

QuickBooks® in the Classroom

Student's Resource Guide

Intuit Education Program

<http://www.intuiteducation.ca>

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Intuit Canada, A General Partnership

7008 Roper Road

Edmonton, AB T6B 3H2

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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.

Many of the lessons in this guide can be performed with any QuickBooks Edition. When a lesson or exercise requires QuickBooks Pro or QuickBooks Premier, that requirement is stated at the beginning of the lesson or exercise.

Important: Most of the step-by-step instructions and screen captures in this guide were created with QuickBooks Pro. Your screens may differ, and some instructions may vary slightly, if you are using QuickBooks Basic or Premier Edition instead of QuickBooks Pro.

Our Web site contains several resources to assist you in teaching QuickBooks and incorporating QuickBooks instruction into your existing curriculum.

The resources section of our Web site contains exercises for each lesson of the “QuickBooks in the Classroom” guide (including a selection of both short answer and open-ended questions), also case studies for various industries and a range of accounting activities.

Our Curriculum Support Library also provides Instructors with the opportunity to share additional educational resources that they have found helpful for teaching QuickBooks.

Visit us at www.intuiteducation.ca and select ‘Members Login’.*

* You should have received your Members Only password when you registered for the QuickBooks Education program. If you did not receive a password, or if you have misplaced your password, contact your Education Liaison by calling 1-888-829-8689 or e-mailing us at educanada@intuit.com.

Course objectives

After completing this guide, students should be able to do the following:

- 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 chequing account.
- Track credit card transactions.
- Invoice customers.
- Create sales orders.
- Generate customer statements.
- Receive payments from customers and make bank deposits.
- Write QuickBooks cheques and assign amounts to specific expense accounts.
- Work with asset and liability accounts in QuickBooks.
- Track fixed assets.
- Enter bills into QuickBooks accounts payable.
- Pay bills.
- Create and customize QuickBooks reports and graphs.
- Export QuickBooks reports to Microsoft Excel.
- Set up inventory and build finished good with QuickBooks.
- Track and pay sales tax.
- Understand QuickBooks payroll features.
- Create estimates and do progress invoicing.
- Track time and pay nonemployees for time worked.
- Customize QuickBooks sales forms.
- Write letters in Microsoft Word using QuickBooks data.

Hardware and software requirements

At the time this guide was printed, the hardware and requirements were the most up-to-date. Because of updates and new releases of QuickBooks, these requirements can change. For the most up-to-date requirements, visit our Website at <http://support.intuit.ca/quickbooks/> and search our FAQs for “requirements”.

For all QuickBooks products

To use the version of any QuickBooks product, you need the following equipment and software:

- 200 MHz IBM compatible Pentium computer (350 MHz or higher recommended).
- A minimum of 64 MB (megabytes) of RAM (random access memory); 95 MB is recommended.
- Hard disk with the amount of free disk space shown in the table below.
- 2x CD-ROM drive (double speed) or higher.
- 8-bit or 16-bit sound card if you want to use the sound features.
- 256-colour VGA monitor, SVGA monitor, or better is recommended (minimum resolution of 800x 600 using Small Fonts in your Windows Control Display settings).
- Either Windows 98, Me, 2000, or XP.
- Internet access (with a connection speed of 28.8 or higher) is required for Payroll and all online features/services.
- QuickBooks for Windows installation CD-ROM.
- Printer supported by Windows 98, Me, 2000, or XP.

For QuickBooks Pro, Premier, and Premier: Accountant Edition

- Microsoft[®] Word 97, 2000, or 2002 if you plan to use the QuickBooks Letters feature. (More RAM enhances the use of this feature.)
- Microsoft[®] Excel 97, 2000, or 2002 if you plan to use the features in QuickBooks Pro and Premier that integrate with Microsoft Excel. (More RAM enhances the use of these features.)
- Either Microsoft[®] Outlook (version 97, 98, 2000, or 2002), Symantec ACT! version 3.0.8, 4.0.2, OR Interact 2000 if you want to synchronize with contact management software.

Installation component	QuickBooks Basic	QuickBooks Pro	QuickBooks Premier and Premier: Accountant Edition
QuickBooks Financial Software	230 MB	250 MB	280 MB
Microsoft Internet Explorer 6.0	70 MB	70 MB	70 MB

Installation component	QuickBooks Basic	QuickBooks Pro	QuickBooks Premier and Premier: Accountant Edition
Additional for Timer	N/A	9 MB	9 MB

Network requirements

QuickBooks network requirements are the same whether you are sharing a company file or printing to a network printer:

- Windows 2000 Server, Windows XP Server, or NetWare Network File Server 3.12.
OR
- Peer-to-peer network, using Windows 98, 2000, Me, or XP.

Important: Intuit recommends you have the latest Service Pack or update for your operating system or network software. If you are uncertain whether you have the latest Service Pack or update, contact Microsoft, Novell, or your network administrator.

About the exercise file

The qbcanlesson.qbb file can be downloaded from the resource section of the Intuit Canada Education website (see instructions below). You'll use a copy of this file to complete the lessons in this guide.

Using the exercise file in each lesson

For each lesson in this guide, except for lessons 1 and 2, you'll restore a new copy of the exercise file **qbcanlesson.qbb**, and use that file to complete the lesson. The qbcanlesson.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 qbcanlesson file. Instructions on how to restore the file are given at the start of each lesson.

Installing the exercise file

To install the exercise file on your hard disk:

- 1** From the Windows Start menu, choose Run.
- 2** Type **Explorer**, then click OK.
- 3** From Windows Explorer, select a folder under which you want to store your training files (e.g. c:/Program Files/Intuit).
- 4** From the File menu, choose New, then choose Folder.

Introduction

- 5 Type QBtrain, then press ENTER.
- 6 Download the qbcanlesson.qbb and payroll.qbb files from the resource section of the Intuit Canada Education website at: <http://www.intuiteducator.ca>. into the QBtrain folder you created in the previous step.

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

Exercise transaction dates

The exercise file for use with this guide was created in QuickBooks Pro 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 date will return to the current date.

Student prerequisites

No knowledge of finances or accounting is needed to use QuickBooks. Students should however, have a basic knowledge of the computer operating system and know how to move files around, create folders or directories, copy files to and from disks, and run applications.



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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

Handout materials

- Handout 1: Course Syllabus
- Handout 2: Record your daily transactions on QuickBooks forms
- Handout 3: Information stored in the Customer list
- Handout 4: Register for an accounts receivable account
- Handout 5: The QuickBooks chart of accounts
- Handout 6: About assets, liabilities, and equity
- Handout 7: Sample balance sheet
- Handout 8: Sample profit & loss statement

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—in your “spare time”—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.

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 cheque to one of your vendors.

The screenshot shows the 'Enter Bills' window in QuickBooks. At the top, there are navigation buttons: Previous, Next, Find, History, and Journal. Below that, there are radio buttons for 'Bill' (selected) and 'Credit', and a checked box for 'Bill Received'. The main form area is titled 'Bill' and contains the following fields:

- Vendor: Low Plumbing
- Date: 12/15/2007
- Bill Due: 12/30/2007
- Amount Due: \$463.91
- Discount Date: (empty)
- Terms: Net 15
- Ref. No.: (empty)

Below the bill information is a 'Memo' field. Underneath is a summary table:

Expenses	\$0.00	Items	\$403.40						
Item	Description	Qty	Unit	Cost	Tax	Net Amt	Customer:Job	Class	PO No.
Plumb Fixtrs	Plumbing fixtures - See attached list of specifics	1	S	403.40	5	403.40	Smallson, Fran...		38

At the bottom of the form, there are several buttons: Select PO, Clear Qty's, Show PO, Time, Clear Splits, Recalculate, Save & Close, Save & New, and Clear. On the right side, there are input fields for GST (28.24) and PST (32.27).

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, then write a cheque (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 cheque in your chequing 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.

Here's an example of the Customer:Job list.

Name	Balance	Notes	Job Status	Estimate Total
↳Abercrombie, Kristy	757.30			12,569.54
↳Family Room	269.50		Not awarded	0.00
↳Kitchen	400.00		Pending	5,180.79
↳Remodel Bathroom	87.80		Closed	7,388.75
↳Baker, Chris	77.04			0.00
↳Family Room	0.00		Closed	0.00
↳Balak, Mike	0.00			0.00
↳Utility Shed	0.00		Closed	0.00
↳Barley, Renee	60.00			0.00

QuickBooks lets you complete a variety of activities from lists, using the menu buttons located at the bottom of each list. For example, to fill out an invoice for a customer, first select the customer from the Customer:Job list, then choose Create Invoices from the Activities menu button.

Using registers

In addition to forms and lists, you'll also work with registers in QuickBooks. Just as you use your paper chequebook register to see a record of all the transactions in your chequing account—cheques 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.

Getting started

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

Date	Number	Customer	Item	Qty	Rate	Amt Chrg	Amt Paid
Ex.Rate	Type	Description	Class			Billed Date	Due Date
12/15/2007		Roche, Diarmuid:€					506.00
	PMT						
12/15/2007		Lew Plumbing - C					45.00
	PMT	See Bill #20001					
12/15/2007		Ecker Designs:Offi					1,000.00
	PMT						
12/15/2007	72	Robson, Darci:Rot				13,704.55	
	INV						12/15/2007
12/15/2007	73	Ecker Designs:Offi				5,393.50	
	INV						01/14/2008
12/15/2007	74	Natiello, Ernesto:E				2,079.38	
	INV						01/14/2008
12/15/2007	75	Melton, Johnny:Dt				1,610.00	
	INV						01/14/2008

1-Line Show open balance Ending balance 78,519.89

Sort by:

[Do you buy or sell products outside of Canada? Expand your borders with QuickBooks Multicurrency!](#)

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. Below the right column of the register, you can see 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

Finding information to help you get started

If you're **new to QuickBooks**, the Getting Started 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 Getting Started window, choose Getting Started from the Help menu.

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

Navigating in the working area

There are several ways to find what you need in the QuickBooks working area.

The screenshot shows the QuickBooks Premier Accountant Edition interface. The main window is the 'Customer Navigator', which displays a graphical workflow for customer-related tasks: Estimates, Invoices, Receive Payments, Deposits, Sales Orders, Finance Charges, Statements and Refunds and Credits, and Sales Receipts. Below this are sections for 'Customer Solutions' (Technical Support, Intuit Supplies) and 'Memorized Reports' (A/R Aging Summary, Customer Balance Detail, etc.).

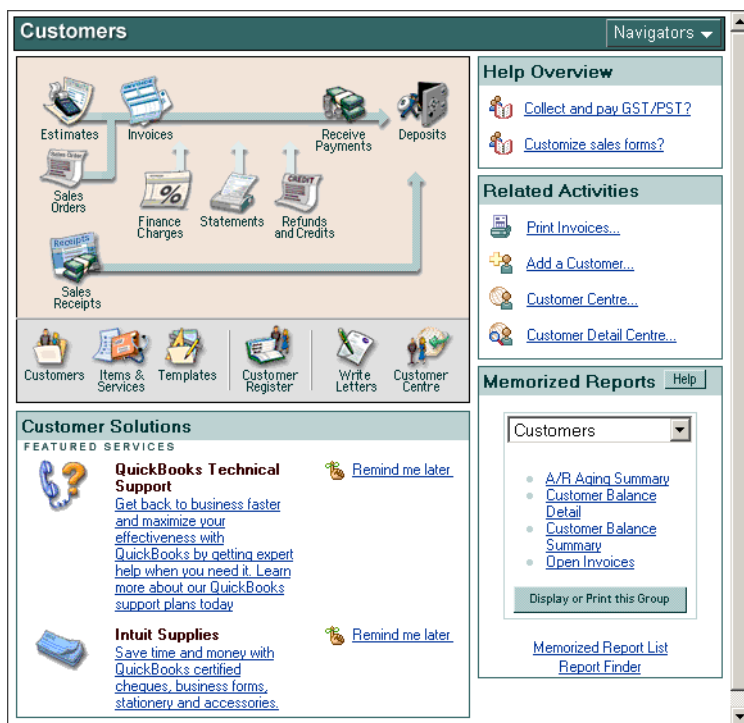
Annotations with arrows point to various parts of the interface:

- Navigator List:** A vertical list on the left side of the Customer Navigator window, containing icons for Accountant, Company, Customers, Vendors, Employees, Banking, and Reports.
- Customizable Icon Bar:** A horizontal bar at the top of the Customer Navigator window with icons for Customers, Items & Services, Templates, Customer Register, Write Letters, and Customer Centre.
- Open Window List:** A list on the left side of the main application window, showing 'Customer Navigator' as the active window.
- Follow-Me Help:** A window at the bottom left showing help topics related to the current task, with a 'Pin' button to keep it open.
- Help Overview:** A panel on the right side of the Customer Navigator window, providing quick links to help topics like 'Collect and pay GST/PST?' and 'Customize sales forms?'.
- Related Activities:** A panel on the right side of the Customer Navigator window, showing actions like 'Print Invoices...', 'Add a Customer...', and 'Customer Centre...'.

The Follow-Me Help window displays help related to what you are doing in QuickBooks.

Making navigators your starting point

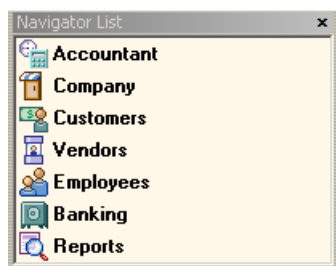
QuickBooks navigators provide a graphical representation of the workflow for a particular area of the product. For example, the Customers Navigator window has icons for important activities that are common to working with customers and making sales (such as, creating invoices, receiving payments, and making deposits). It looks like the following.



The navigators let you access features, reports, and solutions for the major areas of QuickBooks.

- Flow charts guide you in performing tasks in the correct order.
- Related Activities and Memorized Reports let you analyze your data and take action.
- Customer Solutions help you find features and services that you can use to manage your business.

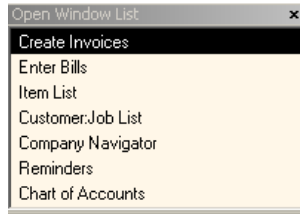
To display a navigator, select its name from the Navigator list.



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.

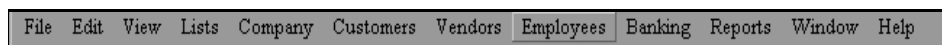
For comparison purposes, you may want to display more than one window at a time. You can easily switch between viewing one window at a time and viewing multiple windows. When you choose Multiple Windows from the View menu, QuickBooks tiles the windows in the main area. You can then move and resize the 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*, then choose “Customizing the Icon Bar” from the list of topics that displays.

QuickBooks is preset to display the Icon Bar, but you can display the Shortcut list instead of, or in addition to, the Icon Bar.

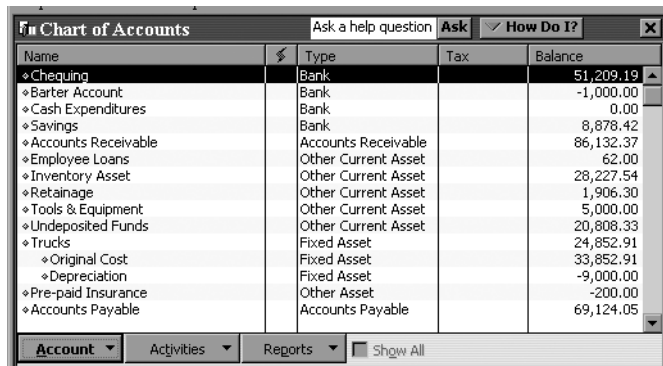
All the accounting you need to know

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.

Like other lists in QuickBooks, the chart of accounts is opened through the Lists menu. The chart of accounts for the Rock Castle Construction Company looks like this:



Name	Type	Tax	Balance
◊ Chequing	Bank		51,209.19
◊ Barter Account	Bank		-1,000.00
◊ Cash Expenditures	Bank		0.00
◊ Savings	Bank		8,878.42
◊ Accounts Receivable	Accounts Receivable		86,132.37
◊ Employee Loans	Other Current Asset		62.00
◊ Inventory Asset	Other Current Asset		28,227.54
◊ Retainage	Other Current Asset		1,906.30
◊ Tools & Equipment	Other Current Asset		5,000.00
◊ Undeposited Funds	Other Current Asset		20,808.33
◊ Trucks	Fixed Asset		24,852.91
◊ Original Cost	Fixed Asset		33,852.91
◊ Depreciation	Fixed Asset		-9,000.00
◊ Pre-paid Insurance	Other Asset		-200.00
◊ Accounts Payable	Accounts Payable		69,124.05

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 chequing 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 chequing, 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, please 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 Canada Revenue Agency (CRA) 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 scroll box, 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 accountants 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 From the Reports menu, choose Report Finder.
- 2 From the Select a type of report drop-down list, choose Company & Financial.
- 3 In the Select a report list, click Profit & Loss Standard.
- 4 Click Display.
- 5 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 From the Reports menu, choose Report Finder.
- 2 From the Select a type of report drop-down list, choose Company & Financial.
- 3 In the Select a report list, click Statement of Cash Flows.
- 4 Click Display.

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.

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.

For more information about the recommended backup routine, see Chapter 8, "Protecting your data," in the QuickBooks *User's Guide*.

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 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.

Student test and review

- 1** List the three main ways you enter data in QuickBooks.
- 2** List three ways to access features in QuickBooks.
- 3** What bookkeeping method does QuickBooks use to create most reports?



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 chequing account
- To practice using the QuickBooks Help tools

Handout materials

- Handout 9: Setting up QuickBooks
- Handout 10: How to choose a start date

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.

How many companies should you set up?

If you operate a business enterprise, the CRA 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 Interview is broken down into sections. You must complete the required General section first. If you are not sure how to answer a question, you can always go back and change your answer later. A few questions ask you to make a decision that's not easily reversed. When this is the case, you'll see this symbol.



The EasyStep Interview has five sections:

General—Lets you enter company information, choose a chart of accounts appropriate for your business, decide on QuickBooks preferences, and specify a business start date.

Income & Expenses—Lets you review the income and expense accounts on your business's chart of accounts, and lets you enter new accounts.

Income Details—Lets you specify whether your business income is from services and/or products you sell. Based on the information provided, QuickBooks determines which parts of the income and accounts receivable features you will be using.

Opening Balances—Lets you enter information about the customers who owe you money as of your start date, vendors to whom you owe money as of your start date, and balances in your balance sheet accounts as of your start date.

What's Next—This section describes some common tasks in QuickBooks that you may want to complete after you've gone through the other sections of the Interview.

Each major section of the Interview is divided into topics that are displayed as tabs at the top of the EasyStep Interview window. After you complete a topic or section, QuickBooks displays a checkmark on that tab.

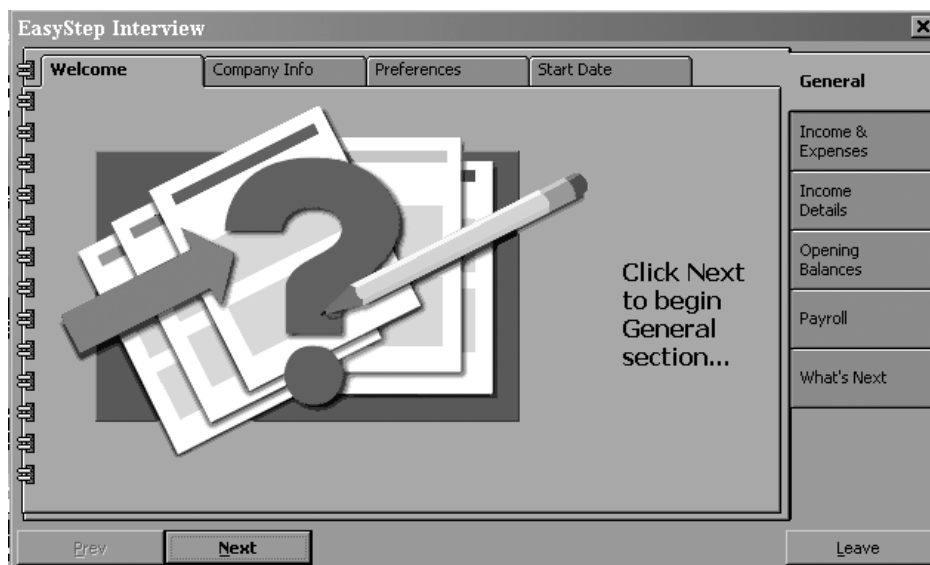
Navigating through the Interview

- Click Next to display the next window in the Interview.
- Click Prev to display the previous window in the Interview.
- When a window has a More button (in the lower right corner), click it to see more detailed information about the question being asked in the Interview. After you read the detailed information, you can click OK to return to the Interview.
- Click Leave to leave the Interview and return to QuickBooks. You can return to the Interview later by opening your company file, then choosing EasyStep Interview from the File menu. QuickBooks remembers the information you have already entered.

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 Interview, click Next to begin.
- 2** Keep clicking Next, reading the information presented on the Welcome windows, until you have completed the Welcome section.
When you finish the section, QuickBooks places a checkmark on the Welcome tab.
- 3** Click Next until you come to the "Your company name" screen on the Company Info tab.
- 4** 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.
- 5** Click Next.
- 6** Type the following information in the Your company address window.
1239 Bayshore Road
Kelowna, BC V6E 1E1
QuickBooks prints this company address on cheques, invoices, and other forms.
- 7** Click Next.
- 8** In the Other company information window, enter the following information:
 - Make sure January is selected for the first month of the income tax year and first month of the fiscal year. QuickBooks uses the fiscal year you choose to create year-to-date reports.
 - From the *Income Tax form used* drop-down list, select Corporate Income Tax (T2).
 - Set the default province to British Columbia
 - Set the Business number to: *123456789*Your screen should match the following.

The screenshot shows the 'EasyStep Interview' window with the 'Company Info' tab selected. The 'Other Company Information' section contains the following fields:

Enter the first month of your income tax year	January
Enter the first month in your fiscal year	January
Income Tax form used	Corporate Income Tax (T2)
Default province used for setting up tax codes	British Columbia
Business number	123456789

At the bottom of the window are buttons for 'Prev', 'Next', and 'Leave'. On the right side, there is a vertical menu with options: 'General', 'Income & Expenses', 'Income Details', 'Opening Balances', 'Payroll', and 'What's Next'.

- 9 Click Next to go on.

Using a preset chart of accounts

The chart of accounts lists balance sheet accounts, income accounts, and expense accounts. 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 a chart of accounts for you. It also sets up other lists that are appropriate for your type of company, such as payment methods, customer and vendor types, and payment terms.

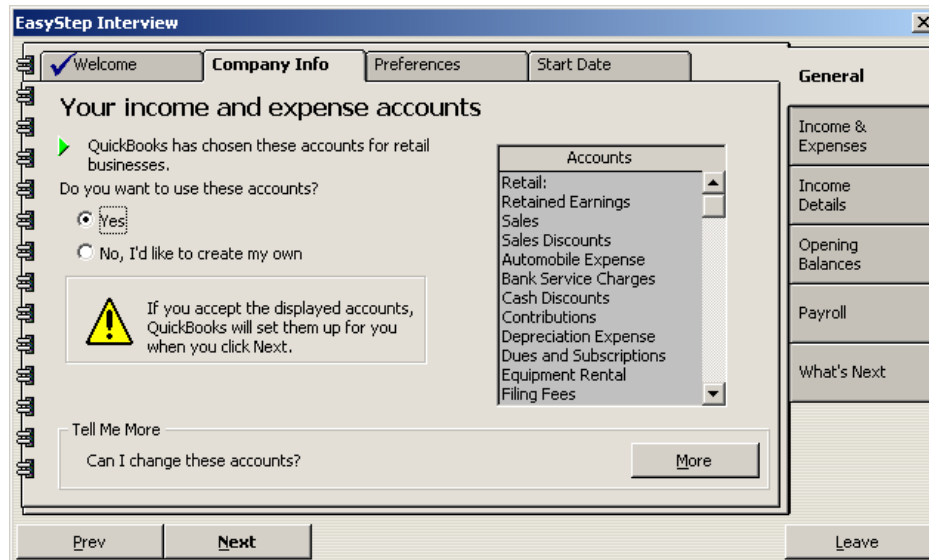
The type of business you select here affects the chart of accounts that QuickBooks sets up for you. Even if you own a type of company that isn't specifically listed, you should select the one that's closest so you can get a head start on creating your own chart of accounts. Once QuickBooks creates a chart of accounts for you, you can modify it however you want.

To create a chart of accounts:

- 1 In the Select your type of business screen, select Retail: General from the Industry list, then click Next.
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. We'll need to modify the chart of accounts later to include an income account for Consulting Income.
- 2 Click Next two more times to get to the Save As window.
- 3 Make sure that QuickBooks is set to save the file in the QBtrain folder in the QuickBooks installation folder.

- 4 In the Filename for New Company window, click Save to accept the default filename of “Lockhart Design.”

QuickBooks creates the company file, then displays a list of the income and expense accounts available in the preset chart of accounts for retail businesses.



Scroll through the accounts to get an idea of what is included.

- 5 Confirm that Yes is selected to show that you want to use these accounts, then click Next.
- 6 In the Accessing your company window, leave the number of employees who will access the QuickBooks files at 0 and click Next.
- Right now, the owner is the only person who needs access to the company file.
- 7 Click Next until you move from the Company Info section to the Preferences section.

If a No Password warning appears, click No to go on. You can set up a password later, if you want one.

Setting up QuickBooks preferences

The Preferences section of the EasyStep Interview is where you indicate whether you want to use certain features of the QuickBooks program. From the Interview you can choose to use:

- **Inventory**
Can be activated or inactivated depending on whether your company maintains inventory.
- **Units of Measure**
For example, 12 cans of pop bought in a case can be sold as individual cans. QuickBooks will make the conversion.
- **Multicurrency**
Turn on if you invoice, receive payments, or pay bills in a currency other than the Canadian Dollar
- **GST/HST and Provincial Sales tax (PST/QST)**
QuickBooks handles reporting information for you.
- **The invoice format you want to use**
- **Payroll (whether turned on)**
- **Estimates (QuickBooks Pro and Premier only)**
- **Progress invoicing (QuickBooks Pro and Premier only)**
- **Sales orders (QuickBooks Pro and Premier only)**
- **Time tracking (QuickBooks Pro and Premier only)**
- **Classes**
- **How you want to enter bills: by entering cheques directly or by entering bills first, then payments**
- **Reminders (whether to turn on)**

Turning on inventory, unit of measure and multi-currency

Click Next from the Preferences section to display the Inventory section diagram.

- 1** Since Margaret Lockhart does have inventory, select Yes for the question, “Does your company maintain inventory?”.
- 2** Click Next to move to Enabling Inventory Section.
- 3** Select Yes for the question, “Do you want to turn on the inventory feature?”.
- 4** Click Next to move to Enable Units of Measure section.
- 5** Since Margaret Lockhart will resell inventory items in different units of measure, select Yes to the question, “Do you want to enable units of measure?”.
- 6** Click Next to move to Enable Multicurrency section.

- 7 Since Margaret Lockhart does plan on purchasing inventory from the U.S., select Yes for the question, “Do you want to enable multicurrency?”, then click Next.
- 8 Ensure “Canada Dollar” is the selected Home Currency.
- 9 Click Next to move to the Sales Tax setup screen.

Entering sales tax information

This part of the Preferences section asks which taxes you want QuickBooks to keep track of. You should turn the sales tax preference 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 At the GST/HST and Provincial Sales Tax window, click Yes for the question, “Do you want to set up QuickBooks to handle any of the following?” Then click Next.
- 2 Select “Yes” for “Are you registered for the Goods and Services Tax or Harmonized Sales Tax?”
- 3 Click Next.
QuickBooks automatically creates a current liability account, called GST Payable, that keeps track of the sales tax you collect in your business.
- 4 Fill out the GST/HST Registration Information window as shown below.

The screenshot shows the 'EasyStep Interview' window with the 'Preferences' tab selected. The main area is titled 'GST/HST Registration Information'. It contains the following fields and options:

- Enter your Business Number: 123456789 RT 0001
- Agency to which you pay GST/HST: Receiver General
- Reporting period: Quarterly (dropdown menu)
- Ending: Apr/Jul/Oct/Jan (dropdown menu)
- Return due: 15 day(s) after the reporting period ends
- Tell Me More: What do I need this information for? (with a 'More' button)

At the bottom of the window are three buttons: 'Prev', 'Next', and 'Leave'. On the right side, there is a 'General' sidebar with buttons for 'Income & Expenses', 'Income Details', 'Opening Balances', 'Payroll', and 'What's Next'.

- 5 Click Next.
- 6 Choose “Yes” for Provincial Sales Tax.
- 7 Click Next.
- 8 Choose “Yes” for PST Registration and click Next.
- 9 Fill out the PST Registration window as shown below.

EasyStep Interview

Welcome
 Company Info
Preferences
 Start Date

PST Registration Information

Enter your PST number:

Agency to which you pay PST:

Reporting Period:

Ending:

Return due day(s) after the reporting period ends

Tell Me More
What do I need this information for?

10 Click Next

11 Choose “Yes” to PST Tracking and click Next.

12 Your Tax Codes screen should look like this:

EasyStep Interview

Welcome
 Company Info
 Preferences
 Start Date

Tax Codes

QuickBooks has set up the following tax codes which will be used for calculating tax on sales and purchases.

Default	Code	Description	GST	PST	PiggyBack
<input checked="" type="checkbox"/>	S	Standard	7.0%	7.5%	N
<input type="checkbox"/>	G	GST Only	7.0%	-	N
<input type="checkbox"/>	P	PST Only	-	7.5%	N
<input type="checkbox"/>	Z	Zero Rated	0	0	N
<input type="checkbox"/>	E	Tax Exempt	-	-	N

Choose the tax code used most often in your business as the default tax code.

Tell Me More
What about other tax codes?

13 Click Next

14 Choose “No” to assign a default tax code to your Customers.

If you have regular customers who have special tax status (for example, who are exempt from paying the GST or PST), you may want to assign them a customer tax code that will override all other sales tax codes on forms. However, the Customer Tax Codes option in the EasyStep interview will assign a default tax code to *all* new customers you create -- not just the ones with special tax status. For this reason, you should only select Yes here on the advice of your accountant.

