the time spent doing a job.
- Provide hours worked on an employee's paycheck, or a check to a nonemployee (vendor, owner, or partner).
- Track the cost of employees' gross pay by job.
- Report on the number of hours worked—by person, by job, or by item.

Turning on time tracking

The following procedure shows how to turn on the time tracking feature, (it is turned on already in the exercise file).

To turn on time tracking:

- 1 From the Edit menu, choose Preferences.
- 2 Click Time Tracking in the left panel. Then click the Company Preferences tab. QuickBooks displays the Time Tracking Preferences window.



- 3 Make sure Yes is selected as the answer to the question “Do You Track Time?”
- 4 Click OK to save the preference setting.

Entering time data

There are three ways to get time data into a company file:

- Enter time directly onto a weekly timesheet or single activity form in QuickBooks.
- Use the Stopwatch to time an activity while you are performing it.
- Use the QuickBooks Timer program to track time and then import the time directly into QuickBooks.

When you track time with QuickBooks, you have a choice of two forms to enter time: Weekly Timesheet or Time/Enter Single Activity window. If you want to enter time for multiple jobs or multiple days, then the Weekly Timesheet is the best choice.

The screenshot shows the 'Weekly Timesheet' window in QuickBooks. The title bar includes 'Weekly Timesheet', a help search bar, and window controls. The menu bar has 'Previous', 'Next', 'Print', and 'Edit Single Activity'. The main area has a 'Name' dropdown, a 'Timesheet' title, and a 'Week Of' field set to 'Dec 10 to Dec 16, 2007'. Below this is a table with columns for 'Customer:Job', 'Service Item', 'Payroll Item', 'Notes', and days of the week (M 10, Tu 11, W 12, Th 13, F 14, Sa 15, Su 16), followed by a 'Total' column. The table is currently empty. At the bottom of the table, a 'Totals' row shows '0:00' for each day. Below the table is a checkbox for 'Wrap text in Notes field'. At the bottom are buttons for 'Set Date ...', 'Copy Last Sheet', 'Save & Close', 'Save & New', and 'Clear'.

Customer:Job	Service Item	Payroll Item	Notes	M 10	Tu 11	W 12	Th 13	F 14	Sa 15	Su 16	Total
Totals				0:00	0:00	0:00	0:00	0:00	0:00	0:00	0:00

A single activity entry shows the time spent by one person doing a single activity for a single job on a single date. If you tend to enter a lot of detailed notes about your activities, or you prefer to enter time data as you complete an activity, use the Time/Enter Single Activity window instead.

For example, an attorney could use a single activity entry to record the time he or she just spent on a phone conversation with a client.

Information you enter in the Time/Enter Single Activity window displays in the Weekly Timesheet, and vice versa. They're different views of the same information.

The Timer program is useful when you have employees or subcontractors who need to track their time but don't need or want to run QuickBooks. When time is imported into QuickBooks from the Timer application, you view the imported time data on the same timesheets you would use if you did the data entry directly into QuickBooks.

If you have employees who don't have access to a computer or who don't have access to QuickBooks, you can print blank copies of the weekly timesheet for your employees to fill out by hand.

To print a blank timesheet:

- 1** From the Employees menu, choose Enter Time and then choose Use Weekly Timesheet.
- 2** From the Print drop-down menu, choose Print Blank timesheet.
- 3** In the Print Timesheets window, click Print.

Recording employee time on a weekly timesheet

In this exercise, you'll complete a weekly timesheet for Gregg Schneider. In a later exercise, you'll learn how to invoice a customer for the time Gregg spent working on a job for that customer.

To enter information on a weekly timesheet:

- 1 On the Home page, click Enter Time, and then click Use Weekly Timesheet. QuickBooks displays the Weekly Timesheet window.

- 2 In the Name field, select Gregg O. Schneider from the drop-down list.
QuickBooks will track the time you enter for this employee and display it when you are ready to pay employees. Notice that there are already hours listed for Gregg for this week.
- 3 On the line below the existing entries, click in the Customer:Job column, and then choose Melton, Johnny:Dental office from the drop-down list.
QuickBooks will associate the time that you enter in this window with the office repairs being completed for Johnny Melton.
- 4 In the Service Item column, type **Installation**.
After you type a few characters, QuickBooks fills in the rest of the item for you. The Item list, which contains all the services and goods your business provides, is the same list that is available to you on invoice forms and throughout QuickBooks.
Notice that QuickBooks fills in the information in the Payroll Item column for you. Gregg Schneider is paid by the hour. QuickBooks has his hourly rate stored in the Employee Center, on the Payroll Info tab in the Edit Employee window.

Tip: If you try to select a payroll item that is not associated with this employee, QuickBooks displays a warning message. For example, if you try to select Salary as the payroll item for Gregg Schneider, QuickBooks tells you that you do not have that type of payroll item set up for the employee. (It still lets you make the selection, but it warns you that the Salary is set up with a \$0.00 rate.)

- 5 Click in the W 12 column for the row in which you entered Johnny Melton's job. W stands for Wednesday and 12 for the date, Wednesday, the 12th of December, 2007. Note that you can change the first day of your workweek in the QuickBooks time tracking preferences. (From the Edit menu, choose Preferences, and then click Time Tracking.)
- 6 Type **8** to enter the number of hours worked on Wednesday.
- 7 In the Th field, type **8**.
- 8 In the F field, type **8**, and then press Tab.

As you enter hours for each day, the Total column displays the total hours for the week.

Your screen should resemble the figure below.

Customer:Job	Service Item	Payroll Item	Notes	M 10	Tu 11	W 12	Th 13	F 14	Sa 15	Su 16	Total	Invoice Icon
Jacobsen, Do...	Installation	Regular Pay		6:00							6:00	[Invoice Icon]
Pretell Real E...	Framing	Regular Pay		2:00	8:00						10:00	[Invoice Icon]
Melton, Jo...	Installation	Regular Pay				8:00	8:00	8:00			24:00	[Invoice Icon]
Totals				8:00	8:00	8:00	8:00	8:00	0:00	0:00	40:00	

The invoice icon to the right of the Total column tells QuickBooks if the time will be transferred onto an invoice. In its current setting, you're telling QuickBooks that you *do* want to invoice the customer for time worked.

If you do not plan on invoicing the customer for time worked, you can click the invoice icon and QuickBooks displays a red "X" over it.

- 9 Click Save & Close to record the Weekly Timesheet.

QuickBooks records the time for Gregg Schneider and for Johnny Melton's dental office job.

This time can now be transferred onto an invoice for Johnny Melton's dental office job and to create a paycheck for Gregg Schneider.

Entering mileage

By tracking your vehicle mileage, you can enter, sort, and print lists of your vehicles and the mileage you've driven for work-related tasks. You can use this information for your tax deductions and for billing your customers.

You cannot use this feature to reimburse employees or vendors for mileage. Nor can you track specific vehicle expenses, such as gas, tolls, etc. with this feature. However, you can track these types of expenses by entering bills for them as the expenses are incurred by employees.

Important: Intuit recommends that you consult with your tax advisor, accountant, or the IRS to determine if you can deduct the costs of operating and maintaining your vehicle and which method you should use.

To record mileage:

- 1 From the Company menu, choose Enter Vehicle Mileage.
- 2 In the Vehicle field, select 2002 Ford Truck.
- 3 In the Start Date field, enter 12/12/2007.
- 4 In the End Date field, enter 12/12/2007.
- 5 In the Total Miles field, type **25**.
- 6 In the Customer:Job field, select Melton, Johnny:Dental Office from the drop-down list.
- 7 In the Item field, select Mileage from the drop-down list.

The Enter Vehicle Mileage window should look like the following.