15 Click Next to go on.

Choosing an invoice format

QuickBooks offers four different formats for invoices: Product, Professional, Service, and Custom. The type you choose affects the look of your invoices.

- The **Product invoice** is for businesses that sell parts or products and need fields relevant for shipping (for example, a retail store).
- The **Professional invoice** is for businesses that sell services and need a lot of room for descriptions of their services (for example, a public relations consultant).
- The **Service invoice** is for businesses that primarily provide services, but that also sell some goods (for example, an interior design firm).
- The **Custom invoice** is for businesses that want to create their own invoice format.

You can also customize any of these formats to suit your needs. You'll see how to do that in Lesson 15 of this guide. For Lockhart Design, which primarily sells consulting services, but also sells the occasional product, we'll choose the Service invoice format.

To select the invoice format for Lockhart Design:

- In the Invoice Format window leave Service selected, then click Next.

Tracking sales orders

If you use a QuickBooks Premier Edition product, QuickBooks asks if you want to track sales orders. If you do, click Yes, then click Next.

Choosing remaining preferences

The rest of the Preferences section is a series of “yes or no” questions. 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...	Do this...
Employees	Enter 5 Employees on Payroll and click Next.
Payroll Service	Click No and click Next.
Estimates (QuickBooks Pro and Premier only)	Click Yes and click Next.
Progress invoicing (QuickBooks Pro and Premier only)	Click Yes and click Next.
Time tracking (QuickBooks Pro and Premier only)	Click Yes and click Next.
Classes	Click Yes and click Next.
How to deal with bills and payments	Select “Enter the bills first, then enter the payments later” and click Next.

For this item...	Do this...
How often would you like to see your Reminders list	Select "At start up" and click Next.

This completes the Preferences portion of the EasyStep Interview. All that remains of the General section is to specify a start date.

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.

Continue clicking Next as you move through the Start Date section of the Interview until you get to the Select a start date window.

To set the company start date:

- 1 Select "I want to start entering detailed transactions as of" selection.
- 2 Enter 12/31/2003 as Lockhart Design's start date.
- 3 Click Next.

The General Section is now complete. Click Next to proceed to the Income and Expenses section.

Setting up income and expense accounts

Because you chose an industry from the list earlier in the Interview, QuickBooks has already created income and expense accounts for your company. The Income & Expenses section of the EasyStep Interview lets you view the preset income and expense accounts and add new income or expense accounts during the Interview.

To complete Income and Expense Accounts sections:

- 1 Press Next until the Adding an income account screen is displayed.
- 2 In the Account Name field, enter Design Consulting and press Next.
- 3 In the Add another income account screen, select No.
- 4 Press Next until the Expense Accounts screen is displayed.
- 5 Select No instead of More Details and press Next.
- 6 In the “Here are your expense accounts” screen, select No to “Do you want to add an expense account now?”. Press Next.
- 7 Click Next until you get to the Income Details section.

Providing details about your income

The Income Details section of the EasyStep Interview is where you specify whether you track accounts receivable, set up QuickBooks items to track the services you provide or products you sell, and set up inventory items if you plan to track inventory in QuickBooks.

You should complete the Introduction tab of the Income Details section because that tells QuickBooks whether you need the accounts receivable feature and whether you need statement charges (for businesses that send regular monthly statements showing past due, current balance, and so on).

To complete the Income Details section:

- 1 In the Income Details section window, click Next until the Receipt of payment screen is displayed.
- 2 For the question, “Do you receive full payment at the time (or before) you provide a service or sell a product?” make sure “Sometimes” is selected, then click Next.
- 3 For “Statement charges,” select No, then click Next until the Service Item screen is displayed.
- 4 In the Items section, click No on the three screens that ask if you want to set up Service Items, Non-Inventory Parts, or Other Charges.
You’ll see how to set up a new service item in Lesson 6, “Entering sales and invoices.”
- 5 Click Next until the Income Details: Inventory screen is displayed.
- 6 Read about Income Details:Inventory, then Click Next.
- 7 Click “No” to Adding an Inventory Item to complete the Inventory tab.

Entering opening balances

The Opening Balances section of the EasyStep Interview is where you enter the amounts currently owed you by customers as of your start date, the amounts you currently owe vendors as of your start date, and the balances in your balance sheet accounts as of your start date. We recommend that you provide the opening balances from within the Interview; that makes it easier when you're ready to use QuickBooks for your daily business transactions.

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.

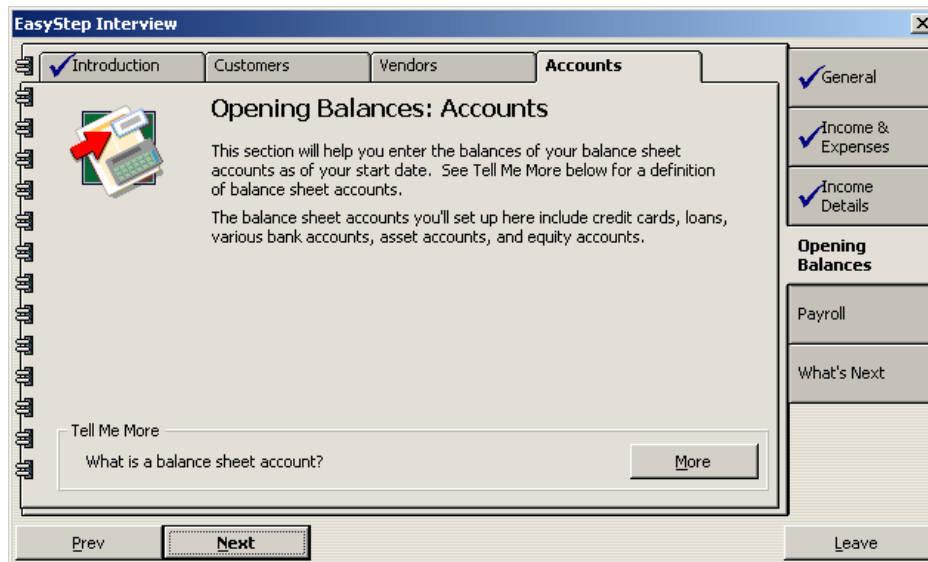
The opening balance is important because QuickBooks can't give you an accurate balance sheet (what your company owns and what it owes) without it. An accurate balance sheet gives you a true picture of your company's finances. Also, if you start with an accurate balance as of a specific date, you can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

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

To enter the chequing account opening balance:

- 1 Read the Opening Balances: Introduction and Information to have on hand screens, then click the Accounts tab. (Skip the Customers and Vendors tabs.)



- 2 Click Next until the Credit card accounts screen is displayed.
- 3 Click No when QuickBooks asks if you want to set up credit card accounts, lines of credit, and loans and notes payable.
- 4 For “Would you like to set up a bank account?”, make sure Yes is selected, then click Next.
- 5 Type *Chequing* as the name of the account, then click Next.
If QuickBooks asks if you want to use computer cheques with this account, click No for now.
- 6 For Statement Ending Date, enter the same date you used for Lockhart Design’s start date (12/31/2003).
- 7 In the Statement Ending Balance field, type *8359.00*, then click Next.
If QuickBooks asks if you want to use computer cheques with this account, click No again.
- 8 When QuickBooks asks if you want to add another bank account, make sure No is selected. Then click Next.
- 9 To the question “Do you intend to print cheques or deposits slips from QuickBooks?”, select No .

The rest of the Opening Balances and Payroll sections lets you add asset and equity accounts, and payroll information. In the interest of time, these sections are to be skipped in the interview.

Finishing the Interview

The final section in the EasyStep Interview is What's Next. This is not an essential item for initial setup, so we will not cover it in this lesson.

- To leave the EasyStep Interview and save your changes, click Leave.

After you have completed the EasyStep Interview, Intuit recommends that you not use the Interview to make changes to your company file. Instead, use the information in the help options described in the next section of this chapter to help you make changes and adjustments to your company file.

Completing the company setup process

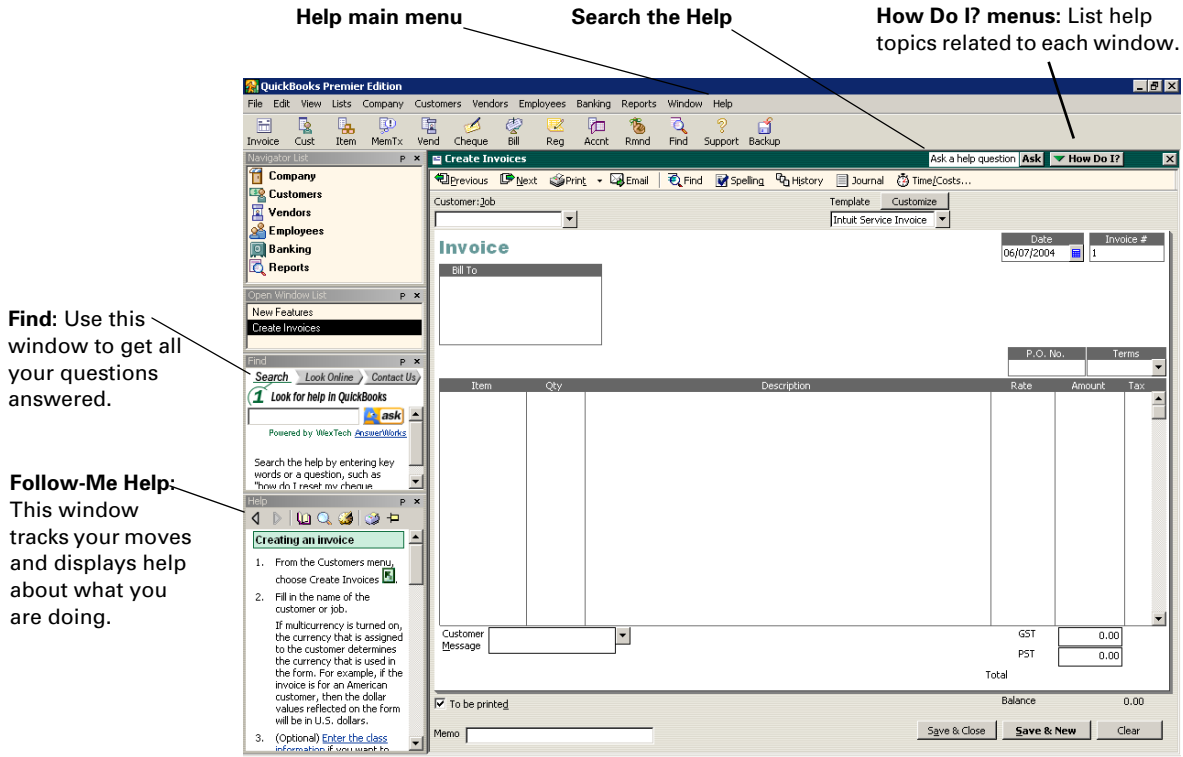
When you are setting up your own company in QuickBooks, you may want to use the Getting Started window to help you finish setting up your own company file. The information provided there will guide you through the rest of the setup process and help you get started using QuickBooks. To display the Getting Started window, choose Getting Started from the Help menu.

If you have upgraded from an earlier version of QuickBooks, choose New Features from the Help menu. For more information, choose Help & Support from the Help menu.

Getting help while using QuickBooks

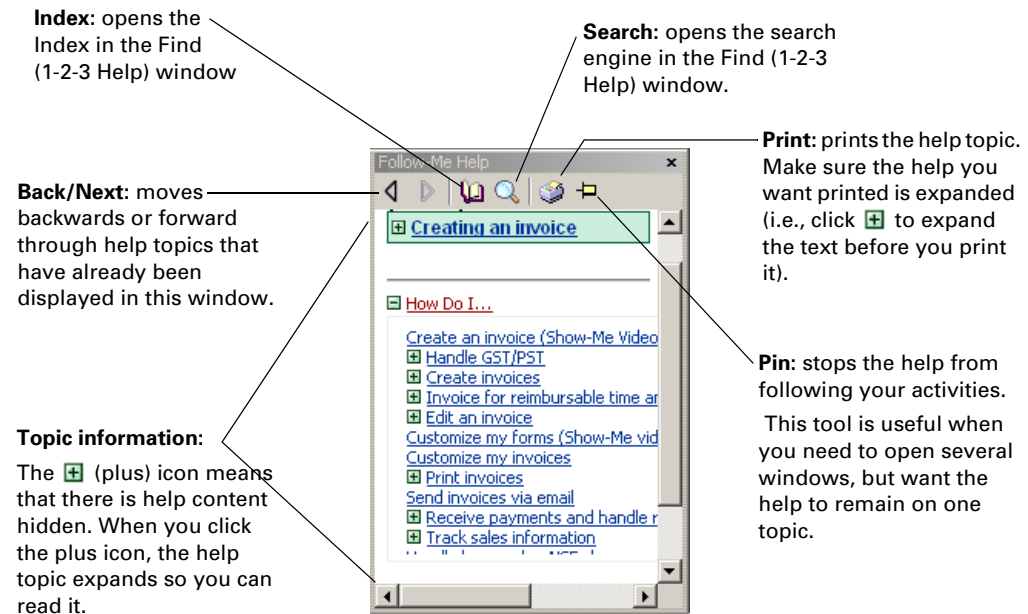
QuickBooks provides extensive help that you can access in several ways. When you have questions, QuickBooks provides:

- Follow-Me Help. This type of help "follows" you as you work in QuickBooks and displays information that is related to what you are doing.
- Step-by-step instructions. These are available via the How Do I menu, a search engine that finds answers to questions you enter, and an index.



Follow-Me Help

Follow-Me Help "follows" you as you work in QuickBooks and displays topics that are related to what you are doing. For example, if you have an Invoice form open, you will see help on how to create an invoice with "How Do I?" links listed underneath.



The Follow-Me Help sidebar window is located, by default, at the bottom of the sidebar area on the left-hand side of the QuickBooks work space. You can move this help window anywhere you like by dragging it to the position you want. When you drag it back to the sidebar window area, the window automatically docks in the sidebar. You can also close the Follow-Me Help window altogether.

To close and open the Follow-Me Help window:

- To close the Follow-Me Help window, click the x in the upper right-hand corner of the window.
- To open the Follow-Me Help window, go to the View menu and select Follow-Me Help.
- To reset the sidebar area to the default layout, go to the View menu and select Reset Sidebar Windows.

How Do I? menus

Throughout QuickBooks, you'll find windows with a How Do I? drop-down menu in the upper-right corner. These menus provide quick access to information and instructions for the window you're working in. The help topic is usually displayed in the Follow-Me Help window.

Using the Help or F1 key

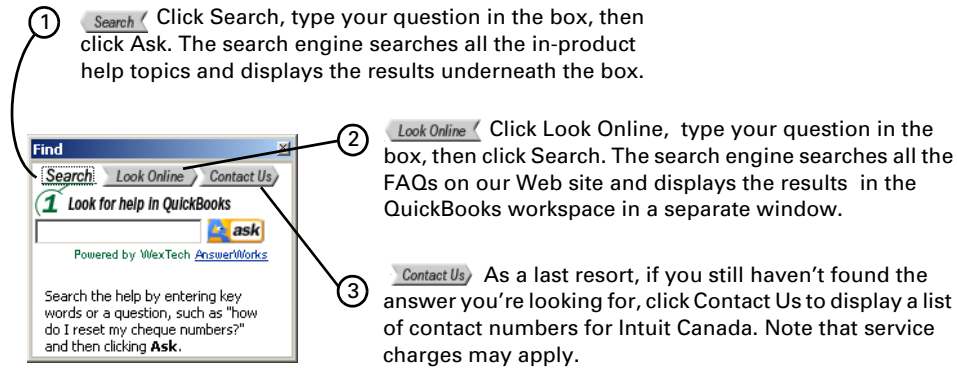
You can get explanations about most windows by pressing the F1 key or the Help key on your keyboard. The help topic is displayed in the Follow-Me Help area.

Some windows also have a Help button. When you click a Help button, the help is usually displayed in a separate help window and not the Follow-Me Help window.

Finding answers to questions

In most windows, next to the How Do I? drop-down menu, there is an Ask field where you can type a question to search the in-product help system.

You can also use the 1-2-3 Help to search both the help system and the KnowledgeBase on the QuickBooks Web site. The KnowledgeBase is a grouping of Frequently Asked Questions (FAQs) that come from other customers.



The 1-2-3 Help is located in the Find window. The Find window, by default, appears above the Follow-Me Help sidebar window. You can move this window anywhere you like by dragging it to the position you want. When you drag it back to the sidebar window area, the window automatically docks in the sidebar. You can also close the Find window altogether.

To close and open the Find window:

- To close the Find window, click the x in the upper right-hand corner of the window.
- To open the Find window, go to the View menu and select Follow-Me Help.

To reset the sidebar area to the default layout, go to the View menu and select Reset Sidebar Windows.

Using the index

To find help on a particular subject, choose Help Index from the Help menu or click the book icon on the Follow-Me Help window. The Index appears in the Find window. Type the word that best describes what you need information on. If you can't find what you want from the Index, try using the 1-2-3 Help.

Student test and review

- 1** The _____ section of the EasyStep Interview is where you indicate whether you want to use certain QuickBooks features.
- 2** Search the onscreen Help index for information on how to turn on the inventory feature in QuickBooks.



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 Customer:Job 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
-

Handout materials

- Handout 11: QuickBooks balance sheet accounts
-

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qbcanlesson.qbb) on your hard disk.

The steps that follow will 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 (qbcanlesson.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 qbcanlesson.qbb file, 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*, then click Save.
- 6** Click Restore.

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, then use it over and over on cheques, 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.

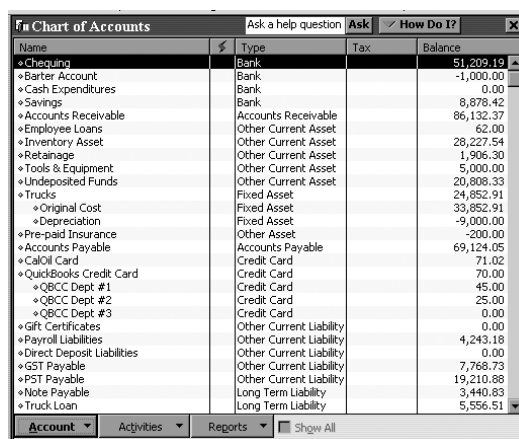
Editing the chart of accounts

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	Tax	Balance
◊ Chequing	Bank		51,209.19
◊ Barter Account	Bank		-1,000.00
◊ Cash Expenditures	Bank		0.00
◊ Savings	Bank		8,879.42
◊ Accounts Receivable	Accounts Receivable		86,132.37
◊ Employee Loans	Other Current Asset		62.00
◊ Inventory Asset	Other Current Asset		28,227.54
◊ Retainage	Other Current Asset		1,906.30
◊ Tools & Equipment	Other Current Asset		5,000.00
◊ Undeposited Funds	Other Current Asset		20,808.33
◊ Trucks	Fixed Asset		24,852.91
◊ Original Cost	Fixed Asset		33,852.91
◊ Depreciation	Fixed Asset		-9,000.00
◊ Pre-paid Insurance	Other Asset		-200.00
◊ Accounts Payable	Accounts Payable		69,124.05
◊ Ca/Oil Card	Credit Card		71.02
◊ 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
◊ Gift Certificates	Other Current Liability		0.00
◊ Payroll Liabilities	Other Current Liability		4,243.18
◊ Direct Deposit Liabilities	Other Current Liability		0.00
◊ GST Payable	Other Current Liability		7,768.73
◊ PST Payable	Other Current Liability		19,210.88
◊ Note Payable	Long Term Liability		3,440.83
◊ Truck Loan	Long Term Liability		5,556.51

- 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 chequing account to provide the account number.

To edit an account:

- 1 In the chart of accounts, select Chequing.
- 2 Click the Account menu button (at the bottom of the window), then select Edit. QuickBooks displays the Edit Account window.
- 3 In the Description field, type *The Provincial Bank*.
- 4 In the Bank Acct. No. field, type *555-333-2222*.

Your window should look like this.

The screenshot shows the 'Edit Account' dialog box in QuickBooks. The window title is 'Edit Account' and it has a 'How Do I?' help button. The 'Type' dropdown is set to 'Bank'. The 'General Info' tab is active, showing fields for Name (Chequing), Description (The Provincial Bank), Bank Acct. No. (555-333-222), Tax Line (<Unassigned>), and Financial Institution (Other). There are 'OK' and 'Cancel' buttons on the right. A checkbox for 'Account is inactive' is present. At the bottom, there is a section for 'use pre-printed cheques for this account' with an 'Order Cheques' button and input fields for 'I have' and 'Remind me when I have' cheques.

- 5 Click OK.
- 6 If QuickBooks asks if you use computer cheques with this account, click No.

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, 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, then select Dues and Subscriptions in the drop-down list.
- 5 In the Description field, type *Trade Publications*.

The screen should look as follows:

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

◊ Dues and Subscriptions	Expense	5	
◊ Trade Pubs	Expense	5	
◊ Union Dues	Expense	5	

- 7 Close the chart of accounts.

Working with the Customer:Job list

The Customer:Job list 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 Customer:Job list.

To add a new customer:

- 1 From the Customers menu, choose Customer:Job List. QuickBooks displays the Customer:Job list.

Name	Balance	Notes	Job Status	Estimate Total
▶Abercrombie, Kristy	757.30			12,569.54
▶Family Room	269.50		Not awarded	0.00
▶Kitchen	400.00		Pending	5,180.79
▶Remodel Bathroom	87.80		Closed	7,388.75
▶Baker, Chris	77.04			0.00
▶Family Room	0.00		Closed	0.00
▶Balak, Mike	0.00			0.00
▶Utility Shed	0.00		Closed	0.00
▶Barley, Renee	60.00			0.00

The Customer:Job list 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 Customer:Job list already has quite a few entries.

- 2 Click the Customer:Job menu button (at the bottom of the list window), and select New.

QuickBooks displays the New Customer window.

Customer Name:

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

Address Info | Additional Info | Payment Info | Job Info

Company Name: Contact:

Mr./Ms./...: Phone:

First Name: M.I.: FAX:

Last Name: Alt. Ph.:

Alt. Contact:

E-mail:

Addresses

Bill To:

Ship To:

>> Copy >>

Address Details | Address Details

OK | Cancel | Next

Customer is inactive

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 in the Address Info tab, type *Godwin Manufacturing*, 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 field.

QuickBooks displays the name listed in the Customer Name field in the Customer:Job 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 Customer:Job list displays the names with the last name first.

- 4** In the Bill To field, click to the end of the company name and press ENTER. Type *376 Pine Street*, 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.

- 5** On the next line of the Bill To field, type *Vancouver, BC T6H 0R7*

- 6** Click Copy to have QuickBooks copy the billing address to the Ship To field.

- 7** 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.

- 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.

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

- 5 In the Customer Tax Code field, leave the checkbox empty. The New customer screen should look as follows:

The screenshot shows the 'New Customer' window in QuickBooks. The title bar reads 'New Customer' and includes a help button and a 'How Do I?' dropdown. The 'Customer Name' field is filled with 'Godwin Manufacturing'. The 'Opening Balance' field is empty, and the 'as of' date is '12/15/2007'. The 'Additional Info' tab is selected, showing fields for 'Categorizing and Defaults' (Type: Industrial, Terms: Net 30, Rep: [empty]), 'Price Level' (dropdown), 'Business Number' (text), and 'Use customer tax code' (checkbox). The 'Custom Fields' section includes 'Contract #', 'B-Day', 'Spouse's Name', 'ID', and 'Percentage' (all text fields). A 'Define Fields' button is at the bottom right of the Custom Fields section. The 'Customer is inactive' checkbox is unchecked. Buttons for 'OK', 'Cancel', and 'Next' are on the right side.

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 on the Payment Info tab.
- 2 In the Credit Limit field, type *2000*.
- 3 In the Preferred Payment Method drop-down list, choose **Cheque**.

When you finish, your window should look like this.

The screenshot shows the 'New Customer' window with the following details:

- Customer Name:** Godwin Manufacturing
- Opening Balance:** (empty) as of 12/15/2007
- Payment Info Tab:**
 - Account No.:** (empty)
 - Credit Limit:** 2,000.00
 - Preferred Payment Method:** Cheque
 - Credit Card No.:** (empty) **Exp. Date:** (empty) / (empty)
 - Name on card:** (empty)
 - Address:** (empty)
 - Postal Code:** (empty)
- Customer is inactive:** (unchecked)

- 4 Click OK to add the customer and close the New Customer window. QuickBooks displays the Customer:Job list with Godwin Manufacturing added.
- 5 Close the Customer:Job list.

Working with the Employee list

The Employee list stores information about your employees such as name, address, and social insurance number. It also stores information QuickBooks needs to calculate your employee pay cheques (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.

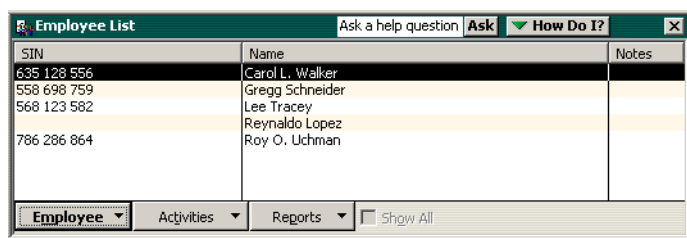
QuickBooks uses the information you enter in the Employee list to track sales and fill in information on cheques and other forms.

Adding new employees

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

- 1 From the Employees menu, choose Employee List.

QuickBooks displays the Employee list.



The Employee list 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 the Employee menu button and choose New.

QuickBooks displays the New Employee window.

Information for:

Address Info | Additional Info | Payroll Info

Mr./Ms./... Print As

First Name M.I. Phone

Last Name Alt. Ph.

Address E-mail

City SIN

Province Postal Code Emp. No.

DOB

Hired

Released

ROE Code

OK
Cancel
Notes
 Employee is inactive

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

- 3 In the First Name field, type *Marlene*.
- 4 In the Last Name field, type *Duncalf*.
Notice that QuickBooks fills in the Print As field with the information you entered in the name fields. You can enter a different name if you want.
- 5 In the Address field, type *195 Spruce Avenue, #202*.
- 6 For the City, Province, and Postal Code fields, type *Vancouver, BC T2P 5L3*.
- 7 In the Phone field, type *415-555-1111*.
- 8 In the SIN field type *111-111-118*.
- 9 In the Date of Birth field, type *7/18/82*.
- 10 In the Hired field, type *11/25/2003*.

- 11 Click OK.
- 12 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.
- 13 QuickBooks updates and displays the Employee list with the new employee's name added.

SIN	Name	Notes
635 128 556	Carol L. Walker	
558 698 759	Gregg Schneider	
568 123 582	Lee Tracey	
111 111 118	Marlene Duncalf	
	Reynaldo Lopez	
786 286 864	Roy O. Uchman	

- 14 Close the Employee list.

Working with the Vendor list

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

Adding new vendors

In this exercise, you'll add a new vendor to the Vendor list. 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.

- 1 From the Vendors menu, choose Vendor List.

QuickBooks displays the Vendor list.

Name	Balance	Notes
Bayshore CalOil Service	0.00	
Bayshore Water	0.00	
C.U. Electric	862.50	
Cal Gas & Electric	45.22	
Cal Telephone	58.91	
CalOil Company	0.00	
City of Bayshore	10.00	
City of East Bayshore	0.00	
City of Middlefield	0.00	
Custom Kitchens of Bayshore	0.00	
Daigle Lighting	187.74	
Davis Business Associates	60.00	
East Bayshore Auto Mall	0.00	

- 2 Click the Vendor menu button, then choose New.

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 want to enter the last name first, then the first name.

- 4 In the Company Name field, type *Hughes Electric*.

- 5 Click in the Address field at the end of the first line. Notice that QuickBooks displays the company name on the first line of the Address field. Press ENTER.

- 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 *Nanaimo, BC V6C 2R3*

- 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.

The screenshot shows the 'New Vendor' window with the following data entered:

- Vendor name: Hughes Electric
- Opening Balance: (empty) as of 12/15/2007
- Address Info tab selected
- Company Name: Hughes Electric
- Contact: David Hughes
- Mr./Ms./...: (empty)
- Phone: 510-555-6666
- First Name: (empty) M.I.: (empty)
- FAX: 510-555-6667
- Last Name: (empty)
- Alt. Ph.: (empty)
- Address: Hughes Electric, P.O. Box 2316, Nanaimo, BC V6C 2R3
- Alt. Contact: (empty)
- E-mail: (empty)
- Print on Cheque as: Hughes Electric
- 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 business number, whether this vendor is eligible for a T4A 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 data entered is as follows:

- Vendor name: Hughes Electric
- Opening Balance: (empty) as of 12/15/2007
- Additional Info tab selected
- Account No.: (empty)
- Custom Fields: (empty)
- Discount Available: (empty)
- Categorizing and Defaults:
 - Type: (dropdown menu)
 - Terms: (dropdown menu)
- Credit Limit: (empty)
- Business Number or SIN: (empty)
- Vendor eligible for T4A:

- 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.
- 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.

- 6 Click OK.
QuickBooks adds the vendor and displays the updated Vendor list.

Name	Balance	Notes
Hamlin Metal	770.50	
Holly Heating and Electric	0.00	
Hopkins Construction Rentals	805.00	
Hughes Electric	0.00	
Kershaw Computer Services	0.00	
Keswick Insulation	-1,449.50	
Larson Flooring	7,798.38	

Notice that Hughes Electric has been added to the list.

- 7 Close the Vendor list.

Adding custom fields

QuickBooks lets you add custom fields to your Customer:Job, 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 Customer:Job list, and fields for units of measurement, colour, 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 customer, vendor, and employee, you can add up to seven custom fields, including fields that overlap. For example, if you add a custom birthday field for customers, vendors, and employees, QuickBooks counts it as one field used for each. You can add up to five custom fields for each item your company sells.

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

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 Customer:Job, Vendor, and Employee lists. Then, you'll add two new custom fields.

To add custom fields:

- 1** From the Customers menu, choose Customer:Job List.
QuickBooks displays the Customer:Job list.
- 2** In the Customer:Job list, select Cook, Brian.
- 3** Click the Customer:Job menu button, then choose Edit.
QuickBooks displays the Edit Customer window.

The screenshot shows the 'Edit Customer' window with the 'Address Info' tab selected. The window title is 'Edit Customer' and it includes a help link 'Ask a help question Ask' and a 'How Do I?' dropdown. The 'Customer Name' field contains 'Cook, Brian'. The 'Opening Balance' field is empty, and the 'as of' date is '12/15/2007'. A link 'How do I determine the opening balance?' is visible. The 'Address Info' tab is active, showing fields for 'Company Name', 'Contact' (Brian or Carol), 'Mr./Ms./...', 'Phone' (604-555-2248), 'First Name' (Brian), 'M.I.' (K.), 'FAX', 'Last Name' (Cook), 'Alt. Ph.' (555-0220), 'Alt. Contact' (Brian (work number)), and 'E-mail' (bcook@samplename.com). Below these are 'Addresses' sections for 'Bill To' and 'Ship To', with a '>> Copy >>' button between them. 'Address Details' buttons are at the bottom of each address section. A 'Customer is inactive' checkbox is on the right.

- 4 Click the Additional Info tab.
QuickBooks displays the Additional Info tab in the Edit Customer window.

The screenshot shows the 'Edit Customer' window with the 'Additional Info' tab selected. The window title is 'Edit Customer' and it includes a help link 'Ask a help question Ask' and a 'How Do I?' dropdown. The 'Customer Name' field contains 'Cook, Brian'. The 'Opening Balance' field is empty, and the 'as of' date is '12/15/2007'. A link 'How do I determine the opening balance?' is visible. The 'Additional Info' tab is active, showing 'Categorizing and Defaults' (Type: Residential, Terms: Net 30, Rep: [dropdown]), 'Price Level' (dropdown), 'Custom Fields' (Contract #: [text], B-Day: 10/8/1960, Spouse's Name: Carol, ID: [text], Percentage: [text]), and a 'Define Fields' button. A 'Business Number' field is at the bottom left, and a 'Use customer tax code' checkbox is at the bottom. A 'Customer is inactive' checkbox is on the right.

- 5 Click Define Fields.
QuickBooks displays the Define Fields window.

Label	To be used for			OK
	Customers:Jobs	Vendor	Employees	
Contract #	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Cancel
Discount Available	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
B-Day	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Help
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"/>	
	<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"/>	
ID	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Password	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Percentage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Notice that Rock Castle Construction has already set up custom fields in the Customer:Job list for contract number, birthday, spouse’s name, ID and percentage. In the Vendor list, they have set up a custom field for discount available. In the Employees list, they have set up custom fields for birthday, the date of last raise, the spouse’s name, id and password.

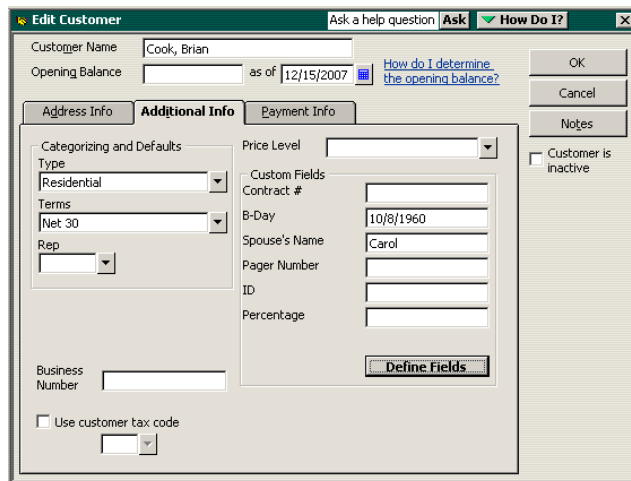
Now, you’ll add a custom field for pager numbers to the Customer:Job and Vendor lists. You’ll also add a custom field to the Employees list that tracks the date of each employee’s last review.

- 6 In the first blank Label field, type *Pager Number*.
- 7 Click the Customers:Jobs checkbox to select it.
- 8 Click the Vendor 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			OK
	Customers:Jobs	Vendor	Employees	
Contract #	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Cancel
Discount Available	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
B-Day	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Help
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"/>	
ID	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Password	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Percentage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

- 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:Job list.

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 colour 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:Miscellaneou		0.00
*Concrete Slab	Foundation slab - prep a	Service	Construction:Labor		0.00
*Floor Plans	Floor plans	Service	Construction:Miscellaneou		0.00
*Framing	Framing labor	Service	Construction:Labor		55.00
*Installation	Installation labor	Service	Construction:Labor		35.00
*Labour		Service	Construction:Labor		0.00
*Planning	Job Planning	Service	Planning		90.00
*Removal	Removal labor	Service	Construction:Labor		35.00
*Repairs	Repair work	Service	Construction:Miscellaneou		35.00
*Subs	Subcontracted services	Service	Construction:Subcontracti		0.00
◦Carpet	Install carpeting	Service	Construction:Subcontracti		0.00
◦Drywall	Install drywall	Service	Construction:Subcontracti		0.00
◦Duct Work	Heating & Air Conditionin	Service	Construction:Subcontracti		0.00

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

- 3 Click the Item menu button, then choose Edit.
QuickBooks displays the Edit Item window.

- 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 Under Use, click the first blank checkbox to select it. Then type *Style* in the Label field.
- 7 Click OK to close the window.
- 8 If you see an informational message about using the custom fields in transactions by turning them on in your custom templates, click OK.
- 9 In the Custom Fields for Lk Doorknobs window, type *Round* in the Style field.

- 10 Click OK to close the Custom Fields for Lk Doorknobs window, then click OK to close the Edit Item window.
- 11 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, Customer:Job, Class, Customer Type, Vendor Type, Job Type, and Memorized Transaction lists.

If you have changed the order of a list by dragging items, 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, 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	Tax	Balance
< Chequing	Bank		51,209.19
> Barter Account	Bank		-1,000.00
> Cash Expenditures	Bank		0.00
> Savings	Bank		8,878.42
> Accounts Receivable	Accounts Receivable		86,132.37
> Employee Loans	Other Current Asset		62.00
> Inventory Asset	Other Current Asset		28,227.54
> Retainage	Other Current Asset		1,906.30
> Tools & Equipment	Other Current Asset		5,000.00
> Undeposited Funds	Other Current Asset		20,808.33
> Trucks	Fixed Asset		24,852.91
> Original Cost	Fixed Asset		33,852.91
> Depreciation	Fixed Asset		-9,000.00
> Pre-paid Insurance	Other Asset		-200.00
> Accounts Payable	Accounts Payable		69,124.05
> CalOil Card	Credit Card		71.02
> 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
> Gift Certificates	Other Current Liability		0.00
> Payroll Liabilities	Other Current Liability		4,243.18
> Direct Deposit Liabilities	Other Current Liability		0.00
> GST Payable	Other Current Liability		7,768.73
> PST Payable	Other Current Liability		19,210.88
> Note Payable	Long Term Liability		3,440.83
> Truck Loan	Long Term Liability		5,556.51

- 2 Click the small 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 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 Customer:Job list. In this exercise, you'll learn how to sort the Customer:Job list in descending order by customer balance.

To sort a list in descending order:

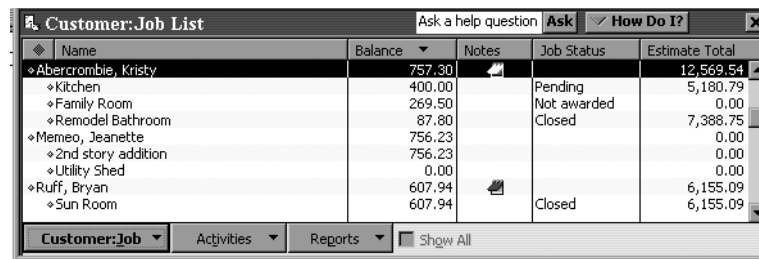
- 1 From the Lists menu, choose Customer:Job List.

Name	Balance	Notes	Job Status	Estimate Total
◦ Abercrombie, Kristy	757.30			12,569.54
◦ Family Room	269.50		Not awarded	0.00
◦ Kitchen	400.00		Pending	5,180.79
◦ Remodel Bathroom	87.80		Closed	7,368.75
◦ Baker, Chris	77.04			0.00
◦ Family Room	0.00		Closed	0.00
◦ Balak, Mike	0.00			0.00
◦ Utility Shed	0.00		Closed	0.00
◦ Barley, Renee	60.00			0.00

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

- 3 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.



Name	Balance	Notes	Job Status	Estimate Total
♦Abercrombie, Kristy	757.30			12,569.54
♦Kitchen	400.00		Pending	5,180.79
♦Family Room	269.50		Not awarded	0.00
♦Remodel Bathroom	87.80		Closed	7,388.75
♦Memeo, Jeanette	756.23			0.00
♦2nd story addition	756.23			0.00
♦Utility Shed	0.00			0.00
♦Ruff, Bryan	607.94			6,155.09
♦Sun Room	607.94		Closed	6,155.09

- 4 To return to the order you started with, click the large diamond to the left of the Name column heading.
- 5 Close the Customer:Job list.

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 Customer:Job list. You can merge list items in the Chart of Accounts, Item, Customer:Job, 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 List. QuickBooks displays the Vendor list.

Name	Balance	Notes
Bayshore CalOil Service	0.00	
Bayshore Water	0.00	
C.U. Electric	862.50	
Cal Gas & Electric	45.22	
Cal Telephone	58.91	
CalOil Company	0.00	
City of Bayshore	10.00	
City of East Bayshore	0.00	
City of Middlefield	0.00	
Custom Kitchens of Bayshore	0.00	
Daigle Lighting	187.74	
Davis Business Associates	60.00	
East Bayshore Auto Mall	0.00	
East Bayshore Tool & Supply	0.00	
Express Delivery Service	0.00	
Fay, Maureen Lynn, CA	0.00	
Funds Transfer	0.00	
Gallion Masonry	0.00	
Great Canadian Bank	0.00	
Hamlin Metal	770.50	
Holly Heating and Electric	0.00	
Hopkins Construction Rentals	805.00	
Hughes Electric	0.00	
Kershaw Computer Services	0.00	

- 2 Select Hughes Electric.
- 3 Click the Vendor menu button, then choose Edit. QuickBooks displays the Edit Vendor window.

Vendor name: **Hughes Electric**

Opening Balance: [] as of 12/15/2007 [How do I determine the opening balance?](#)

Address Info | Additional Info

Company Name: Hughes Electric | Contact: David Hughes

Mr./Ms./...: [] | Phone: 510-555-6666

First Name: [] M.I.: [] | FAX: 510-555-6667

Last Name: [] | Alt. Ph.: []

Address: Hughes Electric
P.O. Box 2316
Nanaimo, BC V6C 2R3 | Alt. Contact: []

E-mail: []

Print on Cheque as: Hughes Electric

Address Details

Vendor is inactive

OK, Cancel, Notes

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

Note: 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.

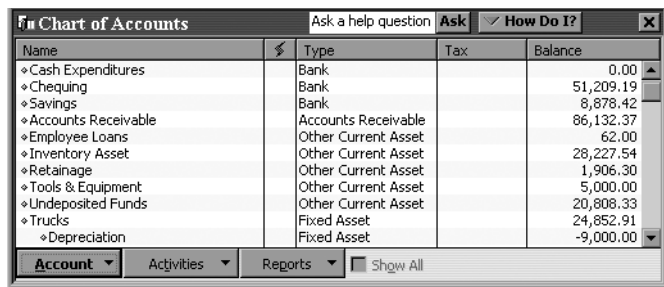
Renaming list items

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.



Name	Type	Tax	Balance
◊ Cash Expenditures	Bank		0.00
◊ Chequing	Bank		51,209.19
◊ Savings	Bank		8,878.42
◊ Accounts Receivable	Accounts Receivable		86,132.37
◊ Employee Loans	Other Current Asset		62.00
◊ Inventory Asset	Other Current Asset		28,227.54
◊ Retainage	Other Current Asset		1,906.30
◊ Tools & Equipment	Other Current Asset		5,000.00
◊ Undeposited Funds	Other Current Asset		20,808.33
◊ Trucks	Fixed Asset		24,852.91
◊ Depreciation	Fixed Asset		-9,000.00

- 2 In the chart of accounts, select chequing.

- 3** Click the Account menu button, and choose Edit.
QuickBooks displays the Edit Account window.

- 4** In the Name field, type *Master Chequing Account*.

- 5** Click OK.
If QuickBooks asks if you want to use computer cheques with this account, click No.
QuickBooks changes the account name in the chart of accounts.
- 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 From the Customers menu, choose Customer:Job List.
QuickBooks displays the Customer:Job list.
- 2 Select Natiello, Ernesto in the list. (Select his name, not the job.)
- 3 Click the Customer:Job menu button, and choose Make Inactive.
- 4 QuickBooks displays a warning message to confirm if you want to make it inactive. Click Yes.

Notice that Ernesto Natiello (and the job for his kitchen) no longer appears on the Customer:Job list. (The customer:job item is only removed from the list—transactions associated with this customer:job will still show in reports.)

Name	Balance	Notes	Job Status	Estimate Total
◊ Memeo, Jeanette	756.23			0.00
◊ 2nd story addition	756.23			0.00
◊ Utility Shed	0.00			0.00
◊ Milner, Eloyse	0.00			0.00
◊ Room addition	0.00		Closed	0.00
◊ Morgenthaler, Jenny	0.00			5,815.50
◊ Room Addition	0.00		Closed	5,815.50
◊ Nelson, Wilma	0.00			7,034.55
◊ Office Remodel	0.00		Awarded	7,034.55

- 5 To see inactive list items, select the Show All checkbox in the list window.
QuickBooks displays all the list items again, but the Xs signify that this customer is still inactive. (You make the customer active again by choosing Make Active from the Customer:Job menu button.)

Name	Balance	Notes	Job Status	Estimate Total
✕ ◊ Utility Shed	0.00			0.00
✕ ◊ Milner, Eloyse	0.00			0.00
✕ ◊ Room addition	0.00		Closed	0.00
✕ ◊ Morgenthaler, Jenny	0.00			5,815.50
✕ ◊ Room Addition	0.00		Closed	5,815.50
✕ ◊ Natiello, Ernesto	3,369.94			14,181.92
✕ ◊ Bathroom remodel	2,079.38			
✕ ◊ Kitchen	1,290.56		Closed	14,181.92
◊ Nelson, Wilma	0.00			7,034.55

- 6 Leave the Customer:Job list open, you'll print it 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.

To print a list of customers:

- 1** Click the Customer:Job menu button, then choose Print List.
QuickBooks displays a message telling you that you can also print list information from the Reports menu.
- 2** Click OK to bypass the List Reports message.
QuickBooks displays the Print Lists 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:Job list.

Student test and review

- 1** Match the information on the left with the appropriate QuickBooks list on the right.

- | | |
|---|----------------------|
| 1. A subcontractor | A. Customer:Job list |
| 2. Someone who purchases the goods or services you sell | B. Chart of accounts |
| 3. A new hire | C. Vendor list |
| 4. Chequing account | D. Employee list |

- 2** Add the following customer using the data below:

Customer Name: Alla Rozenvasser

Opening Balance: \$234.00

Company Name: Rozenvasser Advertising

Contact: Alla Rozenvasser

Bill to: 300 Main Street, Suite #3, Penticton, BC V6R 2B1

Phone: 415-555-6767

Fax: 415-555-9090

Alt. Contact: Shannon Stubo

Type: Commercial

Credit Limit: \$2500

Terms: Net 15

- 3** Add a new vendor using the data below:

Vendor: Martin Drywall

Contact: Sean D. Martin

Address: P.O. Box 76, Calgary, AB T2C 5G6

Phone: 555-5432

Fax: 555-6565

Account: 082-4343

Type: Subcontractors

Terms: Net 30

Credit Limit: 1,000.00



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
-

Handout materials

- Handout 12: Registers associated with QuickBooks windows
 - Handout 13: Using the keyboard to move around a register
-

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qbcanlesson.qbb) on your hard disk.

The steps that follow will 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 (qbcanlesson.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 qbcanlesson.qbb file, 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**, then click Save.
- 6** Click Restore.

Writing a QuickBooks cheque

You can enter cheques directly into QuickBooks by using the QuickBooks Write Cheques window. When you enter a cheque in the Write Cheques window, you can see the address information and easily allocate the cheque between multiple accounts.

Suppose that coming back from a customer call, you purchased a new phone for Rock Castle Construction from a phone company store. Now you should record the cheque you wrote for the telephone in QuickBooks.

To write a cheque:

- 1 From the Banking menu, choose Write Cheques.
QuickBooks displays the Write Cheques window.

The screenshot shows the 'Write Cheques - Chequing' window in QuickBooks. The 'Bank Account' is set to 'Chequing' and the 'Ending Balance' is \$51,209.19. The 'Pay to the Order of' field is empty. The 'Date' is 12/15/2007 and the amount is \$ 0.00. There are fields for 'Address' and 'Memo'. Below is an 'Expenses' table with columns for Account, Tax, Net Amt, Memo, Customer:Job, and Class. The table is currently empty. At the bottom, there are fields for 'GST' (0.00) and 'PST' (0.00), and buttons for 'Clear Splits', 'Recalculate', 'Save & Close', 'Save & New', and 'Clear'.

The Bank Account field shows the account from which you are writing this cheque. 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 want, but they are fine for our example.

- 2 Select the “To be printed” checkbox.

If QuickBooks reminds you to order computer cheques, click Close.

- 3 In the Pay to the Order of field, type **Cal Telephone**.

If QuickBooks notifies you that you have bills open for this vendor, click OK. You are receiving this reminder because you should never use the Write Cheques window to pay a bill you entered earlier in QuickBooks. If you enter a bill (as you will in a later chapter), always pay it with the Pay Bills window, not the Write Cheques window.

- Press TAB to move to the Amount field.

Tip: 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, then select the checkbox for “Automatically recall last transaction for this name” on the My Preferences tab.

- Type **156.91** (the amount the telephone cost), then press TAB.
Notice that QuickBooks spells out the amount of the cheque for you on the line below the payee.
- Click in the Account column on the Expenses tab, then choose Utilities:Telephone from the drop-down list.

Your screen should resemble the following figure.

Write Cheques - Chequing Ask a help question Ask How Do I?

Bank Account: Chequing Ending Balance: \$51,209.19

No. To Print:
Date: 12/15/2007

Pay to the Order of: Cal Telephone \$ 156.91

One hundred fifty-six and 91/100*****

Address: Cal Telephone
P.O. Box 1100
Middlefield BC V2O 5R3

Memo: Acct #415-555-9876-8053

Expenses \$136.44 **Items** \$0.00 To be printed

Account	Tax	Net Amt	Memo	Customer:Job	Class
Utilities:Gas and Elect...	S	136.44	Local Access &...		

GST: 9.55
PST: 10.92

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

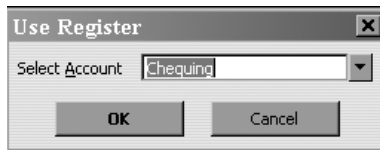
[Apply customer credits to specific invoices as you see fit](#)

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

- 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.



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

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

- Close the Chequing account register.

Using bank account registers

When you work in QuickBooks, you often use forms, such as a cheque 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):

- From the Lists menu, choose Chart of Accounts. QuickBooks displays the Chart of Accounts window.

Name	Type	Tax	Balance
◊ Chequing	Bank		51,052.28
◊ Barter Account	Bank		-1,000.00
◊ Cash Expenditures	Bank		0.00
◊ Savings	Bank		8,878.42
◊ Accounts Receivable	Accounts Receivable		86,132.37
◊ Employee Loans	Other Current Asset		62.00
◊ Inventory Asset	Other Current Asset		28,227.54
◊ Retainage	Other Current Asset		1,906.30
◊ Tools & Equipment	Other Current Asset		5,000.00
◊ Undeposited Funds	Other Current Asset		20,808.33
◊ Trucks	Fixed Asset		24,852.91
◊ Original Cost	Fixed Asset		33,852.91
◊ Depreciation	Fixed Asset		-9,000.00
◊ Pre-paid Insurance	Other Asset		-200.00
◊ Accounts Payable	Accounts Payable		69,124.05
◊ CalOil Card	Credit Card		71.02
◊ QuickBooks Credit Card	Credit Card		70.00
◊ QBCC Dept. #1	Credit Card		45.00
◊ QBCC Dept. #2	Credit Card		25.00

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

Date	Ex. Rate	Number	Type	Payee	Memo	Payment	Deposit	Balance
11/28/2007			DEP	Interest Income	Interest		93.42	49,378.42
12/01/2007			CHQ	Great Statewide Bank	Note Payable	15,000.00		34,378.42
12/05/2007			TRANSFR	Chequing	Funds Transfer	25,000.00		9,378.42
12/16/2007			TRANSFR	Chequing	Funds Transfer	500.00		8,878.42

Ending balance 8,878.42

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 chequing account, the register shows cheques 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 cheque number or a vendor's P.O. number) and a type (to tell you whether the transaction represents a cheque 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 cheques you haven't yet printed.

To complete the exercise:

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

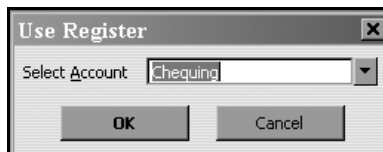
Entering a handwritten cheque

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

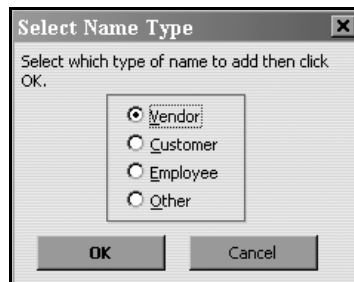
Suppose that while picking up supplies one day, you stop at Bayshore Office Supply and find a new office chair on sale for \$99.95. The sale ends today, so you write a cheque on the spot. You'll have to enter it in QuickBooks later.

To enter a handwritten cheque in the chequing account register:

- 1 From the Banking menu, choose Use Register.
QuickBooks displays the Use Register window.



- 2 Click OK to accept Chequing.
QuickBooks displays the register for the Chequing 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**, then press TAB.
- 5 In the Payee field, type **Bayshore Office Supply**, then press TAB.
QuickBooks displays a message telling you that Bayshore Office Supply is not on the Name list.
- 6 Click QuickAdd.
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**, then press TAB.
- 9 In the Account field, type **Of**, then press TAB. QuickBooks fills in Office Supplies.

10 In the Memo field, type **Office Chair**.

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

Date	Number	Payee	Payment	Deposit	Balance
Ex. Rate	Type	Account	Memo		
12/15/2007	To Print LIAB CHQ	Receiver General -split-	277.18		51,226.69
12/15/2007	To Print CHQ	Cal Telephone -split- Acct. #415-555-9876-8	156.91		51,069.78
12/16/2007	SEND TRANSFR	Savings		500.00	51,569.78
12/19/2007	300 BILLPMT	Wheeler's Tile Etc. Accounts Payable H-18756	517.50		51,052.28
12/15/2007	1204 CHQ	Bayshore Office Supply Office Supplies	99.95	Deposit	
		Office Chair			
Ending balance					51,052.28

1-Line
 Sort by: Date, Type, Number/Ref
[Find software solutions for your business that work with QuickBooks.](#)

11 Click Record.

12 Close the Chequing account register.

Transferring money between accounts

You can easily record that you have transferred money between the accounts at your financial institution using the QuickBooks Transfer Funds Between Accounts window. Rock Castle Construction wants to record that it has transferred \$5,000.00 from chequing to savings.

To transfer money:

- 1 From the Banking menu, choose Transfer Funds.

QuickBooks displays the Transfer Funds Between Accounts window.

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

- 2 In the Transfer Funds To field, choose Savings from the drop-down list.
- 3 In the Transfer Amount field, type **5000.00**, then press the Tab key.

Your screen should resemble the following figure.

- 4 Click Save & Close.

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

Reconciling chequing accounts

Reconciling is the process of making sure that your chequing 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 cheque 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 cheques, 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
- Cheques 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 automatic teller machine (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 Ask a help question Ask How Do I?

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

Account Chequing last reconciled on 12/15/2007.

Statement Date 01/15/2008

Beginning Balance 85,667.13 [What if my beginning balance doesn't match my statement?](#)

Ending Balance

Enter any service charge or interest earned.

Service Charge

Service Charge Date 01/31/2008 Account

Class

Interest Earned

Interest Earned 0.00 Date 01/31/2008 Account

Class

Locate Discrepancies Continue Cancel Help

- 2 In the Account field, make sure Chequing is selected.
- 3 In the Ending Balance field, type **106,803.13**.
- 4 In the Service Charge field, type **14.00**.
- 5 In the Service Charge Account field, select Bank Service Charges from the drop-down list.

Your screen should resemble the following.

Begin Reconciliation Ask a help question Ask How Do I?

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

Account Chequing last reconciled on 12/15/2007.

Statement Date 01/15/2008

Beginning Balance 85,667.13 [What if my beginning balance doesn't match my statement?](#)

Ending Balance 106,803.13

Enter any service charge or interest earned.

Service Charge

Service Charge 14.00 Date 01/31/2008 Account Bank Service Char

Class

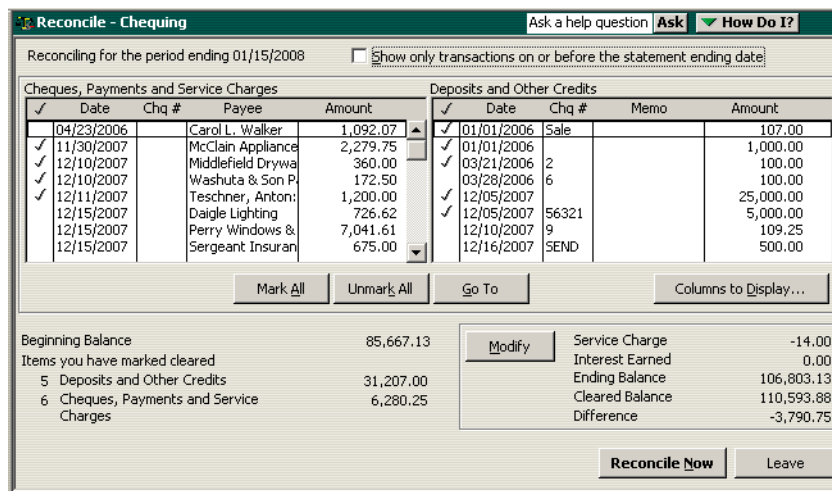
Interest Earned

Interest Earned 0.00 Date 01/31/2008 Account

Class

Locate Discrepancies Continue Cancel Help

- 6 Click Continue.
- QuickBooks displays the Reconcile - Chequing window.

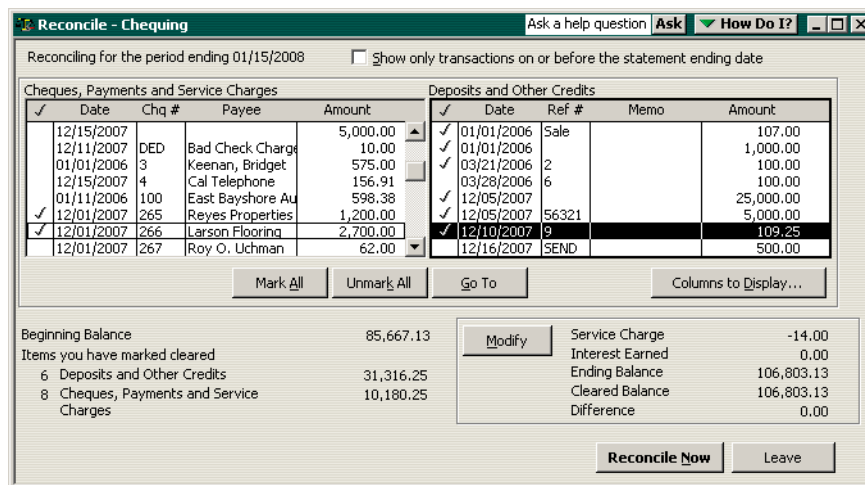


- 7** In the Cheques, Payments and Service Charges section, select cheque # 265 from Reyes Properties for \$1,200.00, and cheque #266 from Larson Flooring for \$2,700.00.

QuickBooks places a checkmark to the left of both items.

- 8** In the Deposits and Other Credits section, select the Cheq# 9 deposit dated 12/10/07 for \$109.25.

Your screen should resemble the following figure.



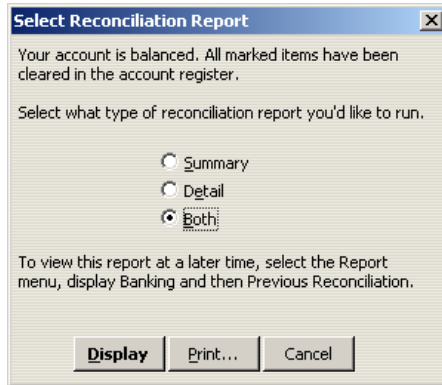
Tip: The Go To button allows you to select a transaction that needs a correction, jump to the actual transaction in the register to make an adjustment, then return to the reconciliation window.

- 9** Click Reconcile Now.

Wait a few moments while QuickBooks examines and reconciles the account.

- 10** If QuickBooks prompts you to consider using Online Banking, click OK to continue.

QuickBooks displays the Select Reconciliation Report window.



- 11 In the Select Reconciliation Report window, select “Detail”, then click Display. Click OK at the message that QuickBooks displays.