The screenshot shows the 'Enter Vehicle Mileage' window. The title bar includes 'Enter Vehicle Mileage' and a search bar. The menu bar contains 'Previous', 'Next', 'Spelling', 'Vehicle List', 'Mileage Rates', and 'Mileage Reports'. The main area has the following fields and values:

- Vehicle: 2002 Ford Truck
- Trip Start Date: 12/12/2007
- Trip End Date: 12/12/2007
- Customer:Job: Melton, Johnny:Dental of...
- Item: Mileage
- Odometer Start: 0
- Odometer End: 0
- Total Miles: 25

There is a 'Not Billed' section with a checked 'Billable' checkbox and a link 'How is this item used?'. At the bottom are three buttons: 'Save & Close', 'Save & New', and 'Clear'.

- 8 Click Save & New.
- 9 Repeat the steps above to enter 25 miles for the same vehicle and customer:job for December 13 and additional miles for December 14.
- 10 Click Save & Close.

Invoicing a customer for time and mileage

Now you can invoice Johnny Melton for the time Rock Castle Construction's employee, Gregg Schneider, spent on the dental office job.

- 1 From the Customers menu, choose Create Invoices.
- 2 Select Melton, Johnny:Dental office as the customer:job.
- 3 Click Cancel in the Available Estimates window.
- 4 In the Date field, type **12/17/2007**.
- 5 Click Time/Costs, and then click the Time tab.

QuickBooks displays the Choose Billable Time and Costs window.

Choose Billable Time and Costs Type a help question **Ask** ▾ **How Do I?** X

Time and Costs For: **Melton, Johnny:Dental office**

Items \$0.00 Expenses \$0.00 **Time** \$0.00 Mileage \$0.00

Select All Click on Options... to customize how information from timesheets is brought into QuickBooks invoices Options...

Use	Date	Employee	Service ...	Hours	Rate	Amount	Description	Hide
<input checked="" type="checkbox"/>	12/12/2007	Gregg O. Schneider	Installation	8:00	35.00	280.00	Installation labor	<input type="checkbox"/>
<input checked="" type="checkbox"/>	12/13/2007	Gregg O. Schneider	Installation	8:00	35.00	280.00	Installation labor	<input type="checkbox"/>
<input checked="" type="checkbox"/>	12/14/2007	Gregg O. Schneider	Installation	8:00	35.00	280.00	Installation labor	<input type="checkbox"/>

☐ Print selected time and costs as one invoice item Total billable time and costs 0.00

OK Cancel Help

QuickBooks displays the time information entered on the timesheet for Gregg Schneider for the Johnny Melton dental office job.

Note: By default, QuickBooks combines time for activities that have the same service item, and lists them as one line item on the invoice. If you prefer to have each individual line from the timesheet displayed as a line item on the invoice, click the Options button and select "Enter a separate line on the invoice for each activity." In the Options for Transferring Billable Time window, you can also select to transfer notes about time activities (in addition to descriptions) onto invoices.

- 6 Click in the Use column to select each of the lines that represents time worked by Gregg Schneider.

QuickBooks places a checkmark in the Use column to the left of each entry to indicate it is selected.

- 7 Click OK.
- 8 From the Template drop-down list, select Intuit Service Invoice.
The top part of the invoice should resemble the figure below.

Item	Quantity	Description	Rate	Amount	Tax
Installation	24	Installation labor	35.00	840.00	Non

- 9 Keep the invoice open. You'll use it in the next exercise.

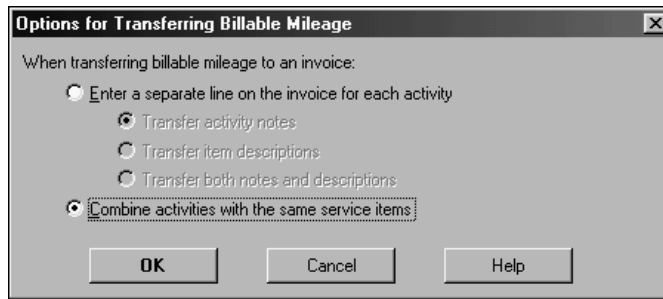
To invoice a customer for mileage:

- 1 In the Create Invoices window, click Time/Costs, and then click the Mileage tab.
QuickBooks displays the mileage you entered earlier for this job.

Use	Date	Item	Miles	Rate	Amount	Notes	Hide
	12/12/2007	Mileage	25	0.365	9.13		
	12/13/2007	Mileage	25	0.365	9.13		
	12/14/2007	Mileage	25	0.365	9.13		

- 2 Click in the Use column to select each of the lines that represents the mileage for this job.
- 3 You want to combine mileage on a single line, so click Options.

- 4 Select the “Combine activities with the same service items” option.



- 5 Click OK.
- 6 Click OK to transfer the mileage to the invoice.

The top of the invoice should now look like the following image.

The screenshot shows the "Create Invoices" window for Intuit Service Invoice. The customer is "Melton, Johnny:Dental of...". The date is 12/17/2007 and the invoice number is 93. The terms are Net 30. The bill to address is Johnny Melton, DDS, 300 Main St, Suite 3, Bayshore CA 94326. The invoice table is as follows:

Item	Quantity	Description	Rate	Amount	Tax
Installation	24	Installation labor	35.00	840.00	Non
Mileage	75		0.365	27.38	Non

- 7 Click Save & Close to record the invoice.

Displaying project reports for time tracking

QuickBooks provides four reports on time, as described in the following table. You can create these reports by choosing Jobs, Time, & Mileage from the Reports menu.

Project report	Description
Time by Job Summary	Shows hours worked subtotaled first by customer or job and then by service item.
Time by Job Detail	Lists each time activity (that is, work done by one person for a particular customer or job on a specific date), and shows whether the work is billed, unbilled, or not billable. The report groups and subtotalets the activities first by customer and job and then by service item.
Time by Name	Shows hours worked (or tracked as sick or vacation time), subtotaled first by the name of the person who performed the work and then by the customer or job the person performed the work for.
Time by Item	Shows the hours worked, subtotaled first by service item and then by customer or job.

Displaying the time by job report

The time by job summary report summarizes the total hours for each job, and the time by job detail report breaks down those summary figures into hours for each service item and hours for each customer:job.

To create a time by job report:

- 1 From the Reports menu, choose Jobs, Time & Mileage.
- 2 From the submenu, choose Time by Job Summary.

QuickBooks displays the time by job summary report.

- 3 Scroll the report until you see the time worked for the Melton, Johnny:Dental office job.

Time by Job Summary
October 1 through December 15, 2007
Oct 1 - Dec 15, 07

Melton, Johnny:Dental office		
Framing	20:30	
Installation	<u>24:00</u>	
Total Melton, Johnny:Dental office		44:30
Natiello, Ernesto:Kitchen		
Framing	16:00	
Removal	36:30	
Repairs	<u>8:00</u>	
Total Natiello, Ernesto:Kitchen		60:30

Notice that the report shows the 24 hours for Installation work performed by Gregg Schneider.

Viewing time data in more detail

Like all QuickBooks reports, you can QuickZoom any of the numbers in a report to see more detail. Suppose you want to see who worked the eight hours on installation for Johnny Melton. You can point to that number in the report and double-click to get more information.

To view time data details:

- 1 Position your mouse pointer over the 24 hours for Installation on the Melton, Johnny:Dental office job, and then double-click.

Tracking time

When you position your mouse pointer over the number, the pointer changes into a magnifying glass with a Z in it. After you double-click, QuickBooks displays a time by job detail report for the time data you selected. (This functionality is called QuickZoom.)

Date	Name	Billing Status	Duration
Melton, Johnny:Dental office			
Installation			
12/12/2007	Gregg O. Schneider	Billed	8:00
12/13/2007	Gregg O. Schneider	Billed	8:00
12/14/2007	Gregg O. Schneider	Billed	8:00
Total Installation			24:00
Total Melton, Johnny:Dental office			24:00
TOTAL			24:00

You can see that Gregg Schneider did the work and the time has already been billed to the customer.

- 2 Close the time by job detail and the time by job summary reports.
When QuickBooks asks if you want to memorize the report, click No.
- 3 Close the time by job summary report.

Displaying other project reports

In addition to the estimate and time reports, QuickBooks provides several project reports to track job profitability, as described in the following table.