Type	Date	Num	Name	Clr	Amount	Balance
Beginning Balance						85,667.13
Cleared Transactions						
Cheques and Payments - 8 items						
Bill Pmt -Cheque	11/30/2007		McClain Appliances	✓	-2,279.75	-2,279.75
Cheque	12/01/2007	265	Reyes Properties	✓	-1,200.00	-3,479.75
Bill Pmt -Cheque	12/01/2007	266	Larson Flooring	✓	-2,700.00	-6,179.75
Bill Pmt -Cheque	12/10/2007		Middlefield Drywall	✓	-360.00	-6,539.75
Bill Pmt -Cheque	12/10/2007		Washuta & Son Pa...	✓	-172.50	-6,712.25
Invoice	12/11/2007	70	Teschner, Anton:S...	✓	-1,200.00	-7,912.25
Bill Pmt -Cheque	12/14/2007	299	Timberloft Lumber	✓	-2,254.00	-10,166.25
Cheque	01/31/2008			✓	-14.00	-10,180.25
Total Cheques and Payments					-10,180.25	-10,180.25
Deposits and Credits - 6 items						
Deposit	01/01/2006		Transfer from Sav...	✓	1,000.00	1,000.00
Deposit	01/01/2006	Sale	Jacobsen, Doug	✓	107.00	1,107.00
General Journal	03/21/2006	2		✓	100.00	1,207.00
Transfer	12/05/2007			✓	25,000.00	26,207.00
Payment	12/05/2007	56321	Teschner, Anton:S...	✓	5,000.00	31,207.00
Sales Receipt	12/10/2007	9	Keenan, Bridget:S...	✓	109.25	31,316.25
Total Deposits and Credits					31,316.25	31,316.25
Total Cleared Transactions					21,136.00	21,136.00
Cleared Balance					21,136.00	106,803.13

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

Because QuickBooks Basic and QuickBooks Pro only store information for the latest reconciliation, you may want to print the report to a file if you think you will want to print the reconciliation report again. QuickBooks overwrites the previous reconciliation report with data from the latest reconciliation.

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

In addition, if you're using QuickBooks Premier, you have two additional report options: the reconcile discrepancy report and the reconciliation summary report. The reconcile discrepancy report lists the transactions that have changed since you last reconciled an account. 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. The reconciliation summary report provides a quick look at the overall totals for deposits/credits and cheques/payments for a reconciliation period.

12 Close the report window.

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

Viewing cleared cheques in the register

Open the Chequing account register to see the cleared cheques.

To viewed cleared cheques in the register:

- 1** From the Banking menu, choose Use Register.
QuickBooks displays the Use Register window.
- 2** Click OK to accept Chequing.
- 3** Scroll through the register to view the cleared items (cheques numbered 265 and 266).

Your register should resemble the figure below.

Chequing Ask a help question Ask How Do I?

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

Date	Number	Payee	Payment	✓	Deposit	Balance	
Ex.Rate	Type	Account Memo					
11/30/2007		Natiello, Ernesto:Kitchen		✓	3,014.04	80,429.55	
	PMT	Accounts Receivable					
11/30/2007		Thomas Kitchen & Bath	1,368.00	✓		79,061.55	
	BILLPMT	Accounts Payable R 55-801					
11/30/2007		McClain Appliances	2,279.75	✓		76,781.80	
	BILLPMT	Accounts Payable 85-93117					
11/30/2007	264	Great Statewide Bank	1,304.45	✓		75,477.35	
	CHQ	-split-					
12/01/2007	265	Reyes Properties	1,200.00	✓		74,277.35	
	CHQ	Rent					
12/01/2007	266	Larson Flooring	2,700.00	✓		71,577.35	
	BILLPMT	Accounts Payable					
Splits						Ending balance	45,938.33

1-Line
 Sort by Date, Type, Number/Ref
 Record Restore
[Save time and money by depositing employee pay cheques directly into their bank accounts](#)

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

- 4 Close the Chequing account register.

Student test and review

- 1** Use the chequing account register to enter a handwritten cheque for \$76.95. Use the next available cheque number and make the cheque payable to Express Delivery Service, for delivery of a new sign. Assign the cheque to the Freight & Delivery expense account.
- 2** Write a QuickBooks cheque to Bayshore Water for \$143.87 to pay this month's water bill. Assign the cheque to the Utilities:Water expense account.



LESSON 5 Using other accounts in QuickBooks

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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

Handout materials

- Handout 14: Determining the value of a fixed asset
- Handout 15: Tracking asset cost and depreciation
- Handout 16: Understanding QuickBooks equity accounts

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qbcanlesson.qbb) on your hard disk.

The steps that follow will 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 (qbcanlesson.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 qbcanlesson.qbb file, 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*, then click Save.
- 6** Click Restore.

Using 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

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

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.

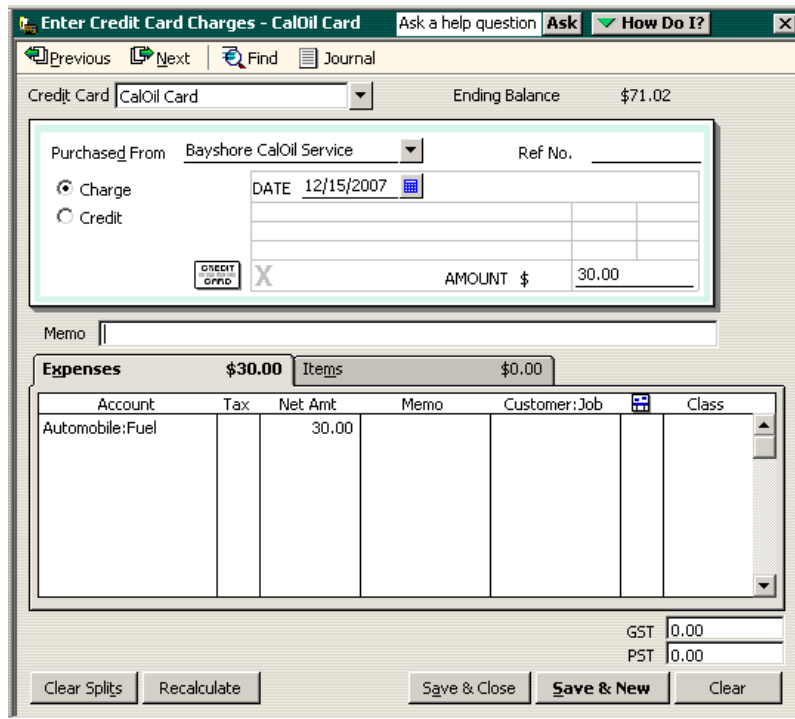
This is the window where you enter your charges. Notice that the form at the top of the window looks just like a familiar credit card charge slip.

- 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, then double-click to select the entire amount.

- 5 Type *30.00*, then press Tab.
- 6 Click the Expenses tab (if it's not already selected).
- 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.) Leave the tax column empty for now.



- 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.

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

In the Opening 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.

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

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

- Press Continue.

QuickBooks displays the Reconcile Credit Card window.

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

Beginning Balance	135.80	Modify	Finance Charge	0.00
Items you have marked cleared			Ending Balance	101.02
0 Payments and Credits	0.00		Cleared Balance	135.80
0 Charges and Cash Advances	0.00		Difference	34.78

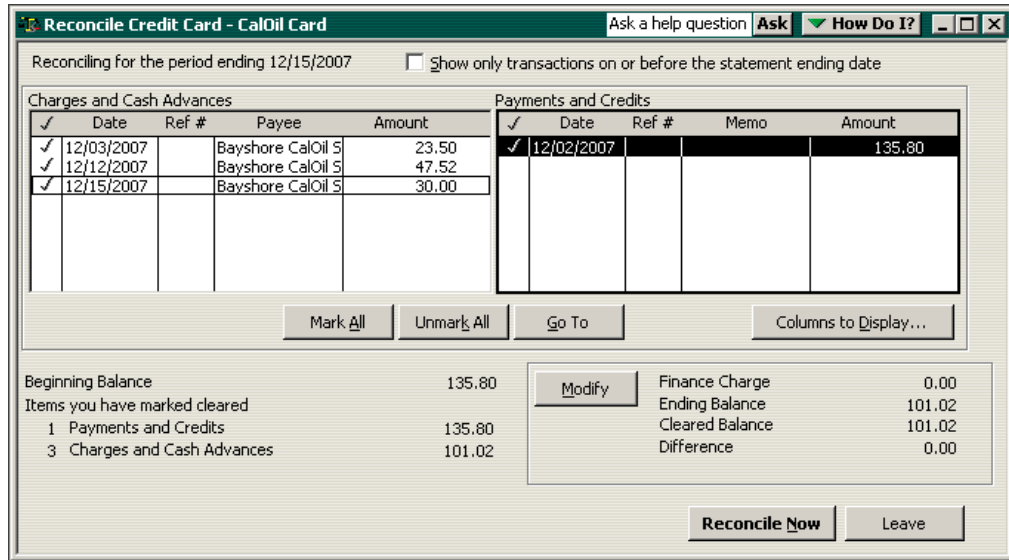
The Reconcile Credit Card window shows all the transactions for the credit card account that have not yet cleared. You'll use this window to check off the transactions listed on your statement.

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.

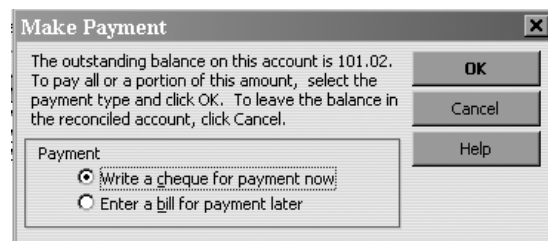
QuickBooks places a checkmark in the column to the left of each transaction you select. Your Reconcile Credit Card window should resemble the following figure.



- 3 Click Reconcile Now.

QuickBooks displays the Make Payment window.

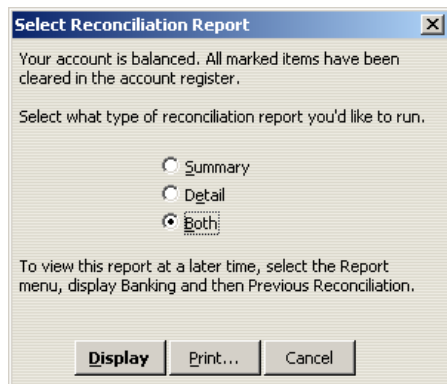
When you've finished reconciling a credit card account, QuickBooks gives you a chance to pay part or all of the balance due on your credit card.



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

QuickBooks displays the Select Reconciliation Report window.

Using other accounts in QuickBooks

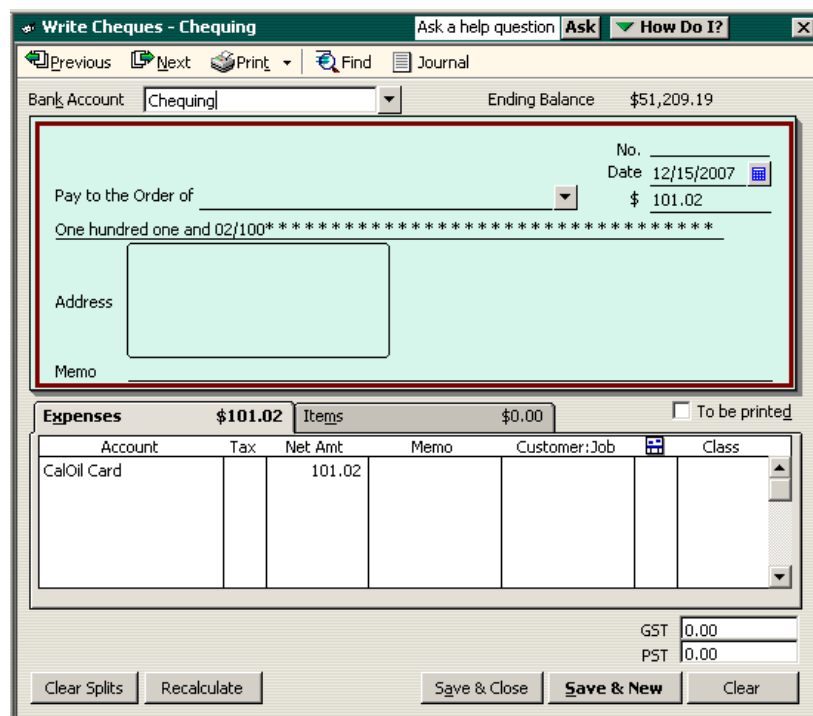


- 5 In the Select Reconciliation Report window, select Detail, then click Display. (If you wanted to keep a copy of the reconciliation report, you would click Print, but you don't need to print the report for this lesson.)
- 6 Click OK at the message that QuickBooks displays.
- 7 Review the report, then close it.

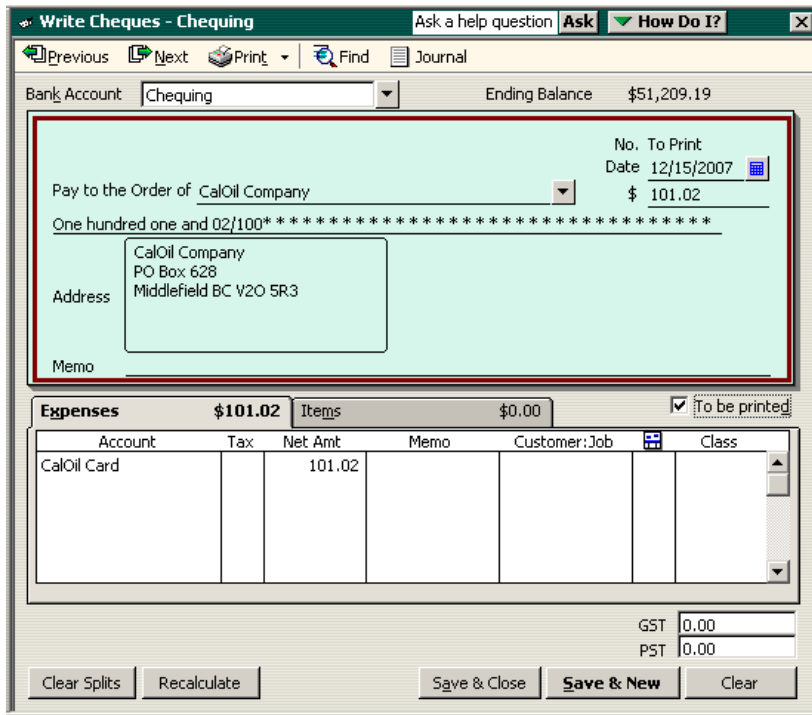
Paying a credit card bill

To write a cheque for the bill now:

- 1 In the Write Cheques window, make sure Chequing is shown 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.)



- 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 When QuickBooks asks if you want to autorecall the previous transaction for CalOil Company, click No.
 - 4 Click in the “To be printed” checkbox to put a checkmark in it.
- If QuickBooks reminds you that you can order cheques from Intuit, click Close. Your window should resemble this one.



- 5 Click Save & Close to record the transaction.
- QuickBooks subtracts \$101.02 from your chequing account and also subtracts that amount from what you owe to the credit card company.

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, 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	Tax	Balance
Prepaid Rent	Other Current Asset		6,000.00
Employee Loans	Other Current Asset		62.00
Inventory Asset	Other Current Asset		33,157.32
Retainage	Other Current Asset		1,906.30

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 accounts for fixed assets

Fixed Asset Tracking allows you to keep track of asset information, easily add new fixed assets to QuickBooks, track disposed fixed assets, and produce fixed asset reports. The Fixed Asset Item list provides a way for your clients to easily enter and track information such as asset names, serial numbers, acquisition dates and disposal dates.

Setting up asset accounts to track depreciation

There is more than one way to keep track of depreciation; this is just one suggested method. If you have students who are keeping track of asset depreciation in other ways, assure them that they can continue using their own method.

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.

In the next exercise, you'll set up an asset account to track depreciation on a new trailer purchased by Rock Castle Construction.

To set up asset accounts to track depreciation:

- 1** In the chart of accounts window, click the Account menu button, 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	Tax	Balance
Trailer	Fixed Asset		0.00
Trucks	Fixed Asset		24,852.91
Original Cost	Fixed Asset		33,852.91
Depreciation	Fixed Asset		-9,000.00

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, 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, then select *Trailer* as the parent account.
- 5 Leave the opening balance blank.

Tip: 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.

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

The New Account window should look like this.

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

Name	Type	Tax	Balance
◊ Undeposited Funds	Other Current Asset		26,544.06
◊ Trailer	Fixed Asset		0.00
◊ Accumulated 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		-200.00
◊ Accounts Payable	Accounts Payable		70,814.05
◊ CalOil Card	Credit Card		0.00

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.

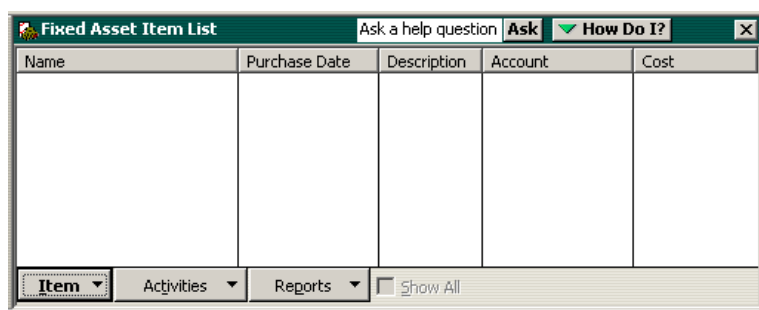
Adding fixed asset information

For most fixed asset accounts found in your Chart of Accounts, you should create a corresponding fixed asset item that describes the fixed asset.

To add a new fixed asset item:

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

QuickBooks displays the Fixed Asset Items List screen:



- 2 To add a fixed asset item, click the Item menu button, then choose New.

The QuickBooks New Item screen is displayed:

Notice the Type field is set to Fixed Asset and cannot be changed.

- 3 In the Asset Name/Number field, type Trailer and press TAB.
- 4 In the Purchase Information area, ensure the “Item is new” option is selected.
- 5 In the Purchase Description field, type 12 cubic meter double axle trailer and press TAB.
- 6 In the Purchase Date field, type 12/15/2007.
- 7 In the Purchase Cost field, type 30000.

- 8 In the Asset Account field, select the Trailer fixed asset from the drop-down list.
- 9 In the Inventory Information area, type SN12345 in the Serial Number field.

The New Item screen should look as follows:

The 'New Item' dialog box contains the following fields and values:

- Type:** Fixed Asset (dropdown)
- Asset Name/Number:** Trailer
- Asset Account:** Trailer (dropdown)
- Purchase Information:**
 - Purchase Description: 12 cubic meter double axle trailer
 - Date: 12/15/2007
 - Cost: 30,000.00
 - Vendor/Payee: (empty)
- Sales Information:**
 - Sales Description: (empty)
 - Sales Date: (empty)
 - Sales Price: 0.00
 - Sales Expense: 0.00
- Asset Information:**
 - Asset Description: (empty)
 - Location: (empty)
 - PO Number: (empty)
 - Serial Number: SN12345
 - Warranty Expires: (empty)
- Notes:** (empty text area)

- 10 Click OK to create the fixed asset item.

The updated Fixed Asset Item List is displayed with the added item:

Name	Purchase Date	Description	Account	Cost
Trailer	12/15/2007	12 cubic meter	Trailer	30,000.00

11 To add another fixed asset item follow the steps below:

- Click the Item menu button, then choose New
- In the Asset Name/Number field, type Pickup Truck and press Tab.
- Select the "Item is used" checkbox.
- In the Purchase Description field, type 2000 1-Ton Pickup and press Tab.
- In the Purchase Date field, type 12/31/2007.
- In the Purchase Cost field, type 18602.91.
- In the Asset Account field, select the Trucks fixed asset from the drop-down list.
- In the Serial Number field, type SN2000.
- Click OK to create the fixed asset item.

12 To add a third fixed asset item follow the steps below:

- Click the Item menu button, then choose New
- In the Asset Name/Number field, type Utility Truck and press Tab.
- Select the "Item is used" checkbox.
- In the Purchase Description field, type 1999 1/2 Ton 4WD and press Tab.
- In the Purchase Date field, type 12/31/2007.
- In the Purchase Cost field, type 12250.
- In the Asset Account field, select the Trucks fixed asset from the drop-down list.
- In the Serial Number field, type SN1999.
- Click OK to create the fixed asset item.

The updated Fixed Asset Item List is displayed with the added item:

Name	Purchase Date	Description	Account	Cost
↳ Pickup Truck	12/31/2007	2000 1-Ton F	Trucks	18,602.91
↳ Trailer	12/15/2007	12 cubic met	Trailer	30,000.00
↳ Utility Truck	12/31/2007	1999 1/2 Ton	Trucks	12,250.00

At the bottom of the window, there are menu buttons: Item, Activities, Reports, and a checkbox for Show All.

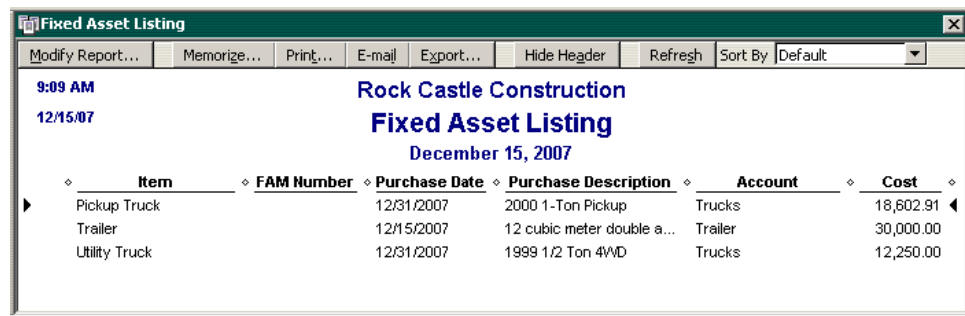
Reporting fixed asset item information

Suppose you're viewing the Fixed Asset Item list, and you want to see a summary report of all the fixed asset items.

To generate a fixed asset item summary report:

- 1 From the Fixed Asset Item List, click the Reports menu button, then select Fixed Asset Listing.

The following report is displayed:



Item	FAM Number	Purchase Date	Purchase Description	Account	Cost
Pickup Truck		12/31/2007	2000 1-Ton Pickup	Trucks	18,602.91
Trailer		12/15/2007	12 cubic meter double a...	Trailer	30,000.00
Utility Truck		12/31/2007	1999 1/2 Ton 4WD	Trucks	12,250.00

The Fixed Asset Listing report provides a one line summary of all fixed asset items.

- 2 Close the report and you return to the Fixed Asset Item List screen.

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, 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*.

Using other accounts in QuickBooks

- 4 Leave the Opening Balance field blank.
Your screen should resemble the figure below.

The screenshot shows the 'New Account' dialog box with the following fields:

- Type: Long Term Liability
- Name: Trailer Loan
- Subaccount of: (blank)
- Description: (blank)
- Bank Acct. No.: (blank)
- Tax Line: <Unassigned>
- Opening Balance: (blank) as of 12/15/2007
- Account is inactive:

- 5 Click OK.
QuickBooks displays the new liability account in the chart of accounts.

Name	Type	Tax	Balance
Payroll Liabilities	Other Current Liability		4,243.18
Direct Deposit Liabilities	Other Current Liability		0.00
GST Payable	Other Current Liability		7,768.73
PST Payable	Other Current Liability		19,210.88
Trailer Loan	Long Term Liability		0.00
Note Payable	Long Term Liability		3,440.83
Truck Loan	Long Term Liability		5,556.51
Opening Bal Equity	Equity		18,243.39
Owner's Equity	Equity		19,000.00
Owner's Contribution	Equity		25,000.00

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:

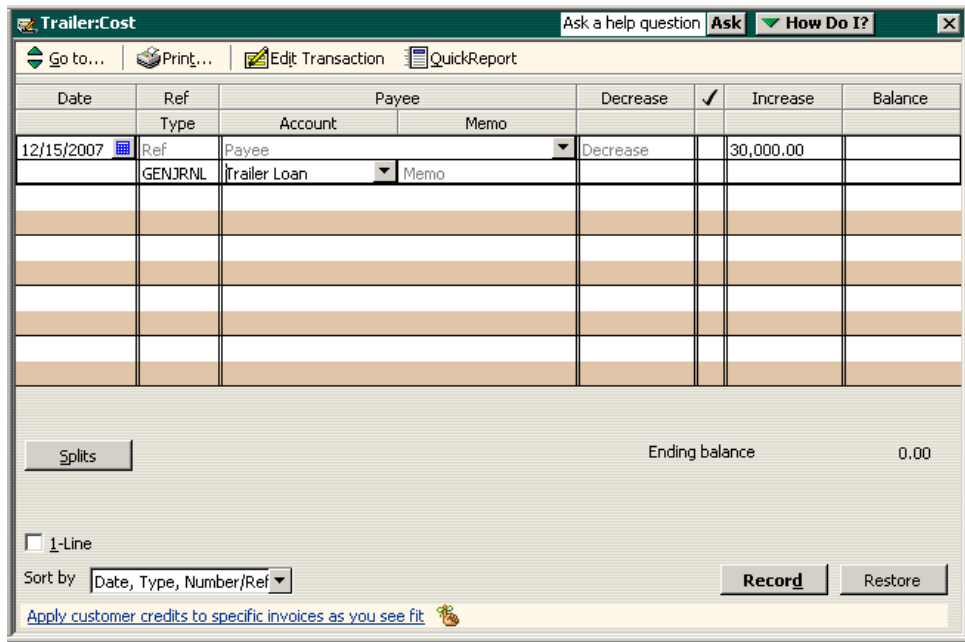
- 1 In the chart of accounts, double-click the Trailer:Cost subaccount.
QuickBooks displays the Trailer:Cost register.

Date	Ref	Payee	Decrease	Increase	Balance
	Type	Account	Memo		
12/15/2007	Ref	Payee	Decrease	Increase	
		Account	Memo		
Ending balance					0.00

- 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.

Your screen should resemble the following.



- 4 Click Record.
- 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.)

Recording a payment on a loan

When it's time to make a payment on a loan, use the Write Cheques window to record a cheque 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 Cheques.
QuickBooks displays the Write Cheques window.

Using other accounts in QuickBooks

- In the “Pay to the Order of” field, type *Great*, then press Tab.
QuickBooks fills in the field with Great Canadian Bank. If QuickBooks asks whether you want to use the last transaction for this vendor, click No.
- For the dollar amount of the cheque, type *500.00*.
- Click the Expenses tab, then click in the Account column and choose the Interest Expense:Finance Charge expense account from the drop-down list.
- In the Net Amt column highlight the amount that QuickBooks prefilled, then type *225.00*.
- On the next line, assign the remainder of the expense (275.00) to the Trailer Loan long-term liability account.

Write Cheques - Chequing

Bank Account: Chequing Ending Balance: \$51,108.17

Pay to the Order of: Great Canadian Bank

Date: 12/15/2007

\$ 500.00

Five hundred and 00/100*****

Address: Great Canadian Bank, P.O. Box 522, Bayshore BC V6O 3R5

Memo:

Account	Tax	Net Amt	Memo	Customer:Job	Class
Interest Expense:Fin...		225.00			
Trailer Loan		275.00			

GST: 0.00
PST: 0.00

Buttons: Clear Splits, Recalculate, Save & Close, Save & New, Clear

- Click Save & Close to record the payment.

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

- In your chequing account, QuickBooks subtracts the amount of the cheque 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).

Disposing of fixed assets

When managing your own fixed assets, you can record the disposal of fixed assets using sales receipts/invoices when you receive money or the promise of money from the purchaser of the asset or using general journal entries when you don't receive money for the asset.

In the following exercise, we will record the disposal of a fixed asset created in a previous exercise by updating the fixed asset item sales information, generating a sales receipt recording payment at the time of the sale, then flagging the fixed asset item as inactive.

To update the sales information for a fixed asset item:

- 1 From the Fixed Asset Item List, select the Trailer fixed asset, click the Item button, then select Edit to display the Edit Item screen.
- 2 In the Sales Information section, select the Item is sold checkbox.
QuickBooks automatically fills in the Purchase Description field from the Sales Description field.
- 3 In the Sales Date field, type 12/15/2007.
- 4 In the Sales Price field, type 28000.

This Edit Item screen should look like the following:

The screenshot shows the 'Edit Item' window in QuickBooks. The window title is 'Edit Item' and it includes a help link 'Ask a help question Ask' and a 'How Do I?' link. The 'Type' dropdown is set to 'Fixed Asset'. The 'Asset Name/Number' field contains 'Trailer' and the 'Asset Account' dropdown is also set to 'Trailer'. The 'Purchase Information' section shows 'Purchase Description' as '12 cubic meter double axle trailer', 'Date' as '12/15/2007', 'Cost' as '30,000.00', and 'Vendor/Payee' as an empty field. The 'Sales Information' section shows 'Sales Description' as '12 cubic meter double axle trailer', 'Sales Date' as '12/15/2007', 'Sales Price' as '28,000.00', and 'Sales Expense' as '0.00'. The 'Item is sold' checkbox is checked. There is also an 'Item is inactive' checkbox which is unchecked. The 'Asset Information' section includes 'Asset Description', 'Location', 'PO Number', 'Serial Number' (with value 'SN12345'), and 'Warranty Expires'. A 'Notes' field is at the bottom.

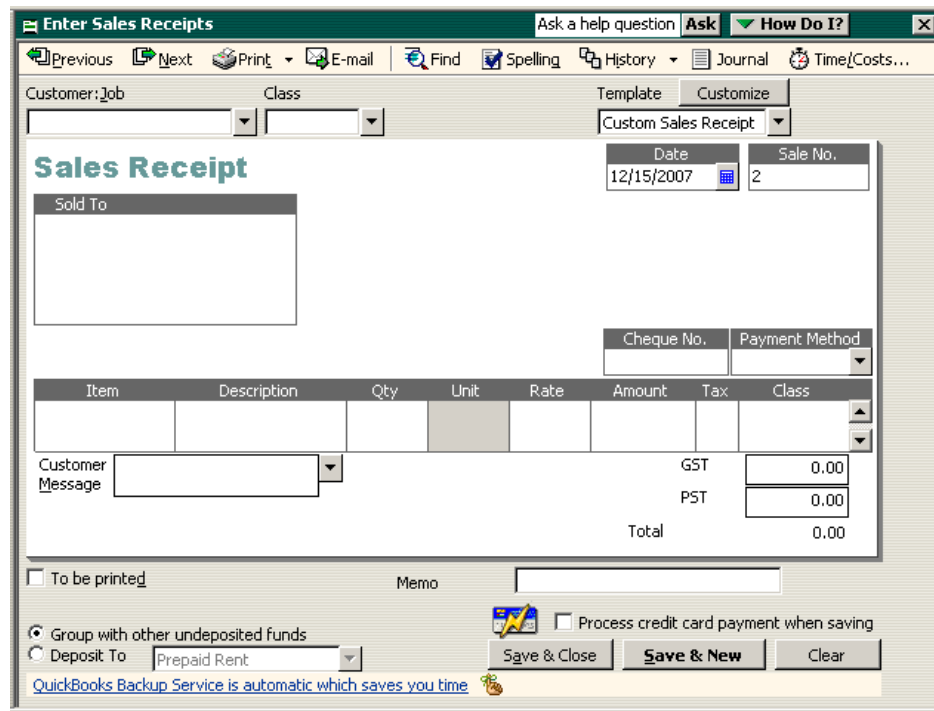
- 5 Press OK to save the changes and return back to the Fixed Asset Item List screen.

To record the sale of a fixed asset:

Now that the fixed asset sales information has been updated, it's time to generate the sales receipt.

- 1 From the Fixed Asset Item List, press the Activities button, then select Enter Sales Receipts.

This displays an empty Sales Receipts screen (note that the next lesson will go into more detail about creating sales receipts and invoices):



- 2 In the Customer:Job field, click the drop-down list arrow. QuickBooks shows you a list of Rock Castle Construction's existing customers and jobs.
- 3 Choose Smith, Lee 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 and updates the sales receipt form.
- 4 Click in the Item field.
- 5 Click the down arrow to display the list of items. Select Trailer, then press Tab.

QuickBooks automatically fills in the Amount field with the selling price of the Trailer fixed asset item. The Sales Receipt screen should look as follows:

- Record the sale by clicking Save and Close. You are returned to the Fixed Asset Item List.

To flag a fixed asset item as inactive:

Now that the fixed asset has been sold, it should be marked as inactive.

- From the Fixed Asset Item List, select the Trailer fixed asset, click the Item button, then select Edit to display the Edit Item screen.
- Select the Item is inactive checkbox to the right of the Sales Information section.
- Press OK to return to Fixed Asset Item List.

Note that the Trailer fixed asset is no longer displayed in the list.

- To see the inactive Fixed Asset Items, click the Show All checkbox.

QuickBooks re-displays the Fixed Asset Item List and includes the inactive items:

Name	Purchase Date	Descrip...	Account	Cost
♦ Pickup Truck	12/31/2005	2000 1-Ton Trucks		18,602.91
♦ Trailer	12/15/2007	12 cubic me Trailer		30,000.00
♦ Utility Truck	12/31/2005	1999 1/2 T Trucks		12,250.00

- Close the Fixed Asset Item list.

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 want. 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*.

Student test and review

Assume that the owner of Rock Castle Construction has taken out a loan and purchased a computer system for \$15,000. He wants to track the accumulated depreciation and cost of the system in two separate fixed asset accounts.

- 1** Create a fixed asset account called Computer System and two subaccounts—one for Cost and one for Accumulated Depreciation.
- 2** Create a long-term liability account to track the loan.

Enter the amount of the loan as an increase in the asset's Cost account. Assign the transaction to the loan liability account.



LESSON 6 Entering sales and invoices

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Lesson objectives

- To learn about the different formats available for sales forms
- 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 generate customer statements
- To create sales orders

Handout materials

- Handout 17: Create Invoices window
- Handout 18: Enter Sales Receipts window
- Handout 19: Choosing a format for sales forms
- Handout 20: Types of QuickBooks items

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qbcancellesson.qbb) on your hard disk.

The steps that follow will 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 (qbcancellesson.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 qbcancellesson.qbb file, 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**, 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 Ask a help question Ask How Do I? X

Previous Next Email Spelling History Journal Time/Costs...

Customer: Job Class Template Customize
 Melton, Johnny:Dental office Intuit Service Invoice

Invoice Date: 12/15/2007 Invoice #: 75

Bill To
 Johnny Melton, DDS
 300 Main St, Suite 3
 Bayshore BC X3R 5Y7

P.O. No. Terms
 Net 30

Item	Qty	Unit	Description	Rate	Amount	Class	TAX
Reimb Group Installation	40		Installation labor	35.00	1,400.00		S
					GST		98.00
					PST		112.00
Total							1,610.00

To be printed Balance 1,610.00

Memo

Save & Close Save & New Revert

[You built your business, now protect it with QuickBooks Backup Service](#)

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 labour).

A business that sells mainly services, such as a consulting firm, might use a different type of sales form than the one shown previously. 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 payment at the time you make a sale—either by cash, cheque, 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.

Item	Description	Qty	Unit	Rate	Amount	Tax	Class
Fluorescent Cell...	Florescent Lights	1		95.00	95.00	5	
Customer Message: Thank you for your business.						GST	6.65
						PST	7.60
Total							109.25

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.

Choosing a format for sales forms

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

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

Each format 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 format, 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'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 Customer:Job field, click the drop-down list arrow.
QuickBooks shows you a list of Rock Castle Construction's existing customers and jobs.

- Choose Jacobsen, Doug:Kitchen for the customer and job. If QuickBooks reminds you that you have recorded billable time or costs for this customer, click OK. 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.

Item	Quantity	Unit	Description	Price Each	Amount	Class	TAX

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:

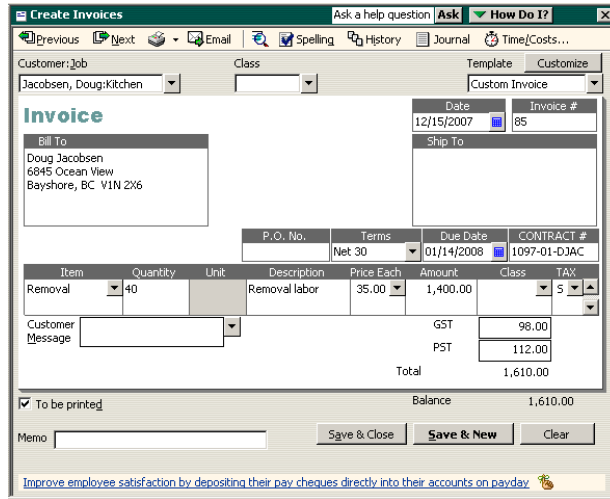
- In the Item field, type the letters *rem* (for Removal).

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.

- 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 labour" 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.

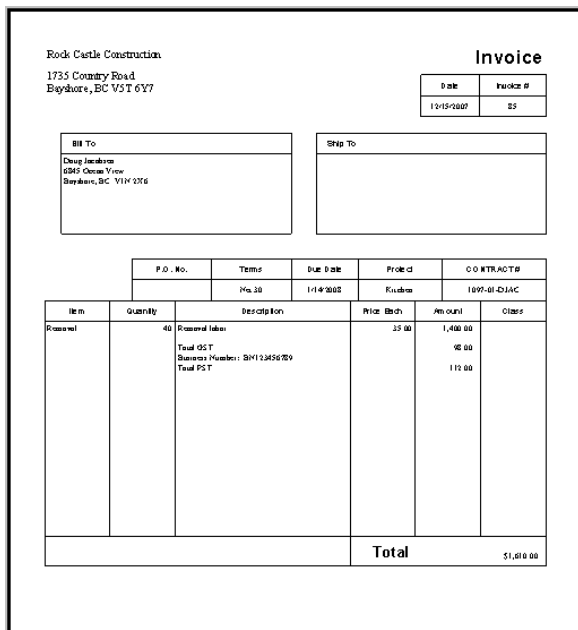


Completing the sales form

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, then choose Preview.
If QuickBooks reminds you that you can print shipping labels, click OK.
- 2 Click No when QuickBooks reminds you to save your invoice.
QuickBooks displays the invoice page as it will look when printed.



Entering sales and invoices

- 3 Click Zoom In and use the scroll bars to see the invoice items at greater magnification.
- 4 Click Close.
- 5 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 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
Ex.Rate	Type	Description	Class		Billed Date	Due Date	
12/15/2007		Ecker Designs:Offi					1,000.00
	PMT						
12/15/2007	72	Robson, Darci:Rot				13,704.55	
	INV						12/15/2007
12/15/2007	73	Ecker Designs:Offi				5,393.50	
	INV						01/14/2008
12/15/2007	74	Natiello, Ernesto:E				2,079.38	
	INV						01/14/2008
12/15/2007	75	Melton, Johnny:Dr				1,610.00	
	INV						01/14/2008
12/15/2007	6745	Violette, Mike:Wor					4,735.73
	PMT						
12/15/2007	85	Jacobsen, Doug:K				1,610.00	
	INV						01/14/2008

Ending balance 82,006.64

Sort by Date, Type, Number/Ref

Record Restore

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- 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.

Note that if the transaction is already in the memorized transaction list, QuickBooks displays a message asking you if you would like to replace it or add a new one. Select Add.

QuickBooks displays the Memorize Transaction window.

- 3 In the name field, type a description that helps you recognize the memorized invoice.

Enter "Kitchen - Removal Labour". 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 From the Window menu, choose Close All.

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	6,399.75	Never		
◦Kitchen - Removal Labor	Invoice	Accounts Receivable	1,610.00	Never		

- 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 want, or just save the invoice as is.
- 3 Click Save & Close to record the invoice.
- 4 Close the Memorized Transaction list.

Entering a new service item

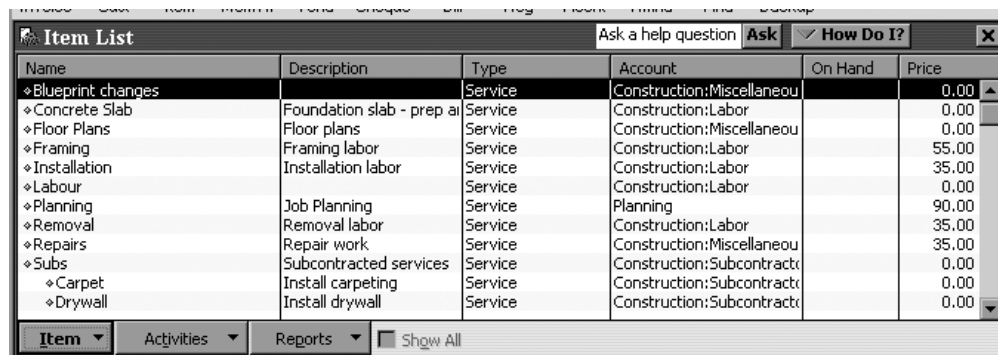
When you begin using your own QuickBooks company file, you'll need to create your own line items to include on your invoices. In the next exercise, you'll see how to add information to the Item list.

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 all	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
↳ Labour		Service	Construction:Labor		0.00
↳ Planning	Job Planning	Service	Planning		90.00
↳ Removal	Removal labor	Service	Construction:Labor		35.00
↳ Repairs	Repair work	Service	Construction:Miscellaneous		35.00
↳ Subs	Subcontracted services	Service	Construction:Subcontract		0.00
↳ Carpet	Install carpeting	Service	Construction:Subcontract		0.00
↳ Drywall	Install drywall	Service	Construction:Subcontract		0.00

- 2 Click the Item menu button, then choose New.

QuickBooks displays the New Item window.

If you're using a QuickBooks Premier product, you'll also see Assembly Item listed as an item type.

- In the Type field, select Service from the drop-down list.

- In the Item Name/Number field, type **Plumbing**.
- Click the “Subitem of” checkbox to select it.
- In the drop-down list below the “Subitem of” field, select Repairs.
- In the Description field, type **Plumbing repairs and maintenance** and press TAB.
- In the Rate field, type **55**.
- In the Sales Tax Code drop-down list, leave the selection at <S> (Standard, meaning that you charge both GST and PST on this service).

Now you need to assign this line item to one of Rock Castle Construction’s income accounts.

- In the Account field, select Construction:Labour from the drop-down list.
Your screen should look like the following figure.

- Click OK to add the new item to Rock Castle Construction’s Item list.

Name	Description	Type	Account	On Hand	Price
Labour		Service	Construction:Labor		0.00
Planning	Job Planning	Service	Planning		90.00
Removal	Removal labor	Service	Construction:Labor		35.00
Repairs	Repair work	Service	Construction:Miscellaneous		35.00
Plumbing	Plumbing repairs and main	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 Conditionin	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

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, and non-inventory part items only.

In this section, you'll create a new price level, associate it with one of Rock Castle's customers, then create an invoice for that customer.

Note: The ability to create multiple price levels is not available in QuickBooks Basic. You must be using QuickBooks Pro or Premier to complete the rest of this lesson.

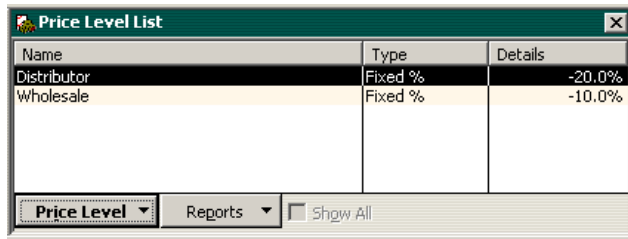
Creating new price levels

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.

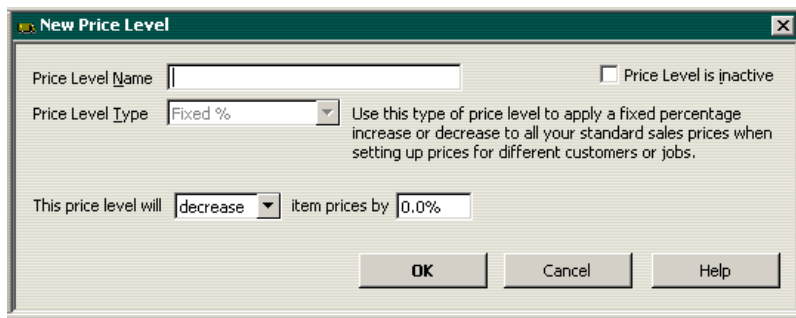
For each price level you create, you assign a name and percentage increase or decrease to the item's base sales price. You can create up to 20 price levels to use on invoices, sales receipts, and credit memos.

To create a new price level:

- 1 From the Lists menu, choose Price Level List.

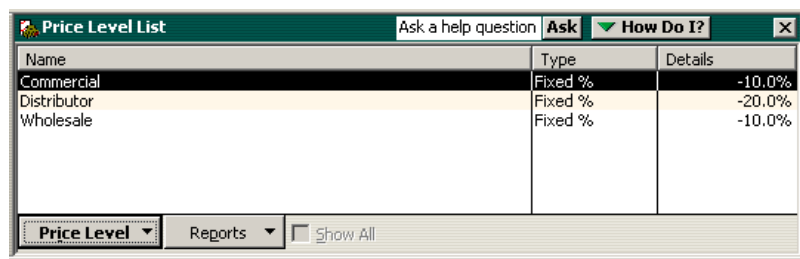


- 2 From the Price Level menu button, choose New.
This displays the New Price Level screen:



- 3 In the Price Level Name field type **Commercial**.
- 4 QuickBooks Pro only allows the Price Level Type field to be fixed percentage.
- 5 From the Price Level drop-down list, make sure “decrease” is selected.
- 6 In the Item Priced By field type 10 (e.g. 10% decrease).
Always enter the percentage as a positive number.
- 7 Click OK.

Your screen should now resemble the following.



- 8 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 From the Customers menu, choose Customer:Job List.
- 2 From the Customer:Job list, choose Low Plumbing - C.
- 3 From the Customer:Job menu button, choose Edit, then click the Additional Info tab.
- 4 From the Price Level drop-down list, choose Commercial.

Your screen should look like this.

The screenshot shows the 'Edit Customer' window for 'Low Plumbing - C'. The 'Additional Info' tab is active. The 'Price Level' dropdown is set to 'Commercial'. The 'Categorizing and Defaults' section includes 'Type' (Commercial), 'Terms' (Net 30), and 'Rep'. The 'Custom Fields' section includes 'Contract #', 'B-Day', 'Spouse's Name', 'ID', and 'Percentage'. The 'Business Number' field is empty. The 'Use customer tax code' checkbox is unchecked. The 'Customer is inactive' checkbox is also unchecked. The 'Current Balance' is 208.00. The window title is 'Edit Customer' and it includes buttons for 'Ask a help question', 'Ask', 'How Do I?', 'OK', 'Cancel', and 'Notes'.

- 5 Click OK to close the Edit Customer window and save your changes.
- 6 Close the Customer:Job list.

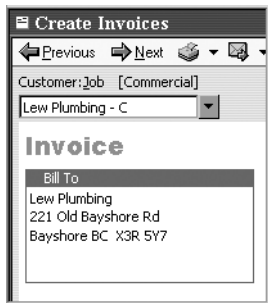
Using price levels on sales forms

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:

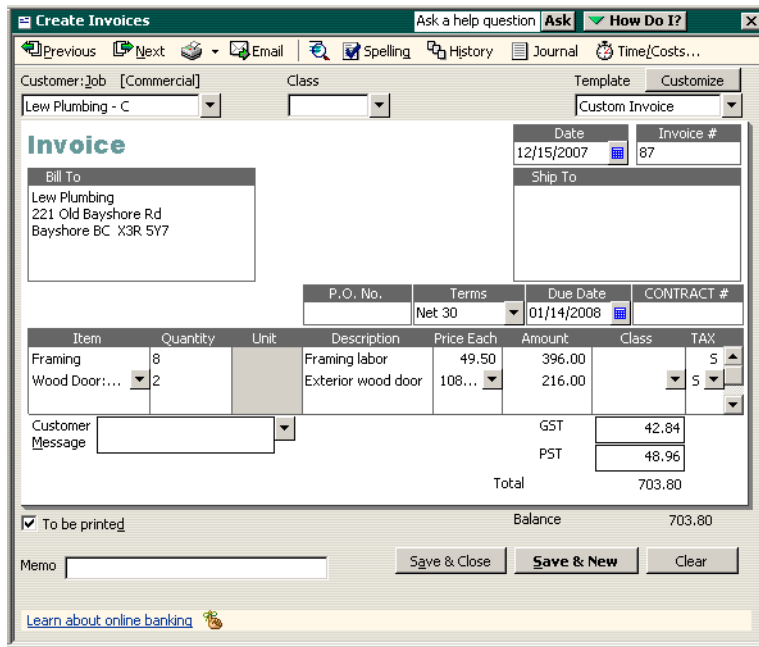
- 1 From the Customers menu, choose Create Invoices.
- 2 From the Customer:Job drop-down list, choose Low Plumbing - C.

Notice that QuickBooks displays the name of the price level associated with this Customer:Job in parentheses above the Customer:Job drop-down list. (This information will not be printed on the form.)



- 3 Click in the Item column and choose Framing from the drop-down list.
- 4 In the Quantity field, type 8.
- 5 Click below Framing in the Item field and choose Wood Door:Exterior from the drop-down list.
- 6 In the Quantity field, type 2, then press Tab.

Your screen should look like this.



- 7 Keep the invoice open and choose Item List from the Lists menu.
- 8 In the Item list, go to Framing. Note that the price for framing is \$55.00, but the rate on the invoice is \$49.50—10 percent less than the base sales price. QuickBooks has automatically reduced the rate on the invoice by 10 percent.

Note: You can set up QuickBooks to round rates up to the next whole dollar.

From the Edit menu, choose Preferences. Choose Sales & Customers from the scroll list, then click the Company Preferences tab. Click the “Round all sales prices up to the next whole dollar” checkbox and click OK.

Name	Description	Type	Account	On Hand	Price
↳ Blueprint changes		Service	Construction:Miscellaneous		0.00
↳ Concrete Slab	Foundation slab - prep ar	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
↳ Labour		Service	Construction:Labor		0.00
↳ Planning	Job Planning	Service	Planning		90.00
↳ Removal	Removal labor	Service	Construction:Labor		35.00
↳ Repairs	Repair work	Service	Construction:Miscellaneous		35.00
↳ Plumbing	Plumbing repairs and mair	Service	Construction:Labor		55.00
↳ Subs	Subcontracted services	Service	Construction:Subcontractc		0.00
↳ Carpet	Install carpeting	Service	Construction:Subcontractc		0.00

- 9 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.
- 10 Close the Item list.
- 11 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:

- 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.

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*.

Reminder statements summarize a customer's account with your company by listing recent invoices, credit memos, and payments received. You 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 cheques. 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.

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.

Customer statements are available in all QuickBooks editions, however, QuickBooks Pro and Premier editions have additional functionality. For example, in QuickBooks Pro and Premier editions, you can include invoice detail on statements and include all open transactions as of a certain date.

Note: To complete the following exercises, you must be using QuickBooks Pro or Premier.

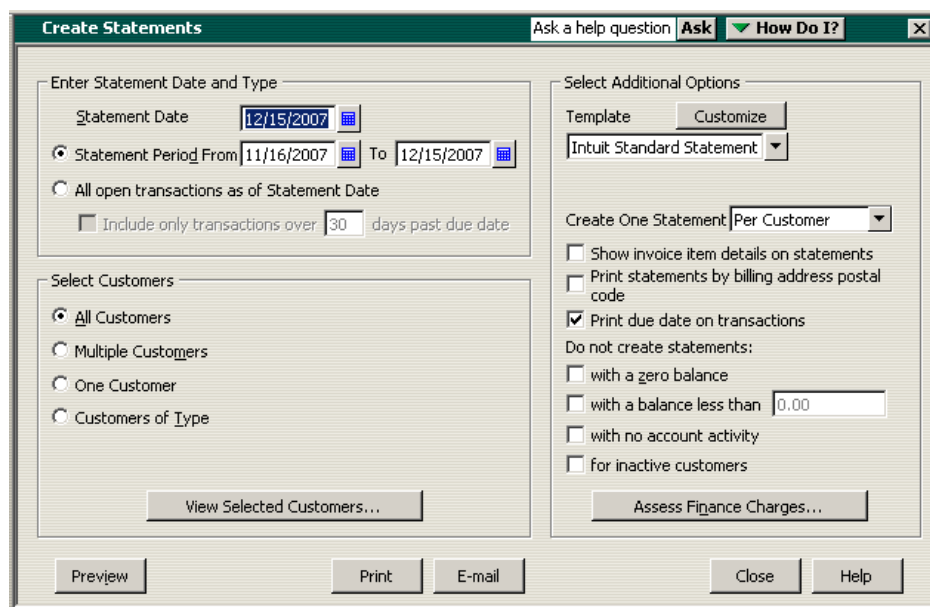
Generating customer statements

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:

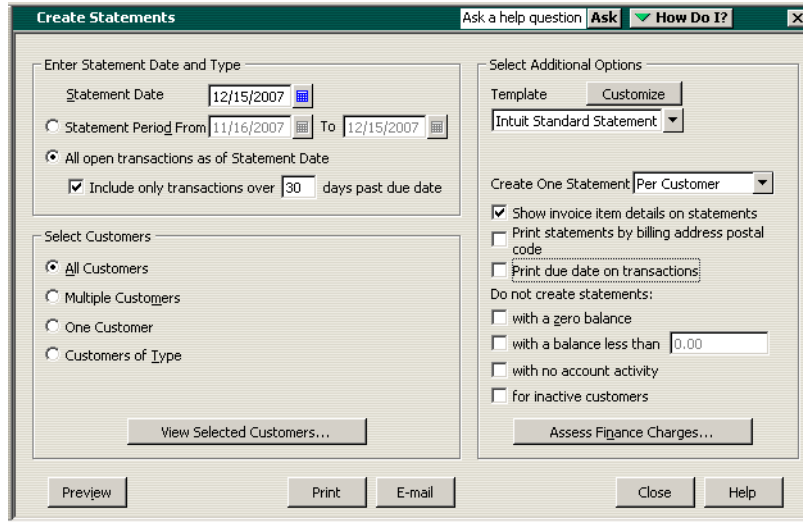
- 1 From the Customers menu, choose Create Statements.
QuickBooks displays the Create Statements window.



- 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, leave “All Customers” selected.

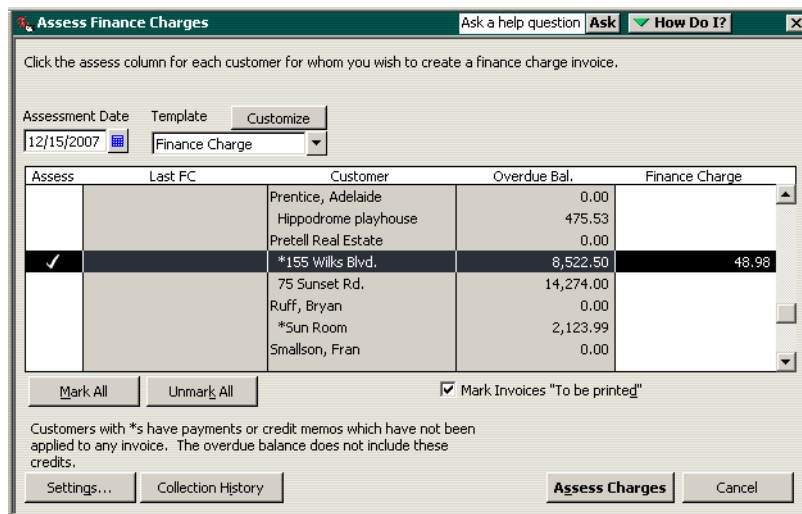
- 6 In the Select Additional Options section, click to select the “Show invoice item details on statements” checkbox, and click to deselect the “Print due date on transactions” checkbox.

Your screen should look like the following graphic.



- 7 Click Assess Finance Charges. QuickBooks displays the Assess Finance Charges window.
- 8 If QuickBooks reminds you that the customer has unapplied payments, click OK to continue.
- 9 Click Unmark All.
- 10 In the Assess column, click to put a checkmark in the row for the 155 Wilks job for Pretell Real Estate (finance charges were assessed against Pretell Real Estate on 12/15/07).

Your screen should look like the following graphic.



11 Click Assess Charges.

12 Answer Yes if 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 \$48.98. This amount does not display on the current statement, but you can send the finance charge invoice with the reminder statement.

13 Click Preview.

QuickBooks displays reminder statements for the fifteen customers whose balances are 30 days or more past due—including the details from the original invoices.

14 Click Close.

At this point you could generate and send the reminder statements to your customers.

15 Close the Create Statements window.

Student test and review

- 1 From which list (or lists) does QuickBooks get the information for A, B, and C in the graphic below?

Invoice

Customer: Job: Cuddihy, Matthew:Utility... Class: Template: Custom Invoice

Date: 12/15/2003 Invoice #: 88

Bill To (A): Matthew Cuddihy, 8321 S. Flower, E. Bayshore, BC V1N 2X6

Ship To (B):

P.O. No.: Terms: Net 15 Due Date: 12/30/2003 CONTRACT #:

Item	Quantity	Description	Price Each	Amount	Class	TAX
Wood Door:Ext...	1	Exterior wood door	120.00	120.00		S
Hardware:Lk D...	1	Locking interior doorknobs	38.00	38.00		S
Framing	1	Framing labor	55.00	55.00		S
Subtotal				213.00		
Discount		10% Discount (C)	-10.0%	-21.30		
Installation		Installation labor	35.00	35.00		S
				GST		17.36
Total						244.06

Customer Message: Thank you for your business.

To be printed Balance: 244.06

Memo:

Buttons: Save & Close, Save & New, Clear

Apply today and start accepting credit cards within 2 business days

- 2 List the item types used in the line item area of the invoice above.
- 3 Create an invoice for Rock Castle Construction that uses the new Repairs:Plumbing line item. Create the invoice for a new customer by adding information to the Customer list “on the fly.”
- 4 Filling out a sales receipt is similar to filling out an invoice form. Create a sales receipt for a customer of Rock Castle Construction. After you create the sales receipt, open the Undeposited Funds account register to see the transaction QuickBooks created automatically.

.....

LESSON 7 Receiving payments and making deposits

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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

Handout materials

- Handout 21: Receive Payments window
- Handout 22: Make Deposits window

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qbcancellesson.qbb) on your hard disk.

The steps that follow will 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 (qbcancellesson.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 qbcancellesson.qbb file, 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*, 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.

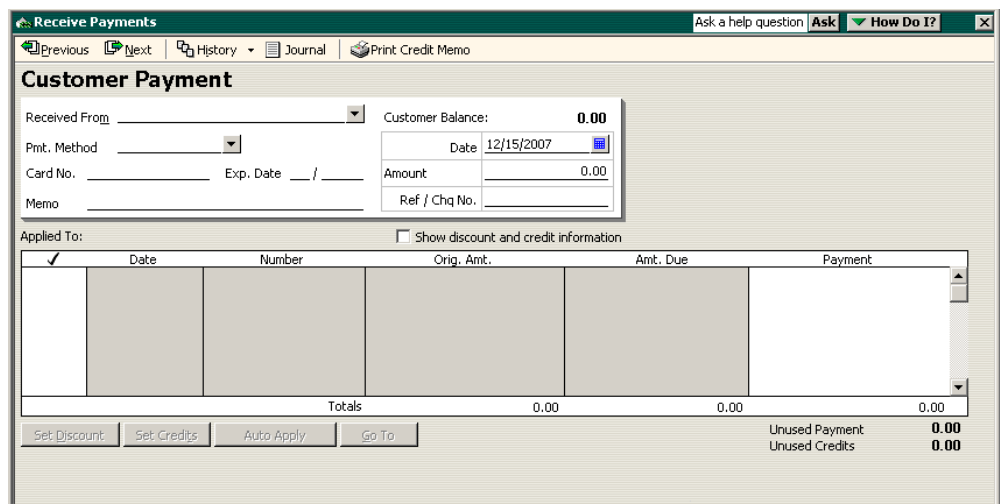
Recording a payment in full for a single job

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 cheque for \$475.57 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.



✓	Date	Number	Orig. Amt.	Amt. Due	Payment
Totals			0.00	0.00	0.00

Unused Payment: 0.00
Unused Credits: 0.00

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 in the Applied To section of the window.

- 3 Press TAB twice to move to the Amount field.

Receiving payments and making deposits

- In the Amount field, type **475.57** and press TAB.
QuickBooks changes the Total Payment to 475.57, and applies the payment to the one outstanding invoice.
- In the Ref./Cheque No. field, type **6745**, then press TAB.
- In the Pmt. Method field, select Cheque from the drop-down list.
- Click “Group with other undeposited funds” if it is not selected already.

✓	Date	Number	Orig. Amt.	Amt. Due	Payment
✓	12/05/2007	66	6,211.30	475.57	475.57
Totals			6,211.30	475.57	475.57

- Click Save & New.
This records the payment and clears the window so you can enter another one.