Project report	Description
Job Profitability Summary	Compares the actual cost to the actual revenue for all customers and jobs. The report subtotals the data first by customer and then by job.
Job Profitability Detail (for one customer:job)	For a particular customer or job, compares actual costs to actual revenues and shows the difference between the two amounts. The report subtotals the data first by item type and then by item.
Item Profitability	For each item, compares the actual cost to actual revenue and shows the difference between the two amounts. The report subtotals the data first by item type and then by item.

Paying nonemployees for time worked

When the company file has time data for a person who is not on your payroll, you can write checks based on the time worked. QuickBooks can transfer time data for a specified date range to a check. QuickBooks prefills the Items tab of a check with information from the time data, including hours worked and rate.

You can pay a subcontractor, owner, or partner for time worked. The person must be on one of the following lists:

- Vendor (appropriate for subcontractors, especially if you must report payments to them on Form 1099-MISC)
- Other Names (appropriate for owners and partners)
- Employees set up as type “Owner”

To set an owner up on the Employee list, choose Employee Center on the navigation bar. On the Employment Info tab, choose Owner from the Type drop-down list. Employees set up as “Owner” do not use payroll.

Note: To pay an ordinary employee for time worked, use the payroll feature to write a paycheck.

Creating service items for subcontractors, owners, or partners

When you use service items for subcontractors, QuickBooks records expenses and income for the work in separate accounts. You can use such items on both purchase forms and sales forms.

In this section, you learn how to do the following:

- Set up a service item to use to track work performed by an owner or partner
- Enter time worked for an owner or partner
- Prepare a check to pay an owner or partner for time worked

To set up a service item for owners or partners:

- 1** From the Lists menu, choose Item List.
- 2** Click the Item menu button, and choose New.
- 3** In the Type field of the New Item window, choose Service from the drop-down list.
- 4** In the Item Name/Number field, type *Planning*.

- 5 Select the “This service is used in assemblies or is performed by a subcontractor, owner, or partner” checkbox.

QuickBooks changes the window to display fields for sales and purchase information.

The screenshot shows the 'New Item' dialog box in QuickBooks. The 'Type' is set to 'Service'. The 'Item Name/Number' is 'Planning'. The checkbox 'This service is used in assemblies or is performed by a subcontractor or partner' is checked. The 'Purchase Information' section has a large text area for 'Description on Purchase Transactions', a 'Cost' field with '0.00', and dropdowns for 'Expense Account' and 'Preferred Vendor'. The 'Sales Information' section has a large text area for 'Description on Sales Transactions', a 'Sales Price' field with '0.00', a 'Tax Code' dropdown set to 'Tax', and an 'Income Account' dropdown. On the right, there are buttons for 'OK', 'Cancel', 'Next', 'Custom Fields', 'Spelling', and an 'Item is inactive' checkbox.

- 6 In the Description on Purchase Transactions field, type **Job Planning** and press Tab. QuickBooks copies the text into the Description on Sales Transactions field.
- 7 In the Cost field, type **50** and press Tab.
- 8 From the drop-down list in the Expense Account field, choose the equity subaccount called *Owner's Draw*.
- If you pay owners (or partners) for time worked, you need a service item that records the cost of the work as a draw against equity, rather than an expense.
- 9 In the Sales Price field, type **90**.
- 10 In the Tax Code drop-down list, select Non.
- 11 In the Income Account field, type **Planning** and press Tab.
- 12 When QuickBooks tells you that Planning is not on the Account list, click Set Up.

- 13** In the New Account window, make sure Income is selected in the Type drop-down list and click OK.

Your screen should now look like this.

The screenshot shows the 'New Item' dialog box. The 'Type' dropdown is set to 'Service'. The 'Item Name/Number' is 'Planning'. The 'Purchase Information' section shows 'Job Planning' as the description, '50.00' as the cost, and 'Owner's Equity: Own...' as the expense account. The 'Sales Information' section shows 'Job Planning' as the description, '90.00' as the sales price, 'Non' as the tax code, and 'Planning' as the income account. The 'Item is inactive' checkbox is unchecked. Buttons for OK, Cancel, Next, Custom Fields, and Spelling are on the right.

- 14** Click OK to close the New Item window.

- 15** Press Esc to close the Item list.

- 16** Close the Employee Center.

In the next section, you learn how to use the Planning item you've just created to track time performed by the owner of Rock Castle Construction.

Recording nonemployee time worked

You record data for time worked by nonemployees the same way you enter it for employees.

To enter time for nonemployee time worked:

- 1** From the Employees menu, choose Enter Time. Then choose Time/Enter Single Activity.

QuickBooks displays the Time/Enter Single Activity window.

- 2 In the Name field, choose Tom Ferguson from the drop-down list.
Note: **When you selected the owner's name, QuickBooks removed the Payroll Item field from the window.** (When class tracking is on, this field is replaced with the class field.) Owners and partners should be set up on the Other Names list, or on the Employee List with the Type set to "Owner" because they are not paid with payroll checks.
- 3 In the Customer:Job field, choose Abercrombie, Kristy:Family Room.
- 4 In the Service Item field, select Planning from the drop-down list and press Tab.
- 5 Type **8** in the Duration field and press Tab.

Your screen should resemble the following.

- 6 Click Save & Close.

Preparing a check to pay for nonemployee time worked

In this section, you'll learn how to create a check to reimburse an owner for time worked on a specific job.

- 1 On the Home page, click Write Checks.
QuickBooks displays the Write Checks window.

Write Checks - Checking Type a help question **Ask** **How Do I?**

Previous Next Print Find

Bank Account: **Checking** Ending Balance: 46,423.98

No. 301
Date 12/15/2007
\$ 0.00
Dollars

Pay to the Order of

Address

Memo

Expenses \$0.00 **Items** \$0.00 ☐ Online Payment ☐ To be printed

Account	Amount	Memo	Customer: Job

Clear Splits Recalculate Save & Close Save & New Clear

- 2 Make sure that Checking is selected in the Bank Account field.
- 3 Click to put a checkmark in the "To be printed" checkbox.
- 4 In the Pay to the Order of field, choose Tom Ferguson from the drop-down list.
- 5 Click Yes at the message QuickBooks displays asking if you want this check to pay for time worked.

QuickBooks displays the Select time period window.

Select Time Period

Select time period for which you want to pay.

Start Date: End Date:

OK
Cancel
Help

- 6 Type **12/10/07** in the Start Date field and press Tab.

- 7 Type **12/16/07** in the End Date field and click OK.

QuickBooks prefills the Items tab of the check with information from the time data, including hours worked and rate.

Write Checks - Checking Type a help question **Ask** **How Do I?**

Previous Next Print Find

Bank Account: **Checking** Ending Balance: 46,423.98

Pay to the Order of: **Tom Ferguson** No. To Print: **12/15/2007**
 Date: **12/15/2007** \$ **400.00**
 Four hundred and 00/100*****Dollars

Address:

Memo: **(12/10/2007 - 12/16/2007)**

Expenses: \$0.00 **Items** \$400.00 ☐ Online Payment ☒ To be printed

Item	Description	Qty	Cost	Amount	Customer:Job
Planning	Job Planning	8	50.00	400.00	Abercrombie, Krist...

Select PO Receive All Show PO Time

Clear Splits Recalculate Save & Close **Save & New** Clear

- 8 Click **Save & Close** in the Write Checks window.

Notice that time activity is marked unbillable so that it is not billed twice—as a time activity and an item.

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LESSON 15 Customizing forms and writing QuickBooks Letters

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Lesson objectives

- To learn how to modify a preset invoice form
- To design a custom invoice form
- To see how to print invoices
- To learn how to prepare a collection letter for overdue customers
- To learn how to edit a prewritten letter in QuickBooks

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qblesson.qbb) on your hard disk. See “Installing the exercise file” in the Introduction to this guide if you haven’t installed it.

The following steps restore the exercise file to its original state so that the data in the file matches what you see on the screen as you proceed through each lesson.