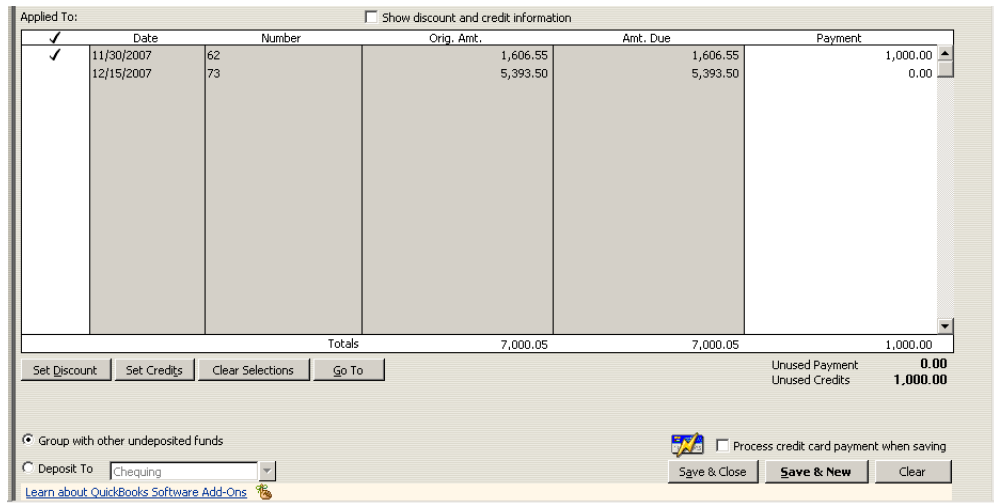
Entering a partial payment

Rock Castle Construction has also received a cheque for \$1,000 from Ecker Designs. Ecker Designs has two outstanding invoices and owes more than \$6,000.

To enter a partial payment:

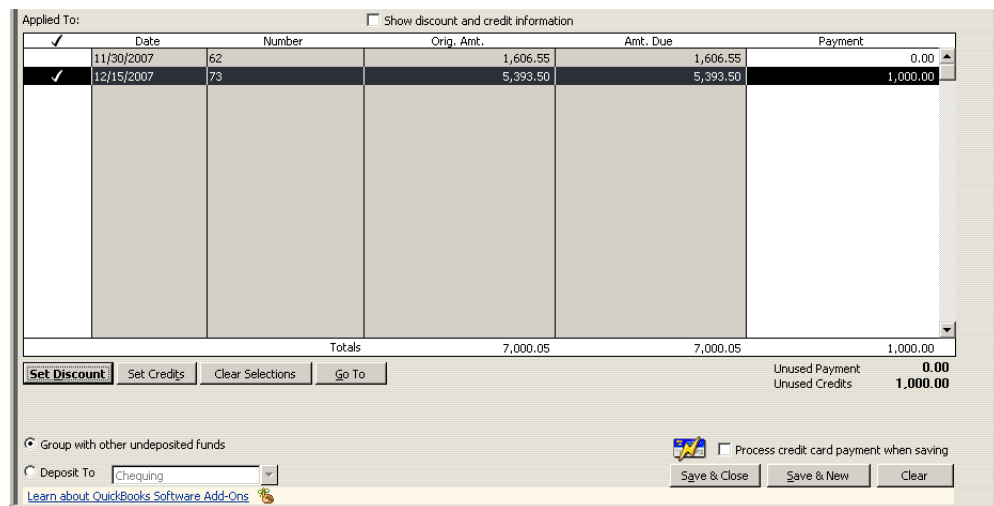
- In the Received From field, select Ecker Designs:Office Repairs from the drop-down list.
In the middle of the window, QuickBooks shows you the invoices still outstanding for the job. In this case, there are two. Next, you need to enter the amount of the payment in the Amount field.
- Press TAB twice to move to the Amount field, then type **1000**. Then press TAB again.

QuickBooks automatically applies the payment you've entered to Ecker Design's oldest invoice.



However, we want to apply this payment to a different invoice, not the oldest.

- 3** Click Clear Selections.
- 4** In the Payment column, type **1000** as the amount you want to apply to the second invoice, then press TAB.



- 5** In the Pmt. Method field, select Cheque from the drop-down list.
- 6** Make sure that "Group with other undeposited funds" is selected.
- 7** 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 cheque 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.

Date	Job	Number	Orig. Amt.	Amt. Due	Payment
10/30/2007	2nd story addition	49	15,191.40	5,191.40	0.00
10/30/2007	Kitchen	50	2,967.00	382.00	0.00
11/25/2007	Kitchen	57	1,750.88	1,750.88	0.00
11/25/2007	2nd story addition	58	5,796.00	5,796.00	0.00
12/11/2007	Kitchen	FC 6	5.95	5.95	0.00
Totals			25,711.23	13,126.23	0.00

Mr. Cook is paying us for all jobs except the last one, the Kitchen job.

- 2 Press TAB twice to move to the Amount field.
- 3 In the Amount field, type **8,626.23**, then press TAB.
Notice that QuickBooks applies the payment to the oldest outstanding invoices first.
- 4 In the Ref./Cheque No. field, type **575**, then press TAB.
- 5 In the Pmt. Method drop-down list, select Cheque.

Your window should look like this.

Receive Payments | Ask a help question | Ask | How Do I? | [Icons]

Previous | Next | History | Journal | Print Credit Memo

Customer Payment

Received From: Cook, Brian | Customer Balance: 13,126.23
 Pmt. Method: Cheque | Date: 12/15/2007
 Amount: 8,626.23
 Ref / Chq No.: 575

Applied To: Show discount and credit information

Date	Job	Number	Orig. Amt.	Amt. Due	Payment	
<input checked="" type="checkbox"/>	10/30/2007	2nd story addition	49	15,191.40	5,191.40	5,191.40
<input checked="" type="checkbox"/>	10/30/2007	Kitchen	50	2,967.00	382.00	382.00
<input checked="" type="checkbox"/>	11/25/2007	Kitchen	57	1,750.88	1,750.88	1,750.88
<input checked="" type="checkbox"/>	11/25/2007	2nd story addition	58	5,796.00	5,796.00	1,301.95
	12/11/2007	Kitchen	FC 6	5.95	5.95	0.00
Totals			25,711.23	13,126.23	8,626.23	

Unused Payment: 0.00
Unused Credits: 4,500.00

Group with other undeposited funds
 Deposit To: Chequing

At the bottom of the Payment column, you can see that this customer also has a \$4,500 credit available. This credit was issued for the first job in the job list (the 2nd story addition) and we will apply it now.

- 6 Click the first job (the 2nd story addition) once to select it.
- 7 Click Set Credits.

Discount and Credits

Invoice

Customer: Job Cook, Brian: 2nd story addition
 Number 49 | Amount Due 5,191.40
 Date 10/30/2007 | Discount Used 0.00
 Original Amt. 15,191.40 | Credits Used 5.95
 Balance Due 5,185.45

Discount | **Credits**

Date	Credit No.	Credit Amt.	Amt. To Use	Credit Balance
<input checked="" type="checkbox"/>	11/25/2007	4,500.00	5.95	4,494.05
Totals		4,500.00	5.95	4,494.05

Of all the credits issued to this customer, only unused credits for this specific customer:job are displayed above.

Receiving payments and making deposits

- 8 Confirm that the \$4,500 credit is selected, then click Done.
The credit will now be applied to this job. Note that the Unused Credits line now reads 0.00 and the Unused Payment line reads 4,500.00. Now we will apply the remaining \$4,500 of the customer's payment to the remaining jobs.
- 9 In the Payment column for the first job, change 691.40 to 5191.40 and press TAB.
Notice that the Unused Payment and Unused Credit areas now both show 0.00. All of Mr. Cook's outstanding invoices except the last are paid in full.
- 10 Make sure that "Group with other undeposited funds" is selected.
- 11 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.

Suppose that Rock Castle Construction has received a payment of \$14,300.00 from Pretell Real Estate for the 75 Sunset Rd. job. The outstanding invoice for that job is \$14,274.00.

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 12/15/2007 for \$14,274.00.
- 2 Press TAB twice and type **14300** in the Amount field.
- 3 Press TAB again.

✓	Date	Number	Orig. Amt.	Amt. Due	Payment
✓	12/01/2007	63	14,274.00	14,274.00	14,274.00
Totals			14,274.00	14,274.00	14,274.00

Unused Payment: 26.00
Unused Credits: 0.00

Group with other undeposited funds:

Deposit To: Chequing

Process credit card payment when saving:

Buttons: Set Discount, Set Credits, Clear Selections, Go To, Save & Close, Save & New, Clear

QuickBooks shows an Unused Payment amount of \$26.00. QuickBooks keeps track of the overpayment amount for you, and you can apply it to any future invoices for the customer. The next time you invoice Pretell Real Estate and receive a payment, the Receive Payments window will show \$26.00 in unused credits.

- 4 Select Cheque from the drop-down list in the Pmt. Method field.
- 5 Make sure “Group with other undeposited funds” is selected.
- 6 Click Save & New.
- 7 When QuickBooks displays a message telling you that the customer will have a credit if you proceed, click OK.

Handling down payments or prepayments

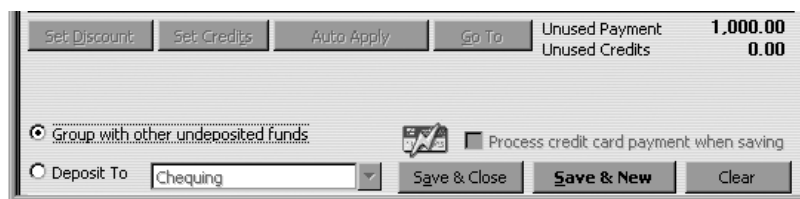
If a customer makes a payment before you’ve invoiced him for services (for example, he may be making a down payment or paying a retainer fee), you can still record the payment at the Receive Payments window. However, because you don’t have any invoices to which to apply the payment, QuickBooks records 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 Sonya Bristol wants Rock Castle Construction to build a utility shed for her. She’s sent Rock Castle Construction a cheque 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 Bristol, Sonya:Utility Shed from the drop-down list.
- 2 In the Pmt. Method field, select Cheque from the drop-down list.
- 3 Highlight the numbers in the Amount field and type **1000**. Then press TAB. QuickBooks displays the payment as an Unused Payment.



- 4 Click “Group with other undeposited funds” if it is not selected already.
- 5 Click Save & Close.
- 6 When QuickBooks displays a message telling you that the customer will have a credit if you proceed, click OK.

Receiving payments and making deposits

Later, Rock Castle Construction is ready to prepare its invoices and needs to invoice Sonya for the labour 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 Bristol, Sonya:Utility Shed from the drop-down list.
- 3 If you have QuickBooks Pro or Premier, QuickBooks displays the Available Estimates window. You don't want to create this invoice from the estimate listed, so click Cancel.
- 4 Click in the Item column, select Installation from the Item drop-down list, then press TAB.
- 5 In the Quantity column, type **40** and press TAB.

Item	Quantity	Unit	Description	Price Each	Amount	Class	TAX
Installation	40		Installation labor	35.00	1,400.00		5
					GST		98.00
					PST		112.00
Total							1,610.00

- 6 Click Save & Close to record the invoice and to close the Create Invoices window.

Now you can go to the Receive Payments window and see how QuickBooks applies the payment Sonya made earlier.

To view a down payment:

- 1 From the Customers menu, choose Receive Payments.
- 2 In the Received From field, select Bristol, Sonya:Utility Shed from the drop-down list.

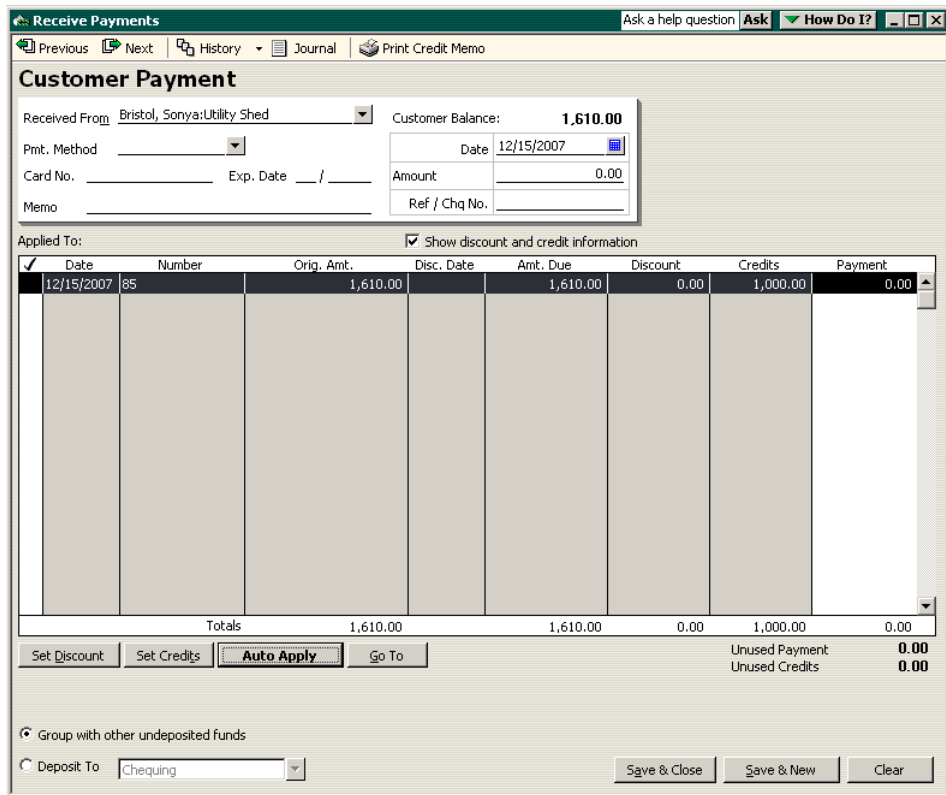
QuickBooks shows Unused Credits of \$1,000.

- 3 Click in the Payment column, then Click Set Credits.

In the Discounts and Credits window, notice that QuickBooks has applied the full credit amount to the invoice, which is what you wanted. If there were other invoices to which you wanted to apply part of the credit amount, you would use this window to apply the credits to the appropriate invoices.

- 4 Click Done.

QuickBooks applies the existing credit to the new invoice. Select the Show discount and credit information option so you can see what has happened:



- 5 Click Save & Close to record the credit used.

The next time you receive a payment from Sonya, QuickBooks will show that she owes only \$610.

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.

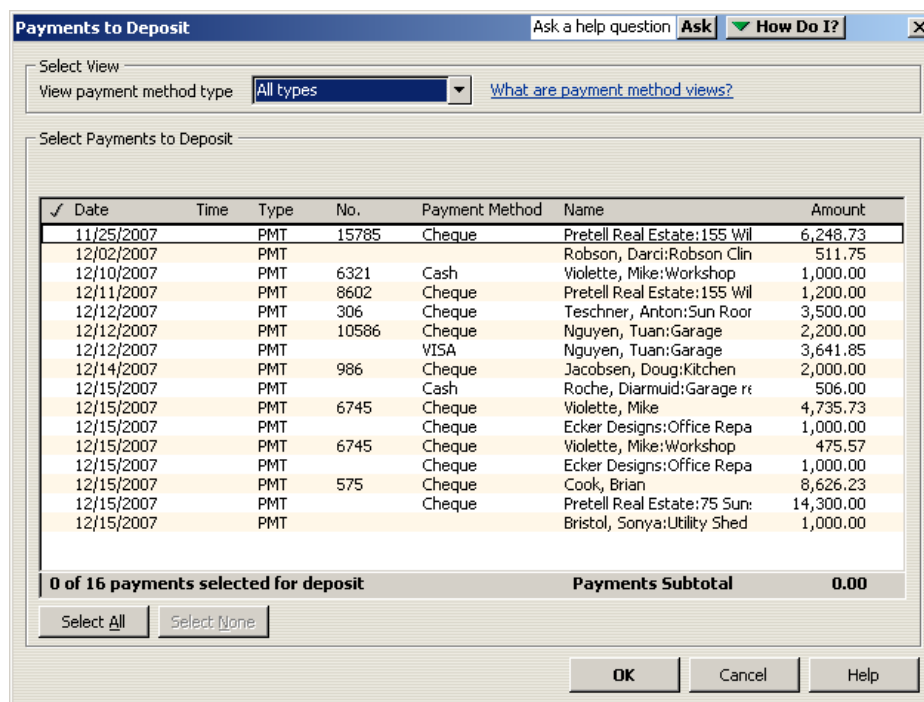
Selecting payments to deposit

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:

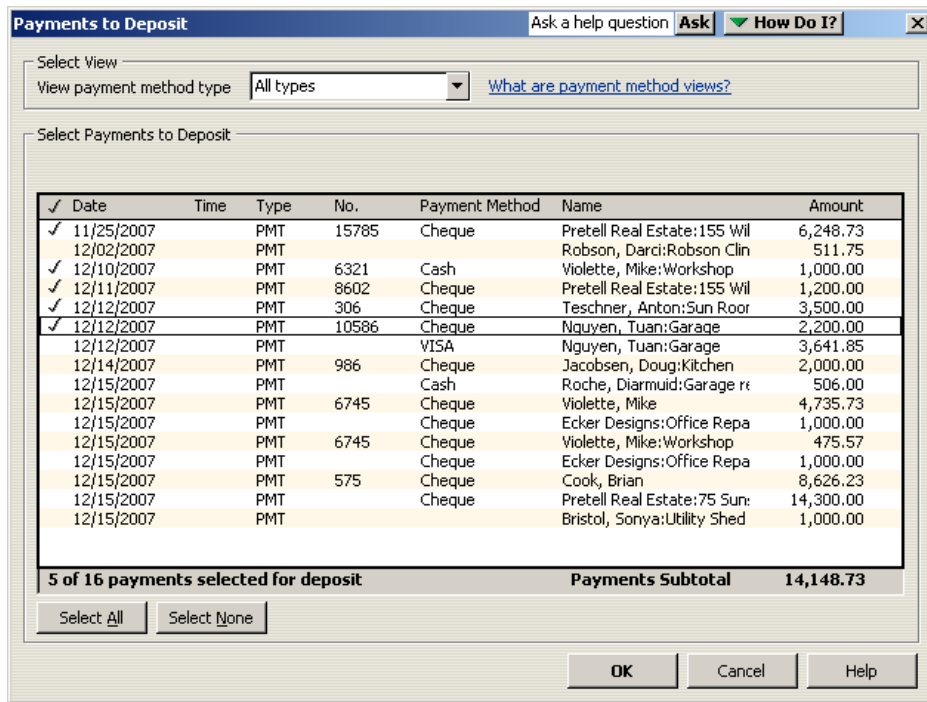
- 1 From the Banking menu, choose Make Deposits.

QuickBooks displays the Payments to Deposit window, which lists the payments you have not yet deposited.



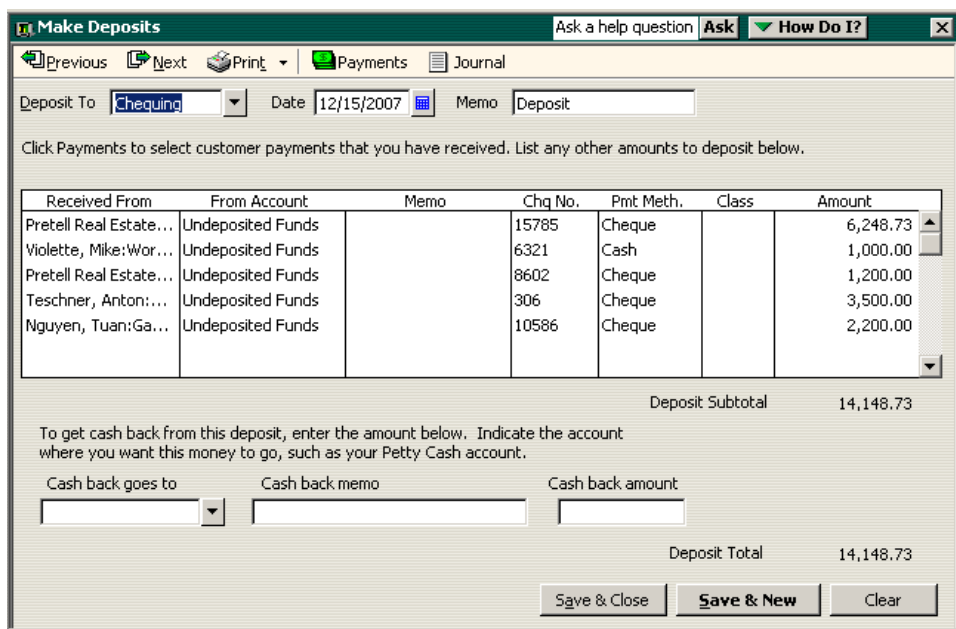
- 2 Ensure that the payment method type drop_down list is set to "All types".
- 3 Click to select the payments you want to take to the bank.

For this exercise, select the payments from Pretell Real Estate (6,248.73), Mike Violette (1,000.00), Pretell Real Estate (1,200.00), Anton Teshner (3,500.00), and Tuan Nguyen (2,200.00).



4 Click OK.

QuickBooks displays the Make Deposits window, which shows the payments you just selected.



Receiving payments and making deposits

- In the Deposit To field, make sure that Chequing 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 could 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 cheques.)

- 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 chequing account register.

To view the Undeposited Funds account:

- From the Lists menu, choose Chart of Accounts.
- In the chart of accounts, double-click the Undeposited Funds account.

Date	Ref	Payee	Decrease	Increase	Balance
Type	Account	Memo			
12/15/2007	306	Teschner, Anton:Sun Room	3,500.00		34,608.33
	DEP	Chequing [split]			
12/15/2007	575	Cook, Brian		13,126.23	47,734.56
	PMT	Accounts Receivable			
12/15/2007	6321	Violette, Mike:Workshop	1,000.00		46,734.56
	DEP	Chequing [split]			
12/15/2007	6745	Violette, Mike		4,735.73	51,470.29
	PMT	Accounts Receivable			
12/15/2007	6745	Violette, Mike:Workshop		475.57	51,945.86
	PMT	Accounts Receivable			
12/15/2007	8602	Pretell Real Estate:155 Wilks Blvd.	1,200.00		50,745.86
	DEP	Chequing [split]			
12/15/2007	10586	Nguyen, Tuan:Garage	2,200.00		48,545.86
	DEP	Chequing [split]			
12/15/2007	15785	Pretell Real Estate:155 Wilks Blvd.	6,248.73		42,297.13
	DEP	Chequing [split]			
Ending balance					42,297.13

QuickBooks displays your deposits and reduces the balance in the account by the amount of the deposits.

- Close the Undeposited Funds window.

Now you can look at the deposit transaction in the chequing account.

- In the chart of accounts, double-click the chequing account.

Date	Ex. Rate	Number	Type	Payee Account	Memo	Payment	Deposit	Balance
12/14/2007		296	BILLPMT	Perry Windows & Doors		931.50		63,533.12
				Accounts Payable				
12/14/2007		297	BILLPMT	C.U. Electric		225.00		63,308.12
				Accounts Payable				
12/14/2007		298	BILLPMT	Patton Hardware Supplies		373.75		62,934.37
				Accounts Payable	RC 93			
12/14/2007		299	BILLPMT	Timberloft Lumber		2,254.00	✓	60,680.37
				Accounts Payable	1890-76			
12/15/2007			DEP	-split-	Deposit		14,148.73	74,829.10
Ending balance								65,357.92

QuickBooks has entered the deposit as a transaction in the chequing account register and has updated the balance of your chequing account.

- Close the chequing 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:

- 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.
- In the Payments to Deposit window, select the payment from Doug Jacobsen.

Receiving payments and making deposits

Date	Time	Type	No.	Payment Method	Name	Amount
12/02/2007		PMT			Robson, Darci:Robson Clin	511.75
12/12/2007		PMT		VISA	Nguyen, Tuan:Garage	3,641.85
12/14/2007		PMT	986	Cheque	Jacobsen, Doug:Kitchen	2,000.00
12/15/2007		PMT		Cash	Roche, Diarmuid:Garage r	506.00
12/15/2007		PMT	6745	Cheque	Violette, Mike	4,735.73
12/15/2007		PMT		Cheque	Ecker Designs:Office Repa	1,000.00
12/15/2007		PMT	6745	Cheque	Violette, Mike:Workshop	475.57
12/15/2007		PMT		Cheque	Ecker Designs:Office Repa	1,000.00
12/15/2007		PMT	575	Cheque	Cook, Brian	8,626.23
12/15/2007		PMT		Cheque	Pretell Real Estate:75 Sun:	14,300.00
12/15/2007		PMT			Bristol, Sonya:Utility Shed	1,000.00

1 of 11 payments selected for deposit Payments Subtotal 2,000.00

- 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

General Info Account Details

Name: Petty Cash

Subaccount of: []

Description: []

Bank Acct. No.: []

Tax Line: <Unassigned>

Financial Institution: Other

Opening Balance: [] as of 12/15/2007

I use pre-printed cheques for this account

I have [] cheques on hand

Remind me when I have [] cheques remaining

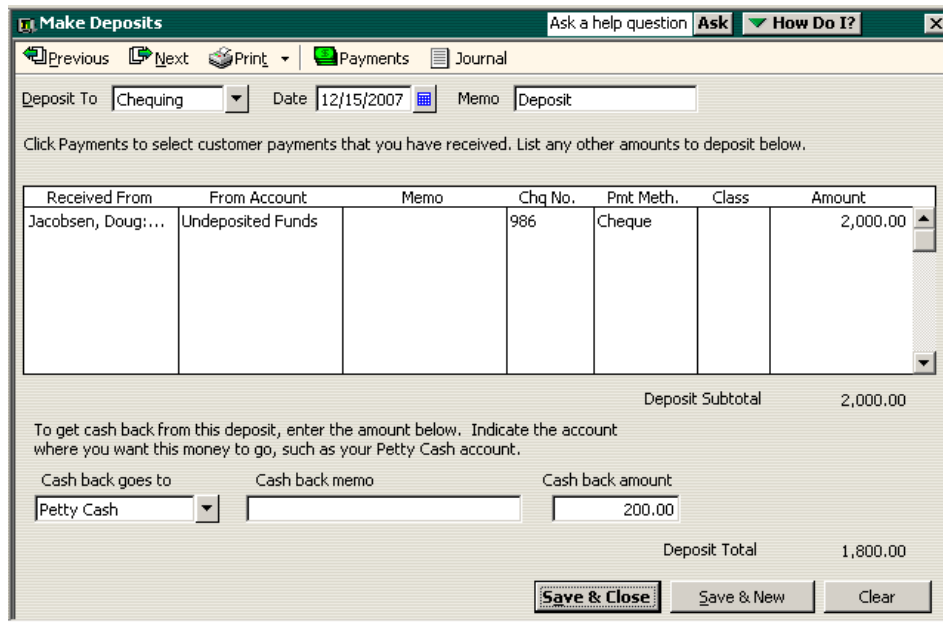
Account is inactive

[How Do I choose the right tax line?](#)

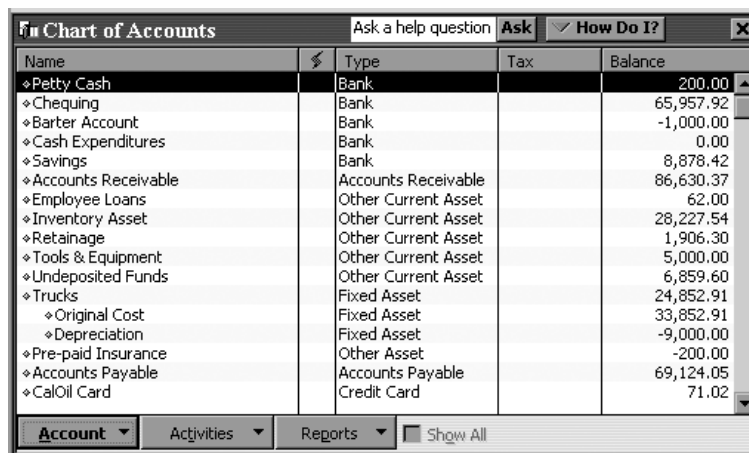
[Am I entering the correct opening balance and date?](#)

- 6 Make sure Bank is selected in the Type drop-down list, then click OK to return to the Make Deposits window.

- 7 If QuickBooks asks whether you want to use computer cheques with this account, click No to continue.
- 8 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).



- 9 Click Save & Close.
QuickBooks records the Deposit Total amount in your chequing account and the cash back amount in your Petty Cash account.
- 10 To see the effect on these accounts, choose Chart of Accounts from the Lists menu.



- 11 Close the chart of accounts.

Student test and review

- 1** Create an invoice for Bryan Ruff's utility shed job.
Add items to Rock Castle Construction's Item list as needed.
- 2** After you invoice Bryan, record a payment from him in the Receive Payments window.
- 3** Record Rock Castle Construction's deposit of the payment.



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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
-

Handout materials

- Handout 23: Handling expenses in QuickBooks
-

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qbbcanlesson.qbb) on your hard disk.

The steps that follow will 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 (qbbcanlesson.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 qbbcanlesson.qbb file, 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*, 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 cheque manually and enter the information into a QuickBooks cheque 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 cheque. When you receive a bill for which you want to make immediate payment, you can write a QuickBooks cheque more quickly and accurately than you can by hand, and you receive an additional advantage: QuickBooks makes the entry in your chequing 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 cheque and a QuickBooks cheque. 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.

Entering and paying bills

- 2 Double-click Accounts Payable in the list to open the register.
QuickBooks displays the Accounts Payable register.

Date	Ex. Rate	Number	Type	Vendor	Due Date	Billed	Paid	Balance
				Account Memo				
12/15/2007			BILL	Sergeant Insurance Insurance:Lia	01/14/2008	2,000.00		69,500.47
12/15/2007			BILL	Thomas Kitchen & Bath Inventory As:	01/14/2008	1,690.00		71,190.47
12/15/2007		3-Dec	BILL	Cal Gas & Electric -split- Acct #560-82	12/30/2007	141.08		71,331.55
12/19/2007		300	BILLPMT	Wheeler's Tile Etc. Chequing			517.50	70,814.05

Ending balance 70,814.05

1-Line Show open balance

Sort by Date, Type, Number/Ref

Record Restore

[Find software solutions for your business that work with QuickBooks.](#)

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 it enters the bill now.

To enter a bill:

- 1 From the Vendors menu, choose Enter Bills.
QuickBooks displays the Enter Bills window.

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**, then press TAB.
- 3 In the Amount Due field, type **1500**.
- 4 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 want. If your Vendor list had payment terms entered for this vendor, QuickBooks would have used those terms to calculate the bill's due date.

- 5 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.

Entering and paying bills

- 6 Press TAB to accept Printing and Reproduction as the account.
- 7 In the Tax drop-down list, select Not Used and press TAB. (We are ignoring sales tax for this example.) Press TAB again.
- 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 press TAB.
- 11 In the Tax drop-down list, select Not Used and 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 | Ask a help question | Ask | How Do I?

Previous | Next | Find | History | Journal

Bill Credit Bill Received

Bill

Vendor: Willis Advertising | Date: 12/15/2007
Bill Due: 12/25/2007
Amount Due: \$ 1,500.00

Terms: | Ref. No.:

Memo:

Expenses \$1,500.00 | **Items** \$0.00

Account	Tax	Net Amt	Memo	Customer:Job	Class
Printing and Repro...	.	1,450.00			
Freight & Delivery	.	50.00			

GST: 0.00
PST: 0.00

Clear Splits | Recalculate | Save & Close | Save & New | Clear

- 12 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 if 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 the Reminders icon in the left-hand menu, 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.

Date Due	Vendor	Ref. No.	Disc. Date	Amt. Due	Disc. Used	Credits Used	Amt. To Pay
03/14/2006	Davis Busine...			30.00	0.00	0.00	0.00
03/19/2006	City of Bays...			10.00	0.00	0.00	0.00
04/01/2006	Davis Busine...			30.00	0.00	0.00	0.00
04/20/2006	Cal Telephone			140.70	0.00	0.00	0.00
12/20/2007	Hopkins Con...			632.50	0.00	0.00	0.00
12/23/2007	Hopkins Con...			172.50	0.00	0.00	0.00
12/24/2007	Middlefield D...			1,380.00	0.00	0.00	0.00
Totals				3,895.70	0.00	0.00	0.00

The Pay Bills window shows your unpaid bills as of any date you enter. You can pay by cheque, 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 cheque (rather than a handwritten one).

- 2 In the Payment Method area, that the "To be printed" option is selected. By selecting this option, you are telling QuickBooks that you will print this cheque later.

- 3 Scroll down to the Willis Advertising bill and select it 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.

Date Due	Vendor	Ref. No.	Disc. Date	Amt. Due	Disc. Used	Credits Used	Amt. To Pay
03/19/2006	City of Bays...			10.00	0.00	0.00	0.00
04/01/2006	Davis Busine...			30.00	0.00	0.00	0.00
04/20/2006	Cal Telephone			140.70	0.00	0.00	0.00
12/20/2007	Hopkins Con...			632.50	0.00	0.00	0.00
12/23/2007	Hopkins Con...			172.50	0.00	0.00	0.00
12/24/2007	Middlefield D...			1,380.00	0.00	0.00	0.00
12/25/2007	Willis Adverti...			1,500.00	0.00	0.00	1,500.00
Totals				3,895.70	0.00	0.00	1,500.00

- 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 cheque from your chequing 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.
- 2 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
Ex.Rate	Type	Account	Memo				
12/15/2007		Thomas Kitchen & Bath	01/14/2008	1,690.00			69,690.47
	BILL	Inventory As:					
12/15/2007		Willis Advertising	Paid	1,500.00			71,190.47
	BILL	-split-					
12/15/2007	3-Dec	Cal Gas & Electric	12/30/2007	141.08			71,331.55
	BILL	-split- Acct #560-82					
12/19/2007	300	Wheeler's Tile Etc.				517.50	70,814.05
	BILLPMT	Chequing					
Ending balance							70,814.05

The register now shows the bill payment to Willis Advertising.

- 3 Close the accounts payable register.

At the same time QuickBooks recorded the entry in your accounts payable register, it made an entry in your Chequing account.

To see the entry:

- 1 In the chart of accounts, double-click Chequing.
QuickBooks displays the chequing account register.

Date	Number	Payee	Payment	✓	Deposit	Balance
Ex.Rate	Type	Account	Memo			
12/15/2007	To Print	Receiver General	277.18			51,226.69
	LIAB CHQ	-split-				
12/15/2007	To Print	Willis Advertising	1,500.00			49,726.69
	BILLPMT	Accounts Payable				
12/16/2007	SEND				500.00	50,226.69
	TRANSFR	Savings				
12/19/2007	300	Wheeler's Tile Etc.	517.50			49,709.19
	BILLPMT	Accounts Payable H-18756				
Ending balance						49,709.19

Entering and paying bills

Notice that the third to the last entry in the register is the cheque for the payment to Willis Advertising.

- 2 Select the Willis Advertising transaction.

QuickBooks highlights the Willis transaction with a thick border to show that it is selected.

- 3 On the toolbar, click Edit Transaction.

QuickBooks displays the Bill Payments (Cheque) window.

Bill Payments(Cheque) - Chequing

Bank Account: Chequing Ending Balance: \$49,709.19

No. To Print: _____
Date: 12/15/2007
Pay to the Order of: Willis Advertising \$ 1,500.00
One thousand five hundred and 00/100*
Willis Advertising
Address: _____
Memo: _____

Bill Payment Information: To be printed

Pay	Date Due	Vendor	Ref. No.	Bill Amt.	Amt. Due	Disc. Date	Amt. Paid
✓	12/25/2007	Willis Advertising		1,500.00	1,500.00		1,500.00

Buttons: Clear Splits, Recalculate, Discounts, Save & Close, Save & New, Revert

This cheque is called a “Bill Payment Cheque” and differs from the cheque form that you use to enter cheques directly into the chequing account. (That form shows expenses directly on the cheque voucher portion, while the bill payment form shows the bills paid by the cheque.)

- 4 Press Esc to close the Bill Payment Cheque window.
- 5 From the Window menu option, choose Close All to close all the open QuickBooks windows. If QuickBooks asks if you want to save the transaction, choose No.

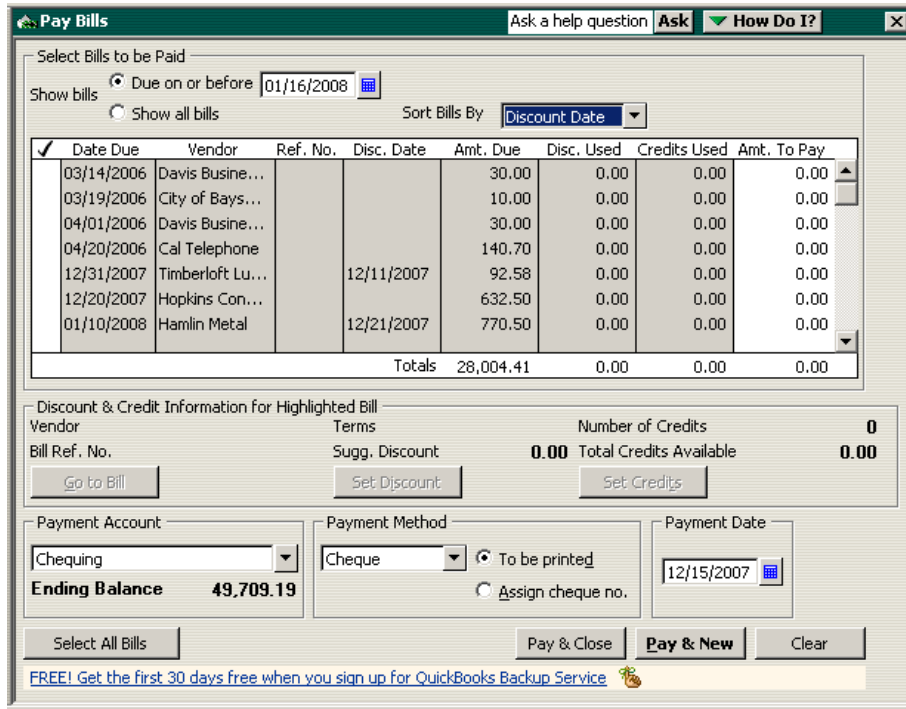
Applying vendor discounts to bill payments

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 From the Vendors menu, choose Pay Bills.
QuickBooks displays the Pay Bills window.
- 2 In the “Due on or before” field, type 1/16/08 and press TAB.
QuickBooks displays all of Rock Castle Construction’s bills due on or before 1/16/08.
- 3 From the Sort Bills By drop-down list, choose Discount Date, if necessary.
Your screen should look like this.



- 4 Click to put a checkmark next to the bill for Hamlin Metal with a due date of 1/10/08.
QuickBooks displays the discount and credit information for Hamlin Metal.
- 5 Click Set Discount.

Entering and paying bills

- 6 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 \$770.50, or \$15.41).

Bill			
Vendor	Hamlin Metal		
Ref. No.		Amount Due	770.50
Date	12/11/2007	Discount Used	15.41
Original Amt.	770.50	Credits Used	0.00
		Amt. To Pay	755.09

Discount		Credits	
Discount Date	12/21/2007		
Terms	2% 10 Net 30		
Suggested Discount	15.41		
Amount of Discount	<input type="text" value="15.41"/>		
Discount Account	<input type="text"/>		
Discount Class	<input type="text"/>		

- 7 From the Discount Account drop-down list, choose Construction:Discounts Received to track the discount amount.

- 8 Click Done.

The Pay Bills window is redisplayed with the Amount To Pay for Hamlin Metal reduced by the discount:

Date Due	Vendor	Ref. No.	Disc. Date	Amt. Due	Disc. Used	Credits Used	Amt. To Pay
03/14/2006	Davis Busine...			30.00	0.00	0.00	0.00
03/19/2006	City of Bays...			10.00	0.00	0.00	0.00
04/01/2006	Davis Busine...			30.00	0.00	0.00	0.00
04/20/2006	Cal Telephone			140.70	0.00	0.00	0.00
12/31/2007	Timberloft Lu...		12/11/2007	92.58	0.00	0.00	0.00
12/20/2007	Hopkins Con...			632.50	0.00	0.00	0.00
<input checked="" type="checkbox"/>	01/10/2008	Hamlin Metal	12/21/2007	770.50	15.41	0.00	755.09
Totals				28,004.41	15.41	0.00	755.09

Discount & Credit Information for Highlighted Bill			
Vendor	Hamlin Metal	Terms	2% 10 Net 30
Bill Ref. No.		Sugg. Discount	15.41
		Total Credits Available	0.00

Payment Account: Ending Balance: **48,954.10**

Payment Method: To be printed Assign cheque no.

Payment Date:

9 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, 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.

Student test and review

- 1** Write a cheque to a vendor, assigning the amount to more than one expense account.
- 2** Enter a bill in the Enter Bills window, then view the bill transaction in the accounts payable register.
- 3** Pay the bill using the Pay Bills window.



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 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

Handout materials

- Handout 24: Creating a QuickReport from a list, register, or form
- Handout 25: Preset report types in QuickBooks
- Handout 26: Seeing more of an onscreen report
- Handout 27: QuickInsight graph types

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qbcancellesson.qbb) on your hard disk. The steps that follow will 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 (qbcancellesson.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 qbcancellesson.qbb file, 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*, 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 onscreen. Whenever you have a list, a register, or a form displayed, you can click a button to have QuickBooks create a QuickReport.

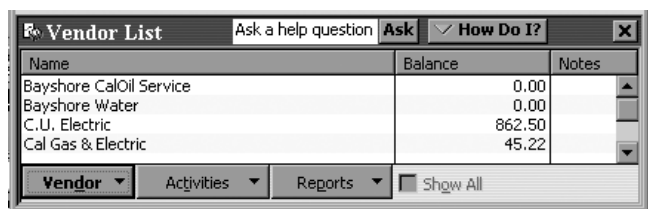
When to use a QuickReport

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, 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 From the Lists menu, choose Vendor List.
QuickBooks displays the Vendor list.



- 2 Select Patton Hardware Supplies.
- 3 Click the Reports menu button, then select QuickReport:Patton Hardware Supplies.

Type	Date	Num	Memo	Account	Clr	Split	Amount
Patton Hardware Supplies							
Bill	12/02/2007			Accounts Payable		-SPLIT-	-15,749.25
Item Receipt	12/05/2007		Received ite...	Accounts Payable		-SPLIT-	-3,978.08
Bill Pmt -Cheque	12/05/2007	274	RC 93	Chequing		Accounts Pa...	-5,325.00
Cheque	12/10/2007	279		Chequing		Job Materials	-197.59
Bill	12/12/2007			Accounts Payable		-SPLIT-	-931.50
Bill Pmt -Cheque	12/14/2007	298	RC 93	Chequing		Accounts Pa...	-373.75

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, select Open Balance from the Reports menu button on the Vendor list.

Zooming in on a QuickReport

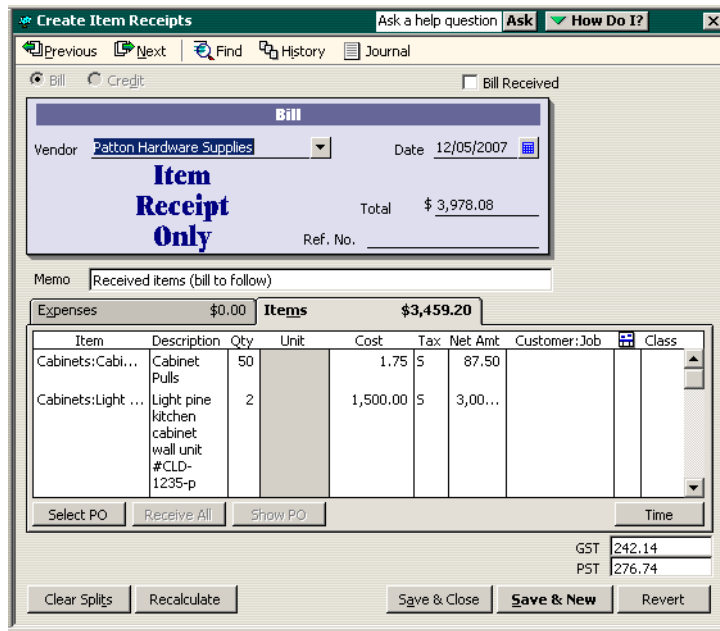
All QuickReports contain a summary of individual transactions. To help you better understand the information presented in reports, QuickBooks lets you trace report data to the individual transaction level using QuickZoom.

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:

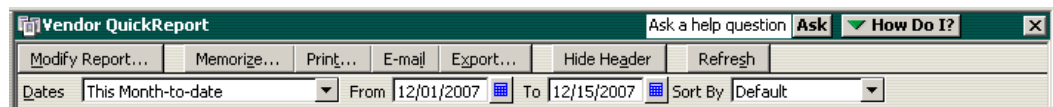
- 1 Position the mouse pointer over the item receipt dated 12/05/07.
The arrow pointer turns into a magnifying glass with the letter Z (z for zoom).
- 2 Double-click the item receipt.
QuickBooks displays the Create Item Receipts window for the selected transaction.



- 3 Click Save & Close to close the window.
QuickBooks returns you to the QuickReport.

Customizing QuickReports

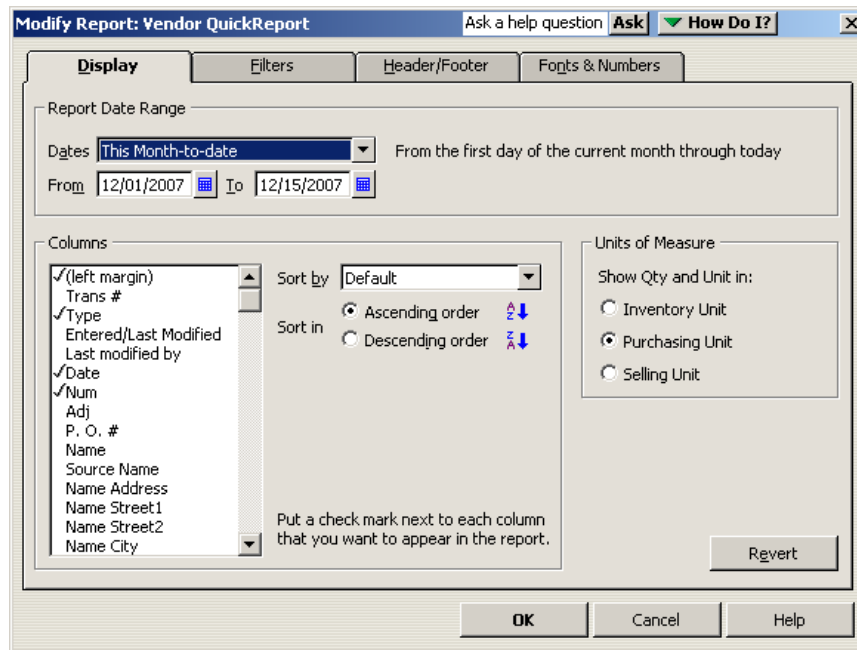
Each QuickReport window has a buttonbar at the top of the report for customizing report content and layout.



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 changes.
QuickBooks displays the customized vendor QuickReport.

Trans #	Type	Date	Num	Memo	Account	Ctr	Split	Amount
Patton Hardware Supplies								
409	Bill	12/02/2007			Accounts Payable		-SPLIT-	-15,749.25
179	Item Receipt	12/05/2007		Received ite...	Accounts Payable		-SPLIT-	-3,978.08
413	Bill Pmt -Cheque	12/05/2007	274	RC 93	Chequing		Accounts Pa...	-5,325.00
181	Cheque	12/10/2007	279		Chequing		Job Materials	-197.59
196	Bill	12/12/2007			Accounts Payable		-SPLIT-	-931.50
760	Bill Pmt -Cheque	12/14/2007	298	RC 93	Chequing		Accounts Pa...	-373.75

Notice that the item receipt from Patton Hardware Supplies is now listed as Transaction #179.

Next, you'll move the Trans # column to a new position in the report.

- In the Report Title field, select the text for “Vendor QuickReport,” and type **Vendor History Report** to replace the title.
 - Click OK to close the Modify Report window.
- QuickBooks changes the title of the report and displays the new report.

Type	Date	Trans #	Num	Memo	Account	Clr	Split	Amount
Patton Hardware Supplies								
Bill	12/02/2007	409			Accounts Payable		-SPLIT-	-15,749.25
Item Receipt	12/05/2007	179		Received ite...	Accounts Payable		-SPLIT-	-3,978.08
Bill Pmt -Cheque	12/05/2007	413	274	RC 93	Chequing		Accounts Pa...	-5,325.00
Cheque	12/10/2007	181	279		Chequing		Job Materials	-197.59
Bill	12/12/2007	196			Accounts Payable		-SPLIT-	-931.50
Bill Pmt -Cheque	12/14/2007	760	298	RC 93	Chequing		Accounts Pa...	-373.75

- Close the QuickReport window and close the Vendor list.

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 menu 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 reports (QuickBooks Pro only) give information about the status and profitability of the jobs/projects you track in QuickBooks.

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 cheque detail, deposit detail, and missing cheque 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.

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 From the Reports menu, choose Company & Financial. Then choose Balance Sheet Prev Year Comparison.

The report on your screen should resemble the following figure.

	Dec 15, 07	Dec 15, 06	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
Chequing	51,226.69	-417.80	51,644.49	12,361.1%
Barter Account	-1,000.00	-1,000.00	0.00	0.0%
Savings	9,378.42	29,510.00	-20,131.58	-68.2%
Total Checking/Savings	59,605.11	28,092.20	31,512.91	112.2%
Accounts Receivable				
Accounts Receivable	80,396.64	10,303.53	70,093.11	680.3%
Total Accounts Receivable	80,396.64	10,303.53	70,093.11	680.3%
Other Current Assets				
Employee Loans	62.00	0.00	62.00	100.0%
Inventory Asset	33,157.32	-424.90	33,582.22	7,903.6%
Retainage	1,906.30	0.00	1,906.30	100.0%
Tools & Equipment	5,000.00	5,000.00	0.00	0.0%
Undeposited Funds	26,544.06	28,740.28	-2,196.22	-7.6%
Total Other Current Assets	66,669.68	33,315.38	33,354.30	100.1%
Total Current Assets	206,671.43	71,711.11	134,960.32	188.2%

- 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.
- 3 Keep the report displayed on your screen. You'll use it in the next exercise.

Filtering reports

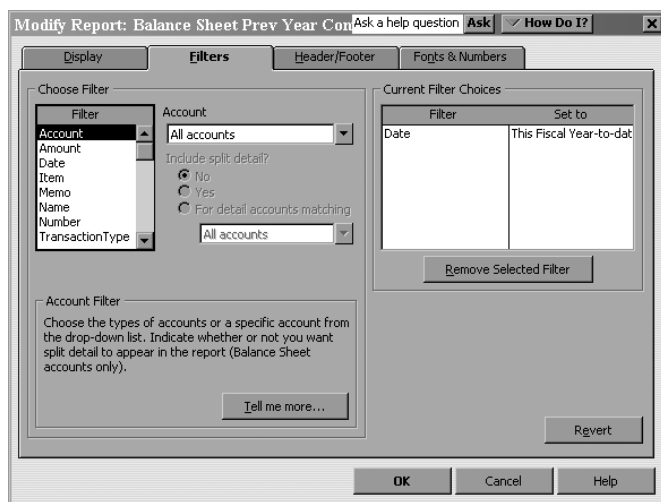
You can customize preset reports the same way you customize QuickReports. In this exercise you'll customize the balance sheet comparison report and *filter* it to include only the transactions you specify.

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, 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.
- 4 Click OK.

QuickBooks displays the customized balance sheet comparison report. If you scroll to the bottom of the report, you'll see that QuickBooks removed the liability and other accounts from the report.

	Dec 15, 07	Dec 15, 06	\$ Change	% Change
Accrual Basis				
Tools & Equipment	5,000.00	5,000.00	0.00	0.0%
Undeposited Funds	26,544.06	28,740.28	-2,196.22	-7.6%
Total Other Current Assets	66,669.68	33,315.38	33,354.30	100.1%
Total Current Assets	206,671.43	71,711.11	134,960.32	188.2%
Fixed Assets				
Trucks				
Original Cost	33,852.91	33,852.91	0.00	0.0%
Depreciation	-9,000.00	-6,000.00	-3,000.00	-50.0%
Total Trucks	24,852.91	27,852.91	-3,000.00	-10.8%
Total Fixed Assets	24,852.91	27,852.91	-3,000.00	-10.8%
Other Assets				
Pre-paid Insurance	-200.00	-200.00	0.00	0.0%
Total Other Assets	-200.00	-200.00	0.00	0.0%
TOTAL ASSETS	231,324.34	99,364.02	131,960.32	132.8%
LIABILITIES & EQUITY	0.00	0.00	0.00	0.0%

- 5 Close the report window.
- 6 Click No if 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, then choose Sales By Customer Summary from the submenu.

QuickBooks displays the sales by customer summary report.

Customer	Item	Amount	Total
Abercrombie, Kristy	Kitchen	1,400.00	1,400.00
Cook, Brian	Kitchen	5.95	5.95
Ecker Designs	Office Repairs	4,690.00	4,690.00

The Dates field in the report buttonbar shows that the report covers "This Month-to-date." Customize the report so you can see all your sales.

To customize dates in a report:

- 1 In the Dates field, select All from the drop-down list.
QuickBooks updates the report and displays the new data.

Rock Castle Construction		Sales by Customer Summary	
All Transactions			
		Dec 19, 07	
Abercrombie, Kristy			
Family Room	▶	235.00	◀
Kitchen		1,400.00	
Remodel Bathroom		6,826.50	
Total Abercrombie, Kristy		8,461.50	
Baker, Chris			
Family Room		5,957.31	
Baker, Chris - Other		72.00	
Total Baker, Chris		6,029.31	
Balak, Mike			
Utility Shed		1,999.00	
Total Balak, Mike		1,999.00	

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.

Type	Date	Num	Memo	Name	Item	Qty	Unit	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 D...	1		1,950.00	1,950.00	4,510.00
Invoice	11/28/2007	60	Locking inte...	Teschner, Anton:S...	Hardwa...	1		45.00	45.00	4,555.00
Invoice	11/28/2007	60	Rough lumber	Teschner, Anton:S...	Lumber:...	1		1,400.00	1,400.00	5,955.00
Invoice	11/28/2007	60	Trim lumber	Teschner, Anton:S...	Lumber:...	1		275.00	275.00	6,230.00
Invoice	11/28/2007	60	Decking lum...	Teschner, Anton:S...	Lumber:...	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 Che...	1		1,200.00	1,200.00	11,080.00
Invoice	12/11/2007	70	Service cha...	Teschner, Anton:S...	Bad Che...	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

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 labour).
- 2 Double-click anywhere in the first line.

QuickBooks displays Invoice #40 for Anton Teschner's sun room.

The screenshot shows the 'Create Invoices' window in QuickBooks. The window title is 'Create Invoices' and it includes a help menu and navigation buttons. The 'Customer:Job' is set to 'Teschner, Anton:Sun Room'. The 'Date' is 10/05/2007 and the 'Invoice #' is 40. A large blue 'PAID' stamp is overlaid on the invoice details. The 'Bill To' section lists the customer's name and address. The main table contains one line item: 'Removal' with a quantity of 56, a unit, a description 'Removal labor, removed shed and graded area for sun room', a rate of 35.00, and an amount of 1,960.00. Taxes are listed as GST (137.20) and PST (156.80), with a total of 2,254.00. The 'Balance' is 0.00. At the bottom, there are buttons for 'Save & Close', 'Save & New', and 'Revert', along with a 'Memo' field.

Item	Qty	Unit	Description	Rate	Amount	Class	TAX
Removal	56		Removal labor, removed shed and graded area for sun room	35.00	1,960.00		S
					GST		137.20
					PST		156.80
Total							2,254.00

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 if QuickBooks asks if you want to memorize the report.

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.)

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, 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.

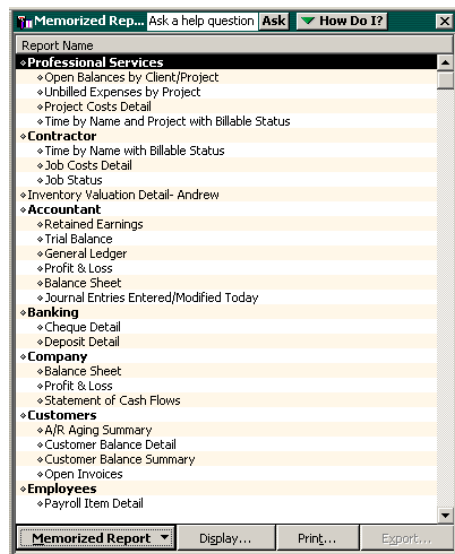
QuickBooks comes preset with a number of memorized report groups each containing common reports for each area. You can add your own reports to these groups, modify the groups to meet your needs, and even create your own groups.

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, 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 **Andrew's Reports**.

Your window should look like this.



- 4 Click OK.
QuickBooks adds the new group to the Memorized Report list.

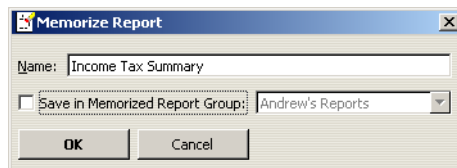
Memorizing preset reports

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, 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 if necessary choose Andrew's Reports from the drop-down list.

Your window should look like this.



- 5 Click OK to memorize the report and add it to the "Andrew's Reports" memorized report group.
- 6 Close the income tax summary report.

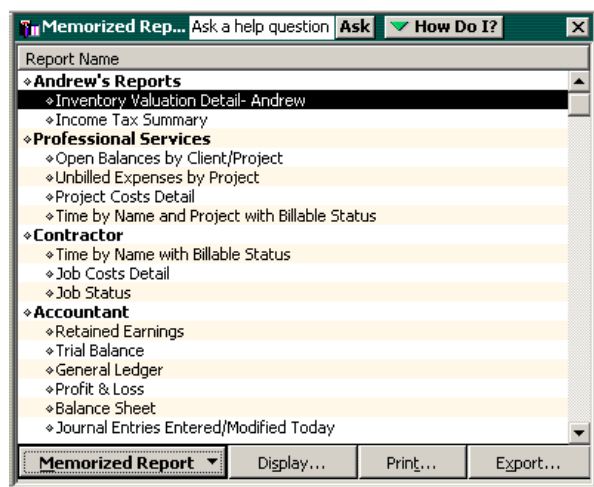
Adding reports to memorized report groups

Now, you'll add a previously memorized report to the Andrew's Reports group.

To add memorized reports to a memorized report group:

- 1 In the Memorized Report List window, select the report called "Inventory Valuation Detail-Andrew".
- 2 Click the Memorized Report menu button, then choose Edit. 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 if necessary choose Andrew's Reports from the drop-down list.
- 5 Click OK.

QuickBooks moves the "Inventory Valuation Detail-Andrew" report to the Andrew's Reports memorized report group.



Once a report is memorized, you can easily display it from the QuickBooks Memorized Report list.

To display a memorized report:

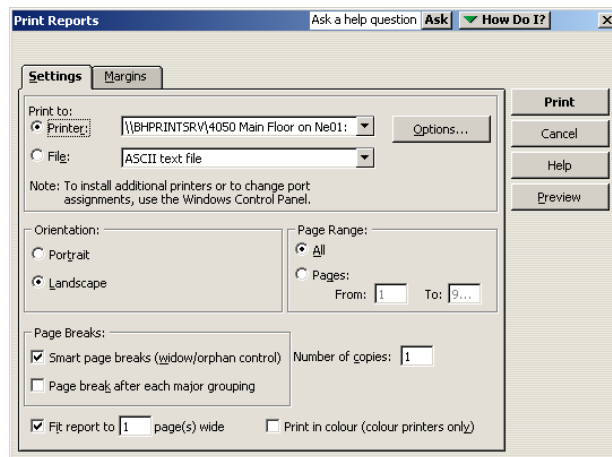
- 1 In the Memorized Report list, select "Inventory Valuation Detail - Andrew."
- 2 Click Display. QuickBooks displays the report.
- 3 Leave the report open.