To restore the exercise file (qblesson.qbb):

- 1** From the File menu in QuickBooks, choose Restore.
QuickBooks displays the Restore Company Backup window.
- 2** In the “Get Company Backup From” section of the window, click Browse and select your c:\QBtrain directory.
- 3** Select the qblesson.qbb file, and then click Open.
- 4** In the “Restore Company Backup To” section of the window, click Browse and select your c:\QBtrain directory.
- 5** In the File name field of the Restore To window, type **lesson 15** and then click Save.
- 6** Click Restore.

About QuickBooks forms

Each form you use in QuickBooks has its own layout—that is, its own arrangement of fields and columns for entering information. If the layout of a particular form doesn’t meet your needs, you can create your own custom layout and use your version instead of the QuickBooks version.

In Lesson 6, you learned about the three preset formats for invoices: professional, service, and product. If these formats don't precisely meet your needs, you can create your own invoice templates. You can also create templates for other sales and purchase forms.

For each form, you can decide which fields and columns to include, what they are called, and where to place them. Once you have created your forms, you can save the new layouts as *templates*—to use whenever you wish, and to modify whenever you want. The forms you can customize in QuickBooks are the invoice, sales receipt, credit memo, statement, purchase order, estimate, and sales order (QuickBooks: Premier and higher editions only).

Customizing invoices

QuickBooks lets you customize an invoice form to suit the needs of your business, but there may be times when you want to design a completely different invoice form. QuickBooks lets you do that, too. You can use the Layout Designer to create a new form design for your business. In the Layout Designer, you can move, resize, or change the width of columns, turn on or off borders around fields, and control font type and size for each field.

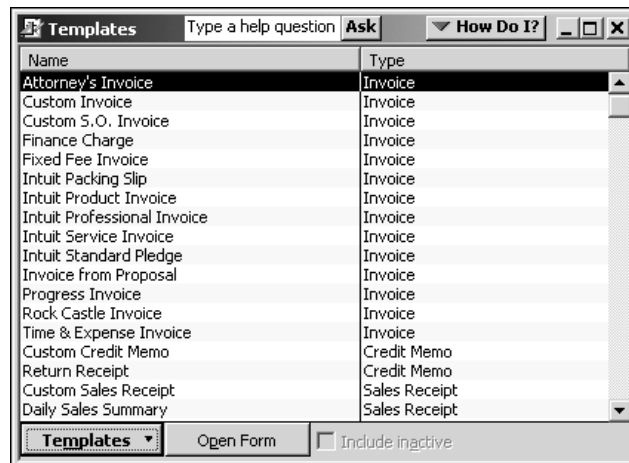
In the following exercises, you'll use both the customize forms and Layout Designer features in QuickBooks to create a custom invoice.

Note that these features affect only the printed forms; you cannot customize the onscreen version of QuickBooks forms.

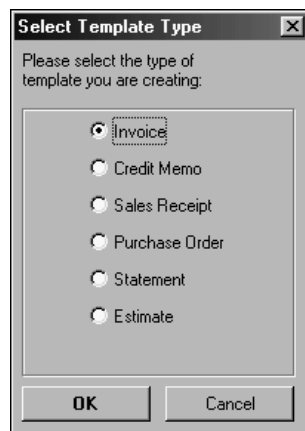
Creating new templates

To create a new invoice template:

- 1 From the Lists menu, choose Templates.
QuickBooks displays the Templates list.



- 2 Click the Templates menu button, and then choose New.
QuickBooks displays the Select Template Type window.



- 3 Click OK to select the invoice form.
QuickBooks displays the Customize Invoice window, which uses multiple tabs to display several sets of formatting options. Each area of the form is represented by a tab. To display the available formatting options, click the tab for the area of the form you want to change.

- 4 In the Template Name field, type ***My Invoice***.

This is the name you'll use for the new template. Your window should look like this.

	Screen	Print	Title
Default Title	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Invoice
Date	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Date
Invoice Number	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Invoice #
Bill To	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Bill To
Ship To	<input type="checkbox"/>	<input type="checkbox"/>	Ship To

Template is inactive ☐

Notice that the Header tab is currently selected. The Header tab displays the formatting options you have for the top part of the invoice form. For each field, you can specify the title you want and whether you want the field displayed onscreen, on paper, both, or neither. You can enter a new title by highlighting the current title text and typing your new one.

If you want to track information about a particular invoice, but don't want your customer to see this information, select the Screen checkbox and clear the Print checkbox.

- 5 Click the Fields tab.

Customize Invoice

Template Name: My invoice

Header Fields Columns Prog Cols Footer Company Format Printer

	Screen	Print	Title
P.O. No.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	P.O. No.
S.O. No.	<input type="checkbox"/>	<input type="checkbox"/>	S.O. No.
Terms	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Terms
Due Date	<input type="checkbox"/>	<input type="checkbox"/>	Due Date
REP	<input type="checkbox"/>	<input type="checkbox"/>	Rep
Account Number	<input type="checkbox"/>	<input type="checkbox"/>	Account #
Ship Date	<input type="checkbox"/>	<input type="checkbox"/>	Ship Date
Ship Via	<input type="checkbox"/>	<input type="checkbox"/>	Ship Via
FOB	<input type="checkbox"/>	<input type="checkbox"/>	FOB
Project/Job	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Project
Other	<input type="checkbox"/>	<input type="checkbox"/>	Other
Contract #	<input type="checkbox"/>	<input type="checkbox"/>	Contract #
B-Day	<input type="checkbox"/>	<input type="checkbox"/>	B-Day
Spouse's Name	<input type="checkbox"/>	<input type="checkbox"/>	Spouse's Name

OK Cancel Default Help Layout Designer

☐ Template is inactive

The Fields tab is where you select which fields you want to appear on screen and on paper. You can specify your own title (label) for each field.

Suppose you want to remind customers of payment due dates at the time you send the invoice. You can customize the invoice form to display the Due Date field.

- 6 To have the Due Date field display both on screen and on the printed form, click the Screen and Print columns for Due Date to select both checkboxes.

Checkmarks appear in both checkboxes.

- 7 Clear the Screen and Print checkboxes for the P.O. No. field to remove the field from the form.

Changing field order on forms

The lower half of the standard QuickBooks invoice form is where you enter details about the items or services purchased by the customer. You can change the order of these fields as they appear on your invoices.

The Order column shows you how fields display from left to right on the invoice form. Currently, Item is the first column and Amount is the last column. Suppose you want the Qty field to appear after the Item field, and before the Description field.

To change the order of fields on a form:

- 1 Click the Columns tab.

Customize Invoice

Template Name:

Header Fields **Columns** Prog Cols Footer Company Format Printer

	Screen	Print	Order	Title
Service Date	<input type="checkbox"/>	<input type="checkbox"/>	0	Serviced
Item	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	Item
Description	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	2	Description
Quantity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3	Qty
Rate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	Rate
Amount	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	Amount
Other 1	<input type="checkbox"/>	<input type="checkbox"/>	0	
Other 2	<input type="checkbox"/>	<input type="checkbox"/>	0	
Color	<input type="checkbox"/>	<input type="checkbox"/>	0	Color
Material	<input type="checkbox"/>	<input type="checkbox"/>	0	Material

OK Cancel Default Help Layout Designer

☒ Template is inactive

- 2 Double-click the Order column in the Quantity row to select the number.
- 3 Type 2.
- 4 Double-click the Order column in the Description row to select it.
- 5 Type 3.

Your screen should look like the following figure.

	Screen	Print	Order	Title
Service Date	<input type="checkbox"/>	<input type="checkbox"/>	0	Serviced
Item	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	Item
Description	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3	Description
Quantity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	2	Qty
Rate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	4	Rate
Amount	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	Amount
Other 1	<input type="checkbox"/>	<input type="checkbox"/>	0	
Other 2	<input type="checkbox"/>	<input type="checkbox"/>	0	
Color	<input type="checkbox"/>	<input type="checkbox"/>	0	Color
Material	<input type="checkbox"/>	<input type="checkbox"/>	0	Material

Template Name: My invoice

Buttons: OK, Cancel, Default, Help, Layout Designer

☐ Template is inactive

If you use progress invoices or sales orders, use the Prog Cols tab to customize the columns on those forms.

6 Click the Footer tab.

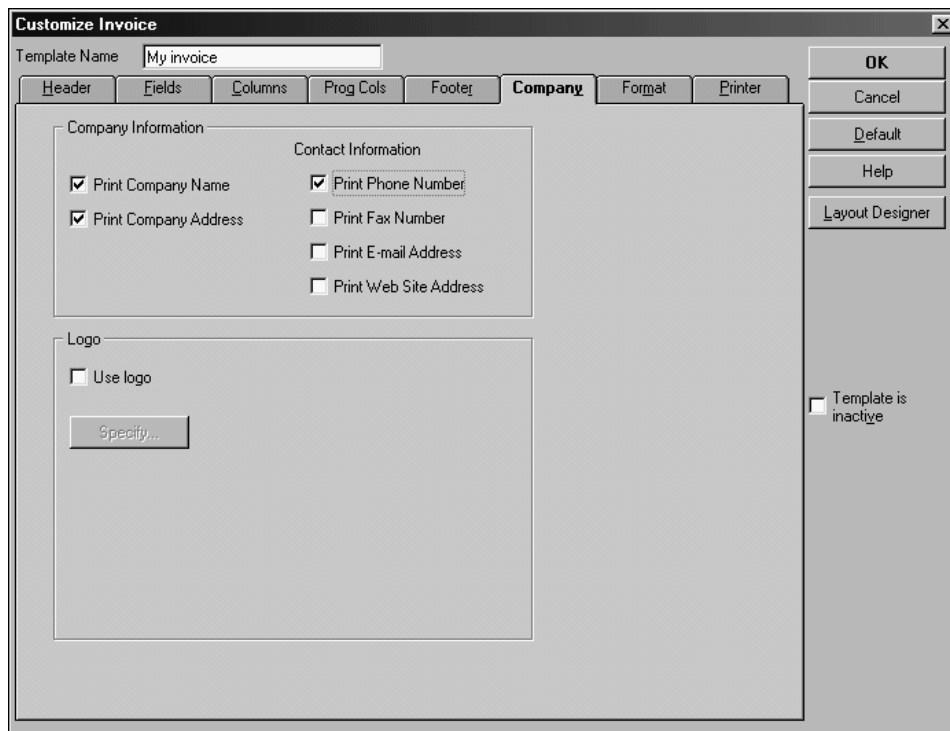
The Footer tab contains information that you usually find at the bottom of the form. It also provides a place for you to enter free-form text, such as a disclaimer, on your form. In the next exercise, you'll learn how to move fields on forms.

7 Click the Company tab.

Use the Company tab to specify which pieces of company information to include on your sales and purchase forms.

8 Select the Print Phone Number checkbox.

Your window should look like the following graphic.



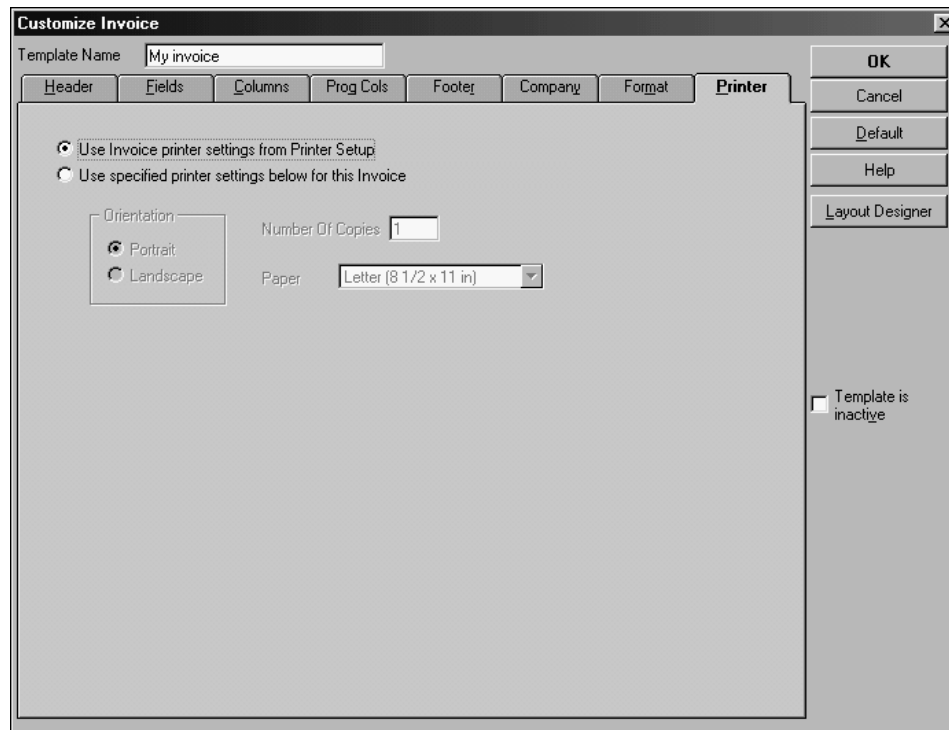
If you wanted to add your company logo to the form, you would select the Use Logo checkbox and tell QuickBooks which file to use. QuickBooks supports BMP, JPEG, TIFF, PNG, WMF, EMF, and GIF graphic formats.

9 Click the Format tab.

Use the Format tab to change the fonts for various textual elements on the form. If your forms print on multiple pages, use the checkbox on this tab to indicate whether or not you want to print page numbers.

If you don't want QuickBooks to print the status stamp (paid, pending, etc.) on forms, clear the Print Status Stamp checkbox on this tab.

10 Click the Printer tab.



Use the Printer tab to associate print settings with individual form templates. For example, if you print most forms in Portrait mode, but have one form that you print in Landscape, you can associate the Landscape print setting with that form's template. When you send the form to the printer, QuickBooks knows to print it in Landscape.

11 Click OK to record the changes.

12 Close the Templates window.

Displaying your customized form

Now display the customized form to see the changes you made in the previous exercise.

To display the custom form:

1 From the Customers menu, choose Create Invoices.

QuickBooks displays the Create Invoices window with the Intuit Product Invoice template displayed.

The screenshot shows the 'Create Invoices' window in QuickBooks. The 'Template' dropdown is set to 'Intuit Product Invoice'. The 'Date' is 12/15/2007 and the 'Invoice #' is 93. The 'Ship To' field is empty. The 'Bill To' field is empty. The 'P.O. Number', 'Terms', 'Rep', 'Ship', 'Via', and 'F.O.B.' fields are empty. The 'Quantity', 'Item Code', 'Description', 'Price Each', 'Amount', and 'Tax' columns are visible. The 'Customer' is set to 'Customer Message' and the 'Tax' is (0.0%) with a total of 0.00. The 'To be printed' and 'To be e-mailed' checkboxes are unchecked. The 'Customer Tax Code' is empty. The 'Apply Credits' button is visible. The 'Payments Applied' and 'Balance Due' are both 0.00. The 'Memo' field is empty. The 'Save & Close', 'Save & New', and 'Clear' buttons are at the bottom.

- 2 In the Template field, choose My Invoice from the drop-down list.

The screenshot shows the 'Create Invoices' window in QuickBooks. The 'Template' dropdown is now set to 'My Invoice'. The 'Date' is 12/15/2007 and the 'Invoice #' is 93. The 'Terms' and 'Due Date' fields are now visible, with 'Due Date' set to 12/15/2007. The 'Item', 'Qty', 'Description', 'Rate', 'Amount', and 'Tax' columns are visible. The 'Customer' is set to 'Customer Message' and the 'Tax' is (0.0%) with a total of 0.00. The 'To be printed' and 'To be e-mailed' checkboxes are unchecked. The 'Customer Tax Code' is empty. The 'Apply Credits' button is visible. The 'Payments Applied' and 'Balance Due' are both 0.00. The 'Memo' field is empty. The 'Save & Close', 'Save & New', and 'Clear' buttons are at the bottom.

Notice how this form reflects the changes you made in the Customize Invoice window. The Due Date field now displays onscreen and the Qty column appears in its new order before the Description field.

The phone number field that you added to the form only shows on the printed form, so you do not see it onscreen.

- 3 Leave the Create Invoices window open, you'll use it in the next exercise.

Designing custom layouts for forms

With the QuickBooks Layout Designer, you can change the design or layout of a form. In the Layout Designer, you can move, resize, change the width of columns, turn on or off borders around fields, add colored backgrounds, and control the font type and size for each field.

Here are a few examples of what you can do with a custom layout:

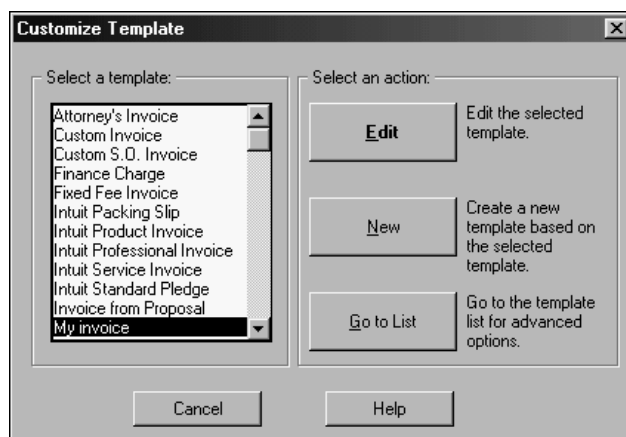
- Give your company name, address, and logo special treatment on the form. For example, you could center your logo at the top of the form and put your company name and address in a special font immediately below the logo.
- Enlarge a custom field so that it can display more information.
- Position the customer's billing address so that it coincides with the address window in the envelopes you use.
- Change the borders on fields, add background colors, and add extra text fields.
- Add multiple graphics to a form.

Changing the position of fields on forms

Next, you'll use the Layout Designer to move the Phone # and Bill To fields, and to decrease the width of the Quantity column.

To move fields on forms:

- 1 In the Create Invoices window, click Customize.
QuickBooks displays the Customize Template window.



- 2 Make sure that My Invoice is selected and click Edit.

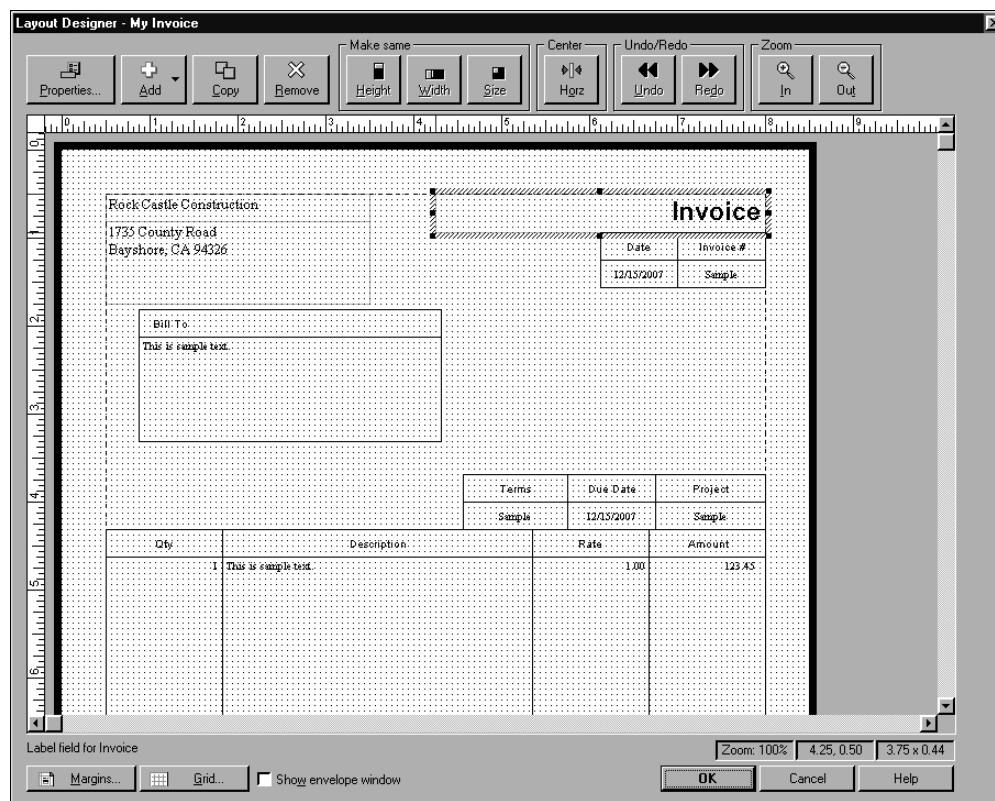
QuickBooks displays the Customize Invoice window that you used to customize the form.

Now, you'll use the Layout Designer to change the design of the form.

	Screen	Print	Title
Default Title	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Invoice
Date	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Date
Invoice Number	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Invoice #
Bill To	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Bill To
Ship To	<input type="checkbox"/>	<input type="checkbox"/>	Ship To

- 3 Click Layout Designer.

QuickBooks displays the Layout Designer window.



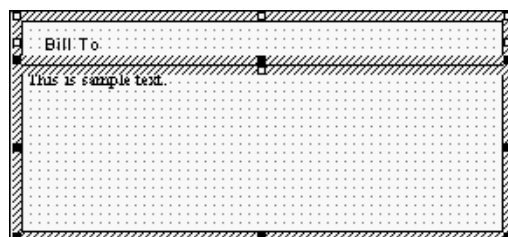
By clicking the Zoom buttons, you can zoom out to see an overall view of the form or zoom in for a closer look at a small section of the form.

- 4 Click the Bill To field.
- 5 Press and hold the Shift key.

Holding down the Shift key when clicking on an object allows you to select multiple fields at the same time. Having multiple fields selected lets you move the fields together.

- 6 Click the field directly below the Bill To field (the field containing the words “This is sample text”).

Notice the four-directional arrow that appears when you move the cursor over the selected fields. The selected fields on your screen should look like this.



- 7 Release the Shift key.

- 8 With the cursor over the selected fields, press and hold the left mouse button.
- 9 Drag the selected fields down about one inch.
- 10 Release the mouse button.

Your screen should now look like this.

Rock Castle Construction
1735 County Road
Bayshore, CA 94326

Invoice

Date	Invoice #
12/15/2007	Sample

Bill To
this is sample text.

Terms	Due Date	Project
Sample	12/15/2007	Sample

Qty	Description	Rate	Amount
1	This is sample text.	1.00	123.45

- 11 Select the field containing Rock Castle's address.
- 12 Move the mouse over one of the dark squares on the bottom of the field and then hold the mouse button while you drag the bottom of the field up to a point just below the address—the goal being to get rid of the extra space below the address so you can place the phone number directly beneath it.
- 13 Scroll to the bottom of the screen and select the Phone # field.
- 14 Click Remove.
- 15 Select the field containing the numbers 555-555-5555.
- 16 Holding down the mouse button, drag the field so that it sits just below Rock Castle's address.

Changing field widths

In the next exercise, you'll change the font size for Rock Castle's phone number to make it match the address, but first you want to make the field wider so that the phone number isn't cut off.

To change the width of a field:

- 1 Select the field containing the telephone number and drag the right border further to the right while holding down the mouse button.

The fields should resemble the figure below.

Rock Castle Construction 1735 County Road Bayshore, CA 94326 555-555-5555
--

Rock Castle Construction rarely enters a quantity greater than two characters, so you want to make the QTY column smaller. Decreasing the width of the QTY column also increases the width of the Description column.

- 2** In the Layout Designer window, scroll until the Qty column is visible.
- 3** Click the Qty column to select it.

Your screen should resemble the figure below.

The screenshot shows the Layout Designer window with a ruler at the top. The Qty column is selected, and the cursor is positioned between the Qty and Description columns, turning into a two-directional arrow.

Notice that when the cursor is positioned between the QTY and DESCRIPTION columns, it turns into a two-directional arrow.

The screenshot shows the Layout Designer window with a ruler at the top. The Qty column is selected, and the cursor is positioned between the Qty and Description columns, turning into a two-directional arrow.

- 4** Click and hold the left mouse button on the line separating the Qty and Description columns.
- 5** While holding down the mouse button, drag the column line to the left (to the one-inch mark on the ruler).
- 6** Release the mouse button.

The forms area on your screen should resemble the figure below.

The screenshot shows the Layout Designer window with a ruler at the top. The Qty column is now narrower, and the Description column is wider.

Changing fonts, borders, and colors

Using the Properties window in the Layout Designer, you can change font size and style, text justification. You can also add, remove, or change the borders around fields.

- 1 With the phone number field selected, click Properties.
QuickBooks displays the Properties window.
- 2 On the Text tab, select Left for horizontal justification.



- 3 Click Font.
- 4 In the Size list, select 12, and then click OK.
- 5 Click the Border tab.
- 6 Click to remove the Top, Bottom, Right, and Left checkboxes.
- 7 Click OK to save your changes in the Properties window.
- 8 Click OK to save the changes in the Layout Designer.
- 9 Click OK to close the Customize Invoice window.

This exercise covers only a portion of the changes you can make with the customization and layout tools. For example, if you wanted to add a background color to the field, you could do so using the Background tab. You could use the Add button to add empty fields into which you can enter your own text—or to add data fields that you forgot to select in the Customize window. If you want a field to appear on a form more than once, select the field and click Copy.

We encourage you to experiment with the tools available to create your own custom forms. For examples of what you can achieve, visit the forms library at <http://templategallery.quickbooks.com/forms/>.

You can download templates from the forms library to use in your own business.

Previewing new forms

Notice that the invoice form displayed by QuickBooks doesn't show the changes you just made in the Layout Designer. This is because changes made in the Layout Designer only affect the printed invoice and not the invoice QuickBooks displays onscreen for data entry.

To preview the invoice:

- 1 To see how the printed invoice form will look, click the Print drop-down list on the Create Invoices window toolbar, and then choose Preview.

QuickBooks displays the Print Preview window.

Rock Castle Construction 1735 County Road Bayshore, CA 94326 650-555-1234		Invoice	
		Date	Invoice #
		12/15/2007	93
Bill To		Terms	Due Date
			12/15/2007
		Project	
Qty	Description	Rate	Amount
		Subtotal	\$0.00
		Sales Tax (0.0%)	\$0.00
		Total	\$0.00
		Payments/Credits	\$0.00
		Balance Due	\$0.00

The invoice displayed in the Print Preview window shows exactly how the printed invoice will look. Notice that the changes you made in the Layout Designer are reflected in this preview.

- 2 When you are finished looking at the preview, click Close.
- 3 Press Esc to close the Create Invoices window without saving.

Using QuickBooks Letters

From time to time, you may need to send a letter to a customer or vendor (or someone on your employee list or other names list), or to another list of people. With QuickBooks, you can easily add the pertinent QuickBooks data (such as name, address, and balance information) to a letter without having to re-type it.

QuickBooks provides a number of business letters focusing on collections, news, and announcements. You can edit these letters as needed to suit your business and style of communication.

Note: To proceed with this lesson, you must be using Microsoft Word 2000, 2002 or 2003.

Preparing collection letters

In this exercise, you'll learn how to prepare a collection letter to send to customers with overdue payments.

To prepare a collection letter:

- 1** From the Company menu, choose Prepare Letters with Envelopes, and then choose Collection Letters.
- 2** If QuickBooks prompts you to find letters, click Copy. QuickBooks will copy the QuickBooks letters from your installation directory to your QBtrain folder. QuickBooks opens the Letters and Envelopes wizard.
- 3** When QuickBooks prompts you to choose who you want to write to, make the following selections:
 - For number 1, choose Active.
 - For number 2, choose Customer.
 - For number 3, choose 31 days or more.

Your screen should look like this.

Letters and Envelopes

Choose the Recipients

1. Include listed customers or jobs that are:

- ☒ Active
- ☐ Inactive
- ☐ Both

2. Create a letter for each:

- ☒ Customer
- ☐ Job

3. Limit letters to customers or jobs with payments overdue by:

- ☐ 1 day or more
- ☒ 31 days or more
- ☐ 61 days or more
- ☐ 91 days or more
- ☐ 1 - 30 days
- ☐ 31 - 60 days
- ☐ 61 - 90 days

Prev Next Cancel Help

4 Click Next.

QuickBooks displays a list of all active customers with payments 31 days or more past due.

Letters and Envelopes

Review and Edit Recipients

These active customers have overdue payments of 31 days or more.

Sort the list by:

- ☒ Customer
- ☐ Amount

Customer Name	Amt. Overdue
Cook, Brian	700.00
Pretell Real Estate	2,239.00
Roche, Diarmuid	38.79

Mark All Unmark All

Full Name:
Cook, Brian

Prev Next Cancel Help

5 Leave all of the names selected and click Next.

6 When QuickBooks prompts you to choose the letter you want to use, click "Friendly collection" and click Next.

- 7 In the Name field of the next screen, type **Tom Ferguson**. In the Title field, type **President**.

Your screen should look like the following.

- 8 Click Next.
- 9 If QuickBooks displays a message about missing information, click OK. QuickBooks starts Microsoft Word (if it's not running already) and displays collection letters for the three customers that you selected.

You can scroll through the Microsoft Word document to see all of the letters. Notice that QuickBooks entered Tom Ferguson's name and title at the end of each letter.

- 10 Close the Microsoft Word file without saving the letters.

When you do save letters you've created using QuickBooks Letters, don't save them to the QuickBooks Letter Templates folder. The QuickBooks Letter Templates folder should only be used to store the original QuickBooks Letters installed with the QuickBooks software program and any templates you've created and want to access through the Letters and Envelopes wizard.

To print the letters, you would choose Print from the Microsoft Word File menu.

- 11 Return to QuickBooks and click Cancel.

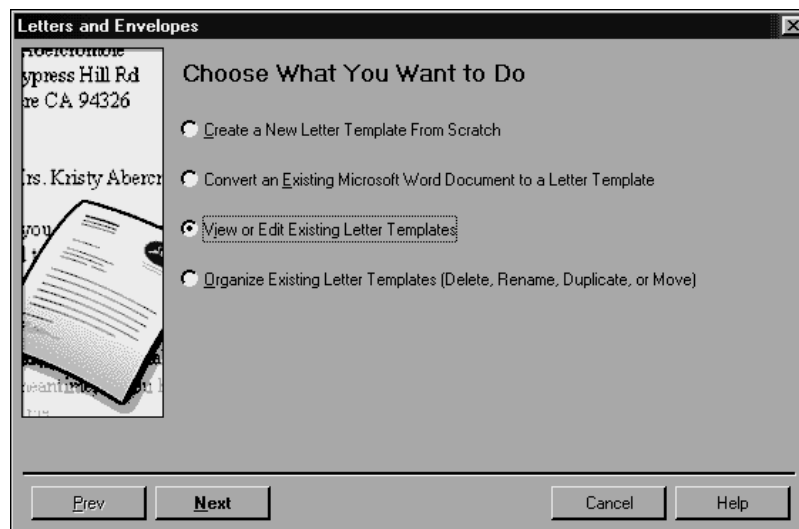
Editing QuickBooks Letters

You can make changes to individual letters using Microsoft Word, or you can make global changes by editing the QuickBooks Letter used to generate a specific letter.

In this exercise, you'll edit the collection letter you prepared in the last exercise (Friendly collection). However, instead of working with completed letters with customer information already filled in, you'll work with the underlying QuickBooks Letter used to create the letters.

To edit a QuickBooks Letter:

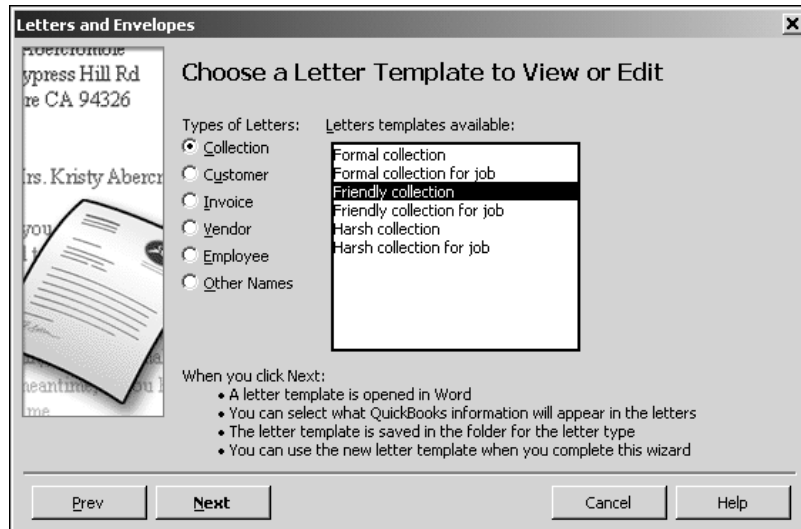
- 1 From the Company menu, choose Prepare Letters with Envelopes.
- 2 Select Customize Letter Templates.
- 3 Click "View or Edit Existing Letter Templates."



- 4 Click Next.

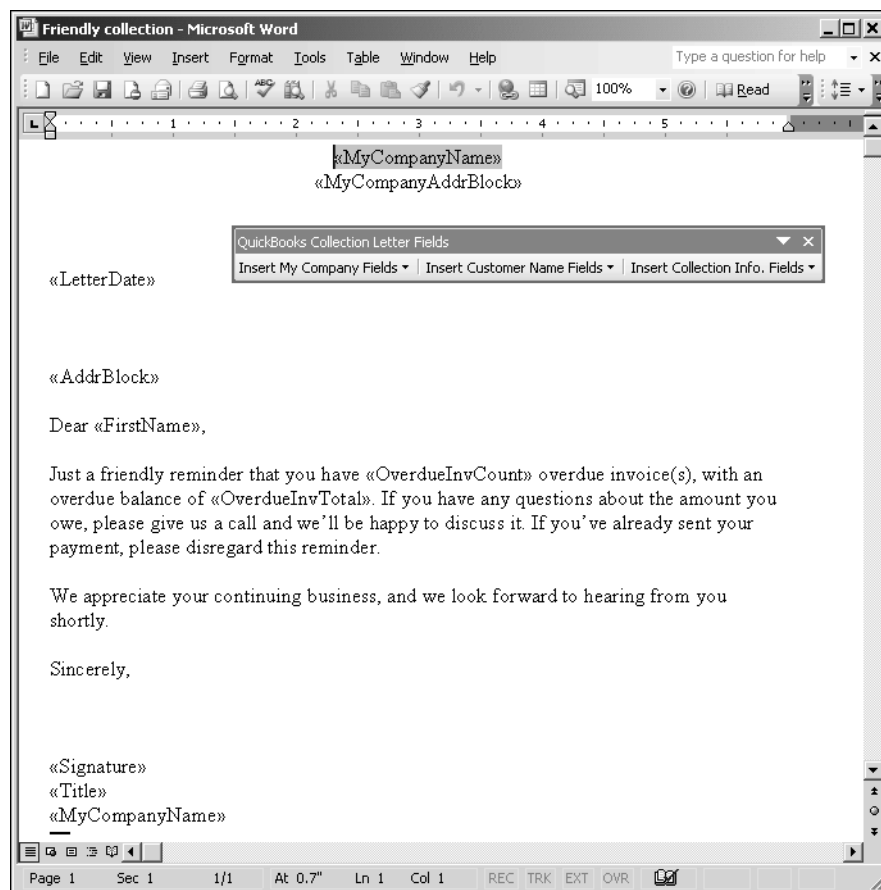
- 5** When QuickBooks prompts you to choose the letter template you want to view or edit, click Collection, and then select “Friendly collection” from the list of available letters.

Your screen should look like this.



- 6** Click Next.

QuickBooks opens Microsoft Word (if it's not running already) and displays the letter (Friendly collection) and a toolbar (QuickBooks Collection Letter Fields) that you'll use to add information from QuickBooks to the letter in Word.



Note that you can move the toolbar by clicking it with your mouse pointer and dragging it to a new location.

Now, you'll enter more text and use the toolbar to insert data from QuickBooks into the "Friendly collection" letter.

- 7** Click your mouse pointer after the period at the end of the first sentence and the press the Space bar once. (You'll insert a sentence into the paragraph.)
- 8** Type ***Our records show that your balance is past due.***
- 9** Click your mouse pointer after the word *is* in the sentence you just typed, and press the Space bar again.

- 10** From the Insert Collection Info. Fields drop-down list on the QuickBooks Collection Letter Fields toolbar, select Range(days) of Overdue Invoices.



QuickBooks adds the <<OverdueRange>> field to the sentence you just typed.

«AddrBlock»

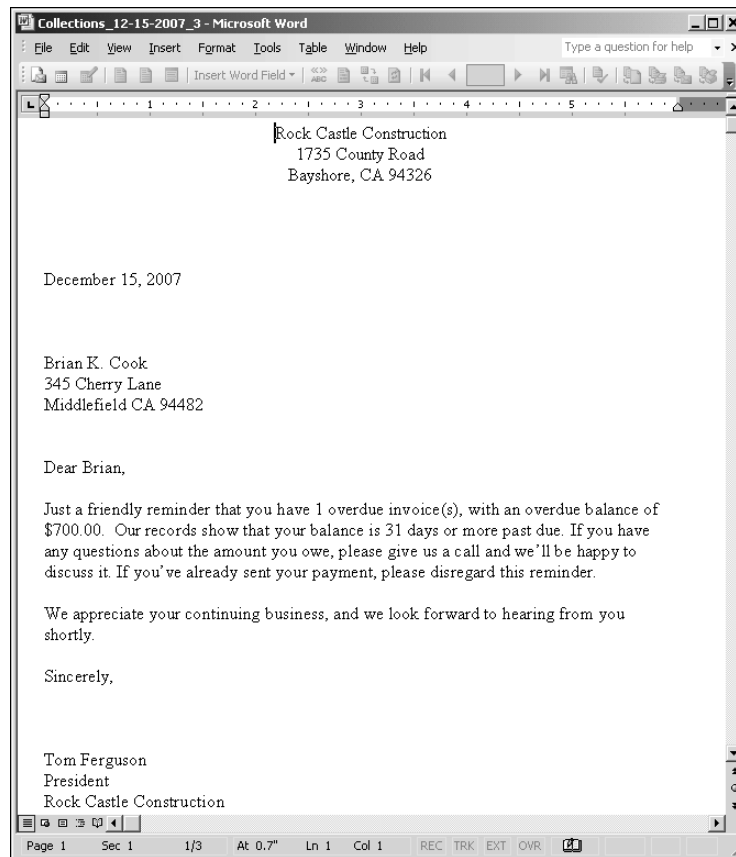
Dear «FirstName»,

Just a friendly reminder that you have «OverdueInvCount» overdue invoice(s), with an overdue balance of «OverdueInvTotal». Our records show that your balance is «OverdueRange» past due. If you have any questions about the amount you owe, please give us a call and we'll be happy to discuss it. If you've already sent your payment, please disregard this reminder.

When you create letters using this modified QuickBooks letter, QuickBooks will replace the <<OverdueRange>> field with the number of days each customer you create a letter for is past due.

- 11** From the Word File menu, choose Save As.
- 12** Enter a new filename and click Save.
If you save the file to this folder without changing the filename, you will overwrite the original QuickBooks Letter.
- 13** To see how this change affects the final letter output, close the letter file in Microsoft Word, click Use Template in QuickBooks, and go through the wizard again (all of your previous choices should still be selected).
- 14** When you get to the "Choose a Letter Template" screen, select the name of the file you just saved, and then click Next.

When you're done, your letters should resemble the following.



15 Close Microsoft Word.

16 Click Cancel in QuickBooks.

• • • • • • • • • •

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