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 Inventory Valuation Detail - Andrew report displayed, click Print. If QuickBooks prompts you to learn more about how to format reports, click OK. 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 (click Cancel), then close the report.

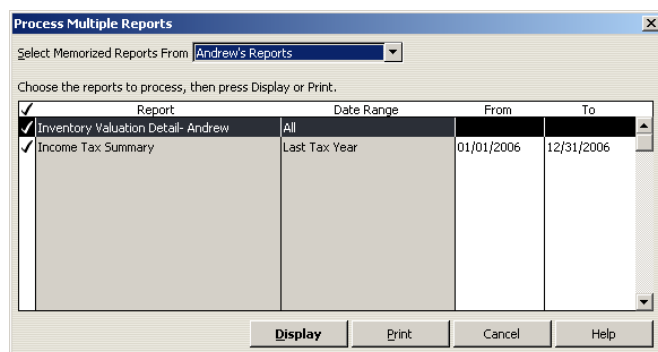
Processing reports in groups

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 Andrew's Reports report group you created in the previous exercise.

To batch process reports:

- 1 In the Memorized Report list, select Andrew's Reports.
- 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 both reports selected and click Display. QuickBooks opens the two reports in the Andrew's Reports 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 QuickBooks Pro or Premier reports 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 QuickBooks Pro or Premier and Microsoft Excel 97, 2000, or 2002. If you don't have Excel, proceed to "Creating QuickInsight graphs" on page 189.

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, then choose Balance Sheet Standard.
- 2 On the Report buttonbar, click Modify Report.
QuickBooks displays the Modify report window.

The screenshot shows the 'Modify Report: Balance Sheet' dialog box with the following settings:

- Report Date Range:**
 - Dates: This Fiscal Year-to-date
 - From: 01/01/2007
 - To: 12/15/2007
- Report Basis:**
 - Accrual (selected)
 - Cash
- Columns:**
 - Display columns by: Total only
 - Sort by: Default
 - Sort in: Ascending order
- Add subcolumns for:**
 - Previous Period (checked)
 - \$ Change (checked)
 - % Change (checked)
 - Previous Year
 - % of Row
 - % of Column

- 3 In the “Add subcolumns for” area, click the Previous Period checkbox, then click the \$ Change and % Change checkboxes.
Your screen should resemble the following.

This screenshot is identical to the previous one, but it highlights the changes made in the 'Add subcolumns for' section:

- Previous Period (checked)
- \$ Change (checked)
- % Change (checked)

Analyzing financial data

- Click OK.
Your balance sheet should now look like this.

Balance Sheet
 1:02 AM
 12/15/07
 Accrual Basis
Rock Castle Construction
Balance Sheet
 As of December 15, 2007

	Dec 15, 07	Dec 31, 06	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
Chequing	51,226.69	30,959.21	20,267.48	65.5%
Barter Account	-1,000.00	-1,000.00	0.00	0.0%
Savings	9,378.42	29,510.00	-20,131.58	-68.2%
Total Checking/Savings	59,605.11	59,469.21	135.90	0.2%
Accounts Receivable				
Accounts Receivable	80,396.64	10,972.32	69,424.32	632.7%
Total Accounts Receivable	80,396.64	10,972.32	69,424.32	632.7%
Other Current Assets				
Employee Loans	62.00	0.00	62.00	100.0%
Inventory Asset	33,157.32	-424.90	33,582.22	7,903.6%
Retainage	1,906.30	0.00	1,906.30	100.0%
Tools & Equipment	5,000.00	5,000.00	0.00	0.0%
Undeposited Funds	26,544.06	0.00	26,544.06	100.0%
Total Other Current Assets	66,669.68	4,575.10	62,094.58	1,357.2%

- On the Report buttonbar, click Export.
QuickBooks displays the Export Report - Basic options tab window.

Export Report
 Basic Advanced

Export QuickBooks report to:

a comma separated values (.csv) file

a new Excel workbook

an existing Excel workbook

use an existing sheet in the workbook

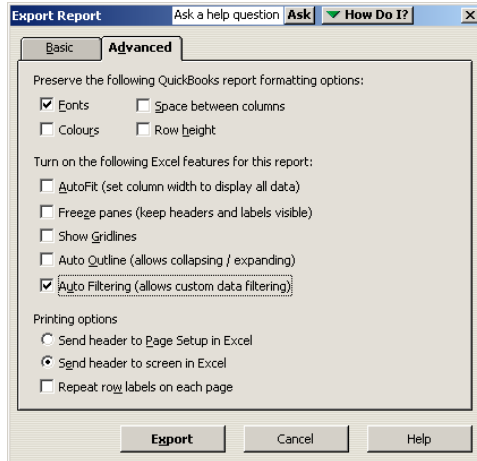
create a new sheet in the workbook

Include a new worksheet in the workbook that explains Excel worksheet linking

Export Cancel Help

- Make sure that the Export QuickBooks report selection is set to “A new Excel workbook”.
- Click the Advanced tab.
QuickBooks displays the Export Report to Excel - Advanced options window.

- 8 Under Formatting options, click the Colours 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	Dec 31, 07	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
Chequing	51,226.69	30,959.21	20,267.48	65.47%
Barter Account	-1,000.00	-1,000.00	0.00	0.0%
Savings	9,378.42	29,510.00	-20,131.58	-68.22%
Total Checking/Savings	59,605.11	59,469.21	135.90	0.23%
Accounts Receivable				
Accounts Receivable	80,396.64	10,972.32	69,424.32	632.72%
Total Accounts Receivable	80,396.64	10,972.32	69,424.32	632.72%
Other Current Assets				
Employee Loans	62.00	0.00	62.00	100.0%
Inventory Asset	33,157.32	-424.90	33,582.22	-7,903.56%
Retainage	1,906.30	0.00	1,906.30	100.0%
Tools & Equipment	5,000.00	5,000.00	0.00	0.0%
Undeposited Funds	26,544.06	0.00	26,544.06	100.0%
Total Other Current Assets	66,669.68	4,575.10	62,094.58	1,357.23%
Total Current Assets	206,671.43	75,016.63	131,654.80	175.5%

- 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.

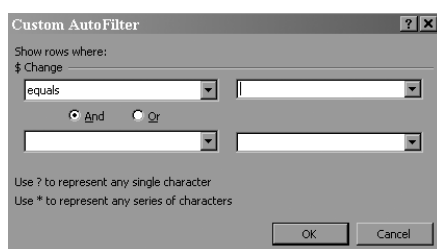
Filtering a report in Microsoft Excel

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.

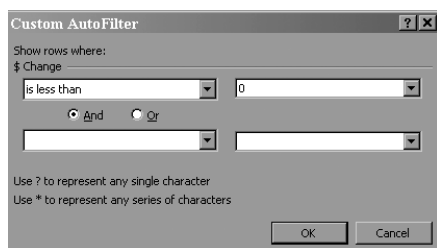
To find out if any of Rock Castle Construction’s account balances have decreased since the previous period, you’ll filter the balance sheet report you just created.

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.

	Dec 15, 0	Dec 31, 0	\$ Change	% Change
Savings	9,378.42	29,510.00	-20,131.58	-68.22%
Depreciation	-9,000.00	-5,000.00	-3,000.00	50.0%
Total Trucks	24,852.91	27,852.91	-3,000.00	-10.77%
Total Fixed Assets	24,852.91	27,852.91	-3,000.00	-10.77%
Pre-paid Insurance	-200.00	3,850.00	-4,050.00	-105.2%
Total Other Assets	-200.00	3,850.00	-4,050.00	-105.2%
Note Payable	3,440.83	20,500.00	-17,059.17	-83.22%
Truck Loan	5,556.51	11,384.46	-5,827.95	-51.19%
Total Long Term Liabilities	8,997.34	31,884.46	-22,887.12	-71.78%
Opening Bal Equity	12,243.39	13,505.69	-1,262.30	-9.35%
Owner's Draw	-6,000.00	0.00	-6,000.00	-100.0%
Total Owner's Equity	19,000.00	25,000.00	-6,000.00	-24.0%

- 5 Close Excel without saving the report.
- 6 Close the balance sheet report in QuickBooks.
- 7 Choose No if you’re prompted 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.

Refer to Handout 27, "QuickInsight graph types."

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

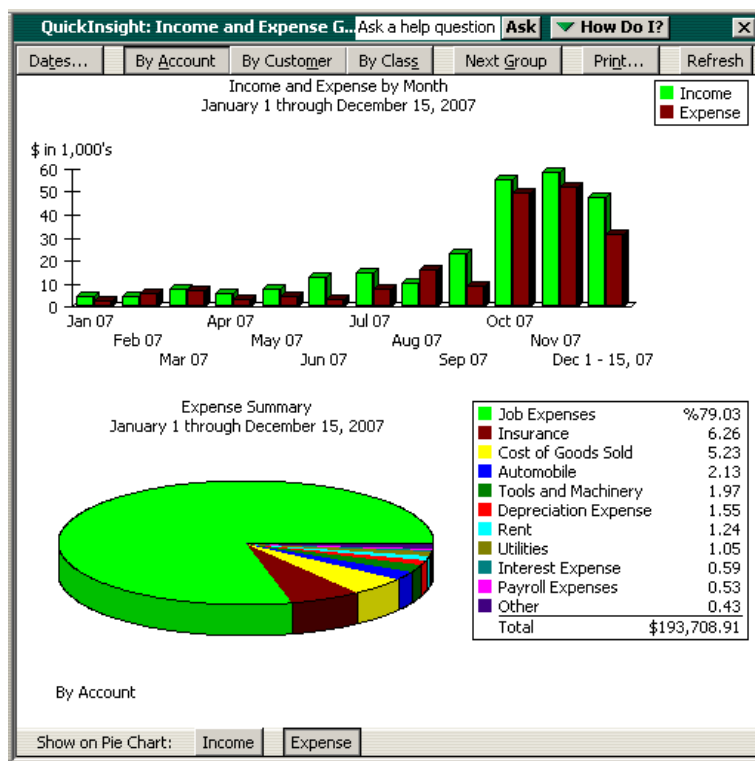
If you want your business to be profitable, you need to keep an eye on your expenses. The income and expense graph shows you exactly what you're spending and where.

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, 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 colour shown in the pie chart; it also shows you what percentage of the pie each slice represents.

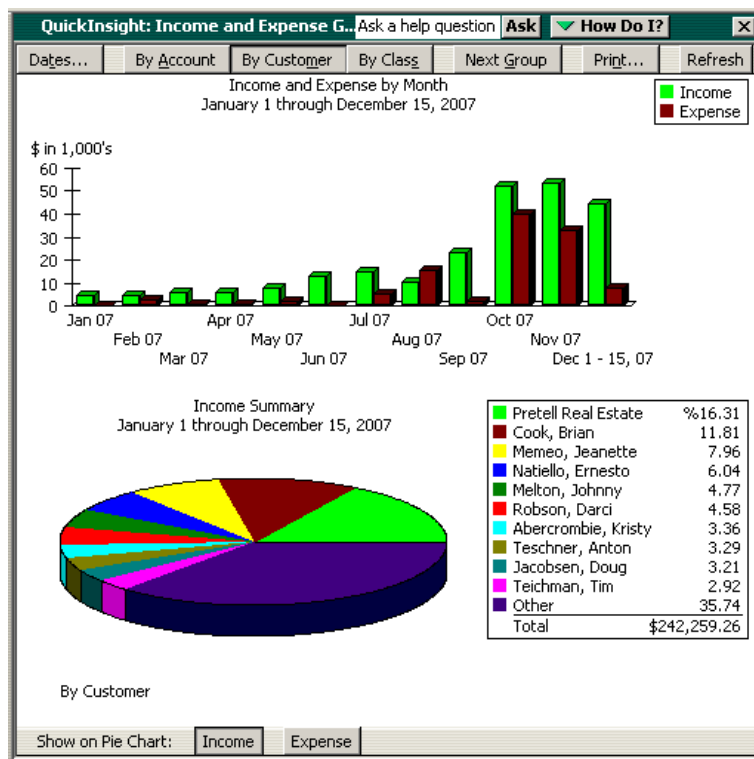
- Every graph window has a buttonbar with buttons you can click to customize the graph. For example, you can change the time period shown in the graph by clicking the Dates button. If you want the pie chart to show a breakdown by customer or class rather than a breakdown by account, just click By Customer 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 position the mouse pointer over a bar or pie slice and double-click, 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:

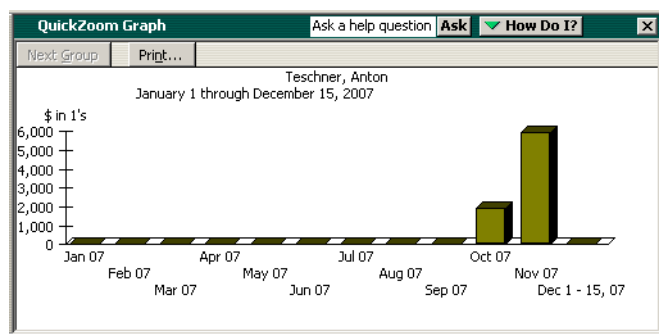
- 1 Position the mouse pointer over the Teschner, Anton slice of the pie chart.
(Use the Key on the right side of the window.)

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.

Date	Num	Name	Memo	Account	Class	Clr	Split	Amount	Balance
11/28/2007	60	Teschner, Anton:S...	Window	Materials			Accounts Re...	600.00	600.00
11/28/2007	60	Teschner, Anton:S...	Doors	Materials			Accounts Re...	1,950.00	2,550.00
11/28/2007	60	Teschner, Anton:S...	Doors	Cost of Goods Sold			Accounts Re...	-1,890.00	660.00
11/28/2007	60	Teschner, Anton:S...	Locking inte...	Materials			Accounts Re...	45.00	705.00
11/28/2007	60	Teschner, Anton:S...	Locking inte...	Cost of Goods Sold			Accounts Re...	-40.84	664.16
11/28/2007	60	Teschner, Anton:S...	Rough lumber	Materials			Accounts Re...	1,400.00	2,064.16
11/28/2007	60	Teschner, Anton:S...	Trim lumber	Materials			Accounts Re...	275.00	2,339.16
11/28/2007	60	Teschner, Anton:S...	Decking lum...	Materials			Accounts Re...	710.00	3,049.16
11/28/2007	60	Teschner, Anton:S...	Removal labor	Labor			Accounts Re...	540.00	3,589.16
11/28/2007	60	Teschner, Anton:S...	Framing labor	Labor			Accounts Re...	2,400.00	5,989.16
								5,989.16	5,989.16

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.

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

Customer: Job Class Template Customize
 Teschner, Anton:Sun Room Intuit Service Invoice

Invoice Date: 11/28/2007 Invoice #: 60

Bill To
 Anton Teschner
 2424 Lisa Lane
 Baysshore, BC V1N 2X6

P.O. No. Terms
 Net 15

Item	Qty	Unit	Description	Rate	Amount	Class	TAX
Window	4		Window	150.00	600.00		S
Wood Door	1		Doors	1,950.00	1,950.00		S
Hardware:Lk D...	1		Locking interior doorknobs	45.00	45.00		S
Customer					GST	554.40	
Message					PST	633.60	
Total					9,108.00		

Balance 1,662.00

To be printed

Memo

Save & Close **Save & New** **Revert**

[Increase your effectiveness and get more out of QuickBooks with our support offerings.](#)

- 2 From the Window menu, choose Close All.

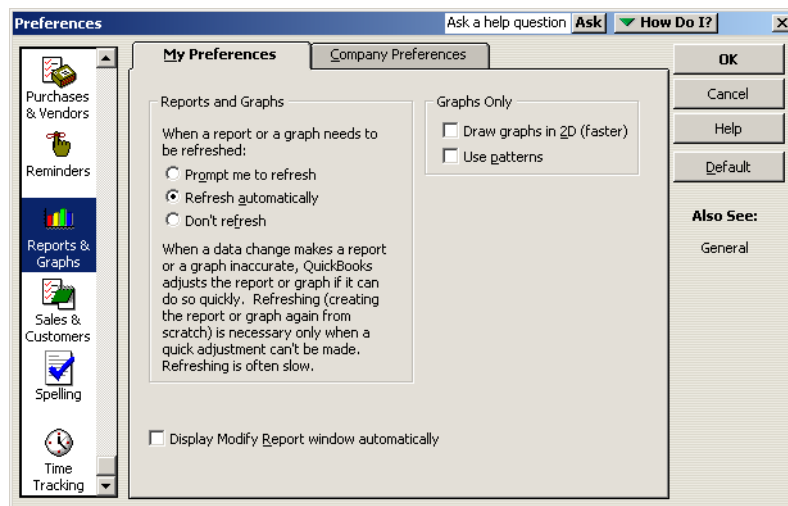
Customizing how graphs display

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 scroll box, click Reports & Graphs.

QuickBooks displays the Preferences window for Reports and Graphs.



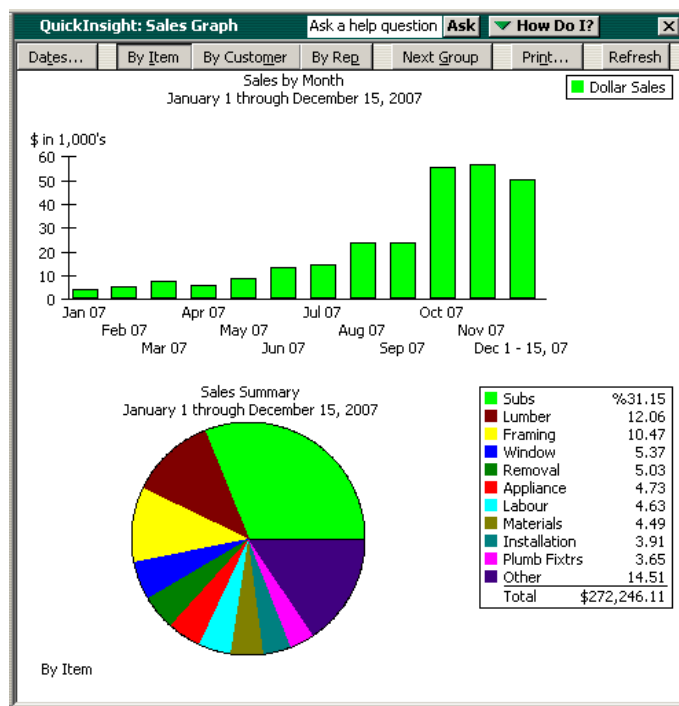
3 Click “Draw graphs in 2D (faster).”

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.

Student test and review

- 1** Create a QuickReport on an item in one of Rock Castle Construction's lists.
- 2** Rock Castle Construction wants to create a report that shows how much they have spent on lumber for projects during the month of November, 2003. Create an item summary purchase report, covering the date range from 11/01/2003 to 11/30/2003. Filter the report to show only Rock Castle Construction's purchases for Lumber.
- 3** Batch process the balance sheet, profit and loss statement, and statement of cash flows using the Process Multiple Reports window.

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LESSON 10 Setting up inventory

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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 and build inventory assemblies (finished goods)
-

Handout materials

- Handout 28: Inventory in QuickBooks
 - Handout 29: Paying for inventory items
-

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qbcanlesson.qbb) on your hard disk.

The steps that follow will 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 (qbcanlesson.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 qbcanlesson.qbb file, 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*, 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 scroll box.
- 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 the "Units of Measure are active" checkbox to select it.
Note that if Units of Measure is already selected, QuickBooks does not allow it to be unselected.
- 6 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.

Tracking Units of Measure (Pro & Premier only)

With this version of QuickBooks, you can set up a different unit of measure than the one you purchased it in. For example, you can buy soda pop in case with 12 cans to a case, and sell them by the can. Then, when you sell one can, QuickBooks understands this transaction to mean 1/12 of a case.

The association between an item's units of measure cannot be changed once a transaction involving the item is recorded. Once units of measure are set up for an item, the item's appropriate unit of measure is then displayed on business forms. Sales forms show the selling units, and purchasing forms show purchasing units. On forms, you cannot switch to a different unit of measure. You can, however, change the reports to display in the units you want through the Modify Report window.

What happens when Units of Measure is turned on?

When the units of measure preference is turned on, you'll see the following changes in QuickBooks.

- A Units of Measure button is added to the Inventory Part and Inventory Assembly type items window. This button opens the Define Units of Measure window where you can set up different units of measure for these items.
- A field is added to the Service and Non-Inventory Part items window where you can assign a descriptive label that represents the unit of measure used when dealing with the item.
- A Unit column is added to all forms. This new column displays the item's unit of measure associated with the type of transaction. For example, the selling unit is used on sales forms such as invoices and sales orders, and the purchasing unit on purchase forms such as bills and purchase orders.
- A Unit column is also displayed on some windows such as "Adjust Quantity/Value on Hand" and "Change Item Prices".
- A Unit column is added to display an item's units of measure on reports to do with the item list; and purchases, sales and inventory transactions.

You will practice using Units of Measure in this exercise.

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, then choose New.
QuickBooks displays the New Item window.

The screenshot shows the 'New Item' dialog box. The 'Type' dropdown menu is open, showing options: Service (selected), Inventory Part, Inventory Assembly, Non-inventory Part, Other Charge, Subtotal, Group, Discount, and Payment. The 'Service' option is highlighted. The main window has a 'Rate' field set to '0.00 per' and a 'Sales Tax Code' dropdown set to '5'. There are buttons for 'OK', 'Cancel', 'Next', 'Custom Fields', and 'Spelling' on the right side.

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.

The screenshot shows the 'New Item' dialog box with 'Inventory Part' selected in the 'Type' dropdown. The window is divided into several sections: 'Purchase Information' with fields for 'Description on Purchase Transactions', 'Cost' (0.00 per), 'Purch Tax Code' (5), 'COGS Account' (Cost of Goods Sold), and 'Preferred Vendor'; 'Sales Information' with fields for 'Description on Sales Transactions', 'Sales Price' (0.00 per), 'Sales Tax Code' (5), and 'Income Account'; and 'Inventory Information' with fields for 'Asset Account' (Inventory Asset), 'Reorder Point' (0.00), 'On Hand' (0.00), 'Total Value' (0.00), and 'As of' (12/15/2007). Buttons for 'OK', 'Cancel', 'Next', 'Custom Fields', and 'Spelling' are on the right.

- 4 In the Item Name/Number field, type **Door Hinge 120** (120 is the style number).
- 5 Select the "Subitem of" checkbox, then choose Cabinets from the drop-down list.
- 6 In the Description on Purchase Transactions field, type **Cabinet Door Hinge 120 Degree**, 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.

Setting up inventory

- 7** In the Cost field, type **3**, then press TAB.
- 8** Choose “Yes” when the pop-up Window for the Setup of Units of Measure appears.
- 9** When the Define Units of Measure for Door Hinge 120 appears, type **case** in the I stock this item in field of the Inventory Unit section.
- 10** In the Sales Unit section, clear the box titled “Same as Inventory” and type **hinge** in the I sell this item by field.
- 11** Type **10** in the first field of the Association to Inventory section.
- 12** Click the down arrow and select “hinge per case” from the drop down list. Leave the Purchasing Unit section as is.

Your screen should look like this.

The screenshot shows a dialog box titled "Define Units of Measure for Door Hinges 120". It is divided into three sections: "Inventory Unit", "Sales Unit", and "Purchasing Unit".
- In the "Inventory Unit" section, the text "I stock this item in" is followed by a text box containing "case".
- In the "Sales Unit" section, there is a checkbox labeled "Same as Inventory" which is unchecked. Below it, "I sell this item by" is followed by a text box containing "hinge". Underneath, "Association to Inventory" is followed by a text box containing "10" and a dropdown menu currently showing "hinge per case".
- In the "Purchasing Unit" section, there is a checked checkbox labeled "Same as Inventory". Below it, "I purchase this item by" is followed by a text box containing "case". Underneath, "Association to Inventory" is followed by a text box containing "1" and a dropdown menu currently showing "case per case".
On the right side of the dialog, there are three buttons: "OK", "Cancel", and "Help".
At the bottom of the dialog, there is a note: "* Once a transaction has been created using this item, units of measure cannot be changed".

- 13** Click OK to close this window.
- 14** 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.
- 15** In the Sales Price field, type **4**.
Notice that the cost per case is listed on the Purchase Information section and the Sales Price per hinge is seen on the Sales Information side.
- 16** 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.
- 17** In the Income Account field, choose Construction:Materials.
- 18** 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.
- 19** In the Reorder Point field, type **5**.

- 20** In the Qty-on-Hand field, type **10**, 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.

- 21** Click OK to close the New Item window.
QuickBooks adds the new item to the Item list.
- 22** 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

In Lesson 6, you created a sales order for door frames. Now, create the purchase order to order the items from the vendor.

To order a product using a purchase order:

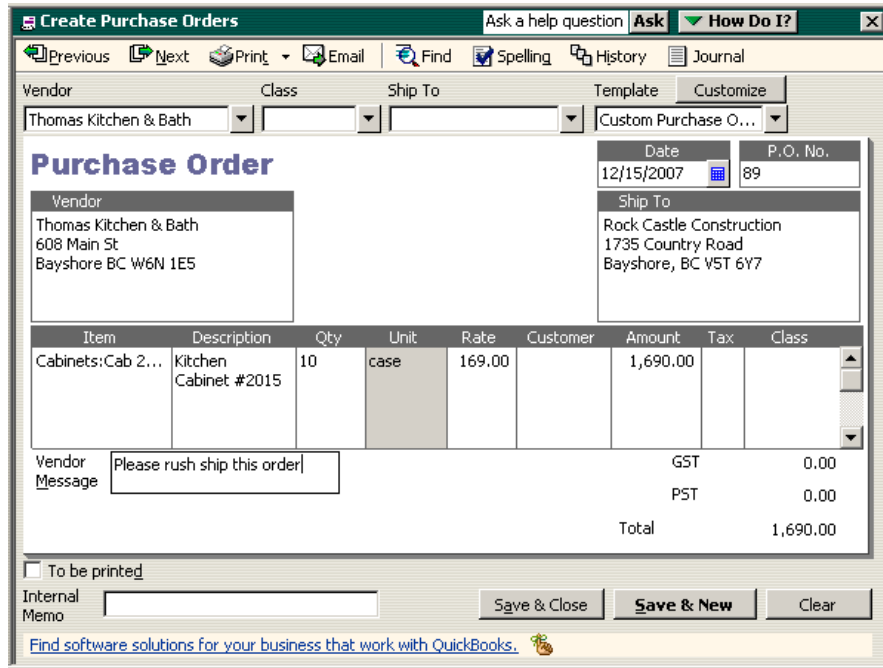
- 1 From the Vendors menu, choose Create Purchase Orders.
QuickBooks displays the Create Purchase Orders window.

You use the Create Purchase Orders window to enter the products you want 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 Thomas Kitchen & Bath from the drop-down list.
Notice that QuickBooks displays all of the information about Thomas Kitchen & Bath in the appropriate places on the purchase order form.
- 3 In the Item column, select Cabinet: CAB 2015 from the drop-down list.
- 4 In the QTY field, type **10**.
Notice that the Units column is filled automatically.

- In the Vendor Message field of the purchase order, type **Please rush ship this order**. Your Purchase Order should resemble the following figure.



- 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:

- From the Lists menu, choose Chart of Accounts.
- In the chart of accounts, click Purchase Orders once to select it.
- Click the Reports menu button at the bottom of the frame and choose Quick-Report: Purchase Orders.

Setting up inventory

QuickBooks displays a report of all purchase orders.

9:52 AM
12/15/07

Rock Castle Construction
Account QuickReport
As of December 15, 2007

Accrual Basis

Type	Date	Num	Name	Memo	Split	Amount
Purchase Order	11/18/2007	27	Perry Windows & ...	Pretell 75 Su...	-SPLIT-	-8,367.40
Purchase Order	11/18/2007	28	Perry Windows & ...		-SPLIT-	-2,487.75
Purchase Order	11/26/2007	30	Larson Flooring	playhouse	-SPLIT-	-42.80
Purchase Order	11/26/2007	32	Timberloft Lumber	playhouse	-SPLIT-	-86.14
Purchase Order	11/26/2007	29	Patton Hardware S...		-SPLIT-	-14,653.65
Purchase Order	11/30/2007	34	Patton Hardware S...		-SPLIT-	-3,701.34
Purchase Order	12/01/2007	35	Daigle Lighting		-SPLIT-	-611.31
Purchase Order	12/03/2007	36	Larson Flooring		-SPLIT-	-5,082.50
Purchase Order	12/03/2007	40	Perry Windows & ...		-SPLIT-	-414.00
Purchase Order	12/09/2007	37	Wheeler's Tile Etc.		-SPLIT-	-201.59
Purchase Order	12/12/2007	38	Lew Plumbing		-SPLIT-	-431.64
Purchase Order	12/15/2007	39	Daigle Lighting		-SPLIT-	-69.55
Purchase Order	12/15/2007	88	Thomas Kitchen &...	Inventory As...		-1,690.00
Purchase Order	12/15/2007	89	Thomas Kitchen &...	Inventory As...		-1,690.00
Total Purchase Orders						-102,861.86
TOTAL						-102,861.86

Notice the purchase order you have just created is at the bottom of the report.

- 4 Close the QuickReport.
- 5 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.

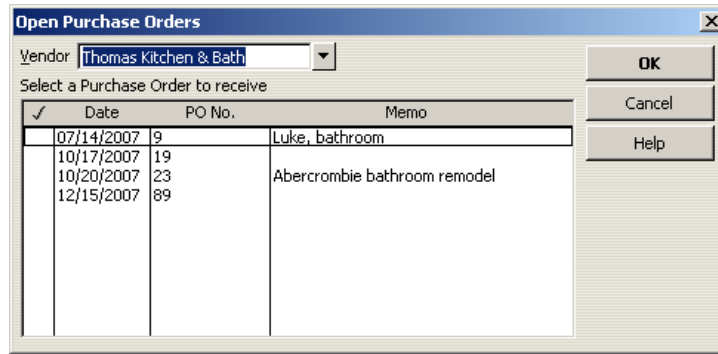
- 2 In the Vendor field, choose Thomas Kitchen & Bath from the drop-down list and press TAB.

QuickBooks tells you that there are open purchase orders for this vendor and asks if you want to receive against one of these orders.

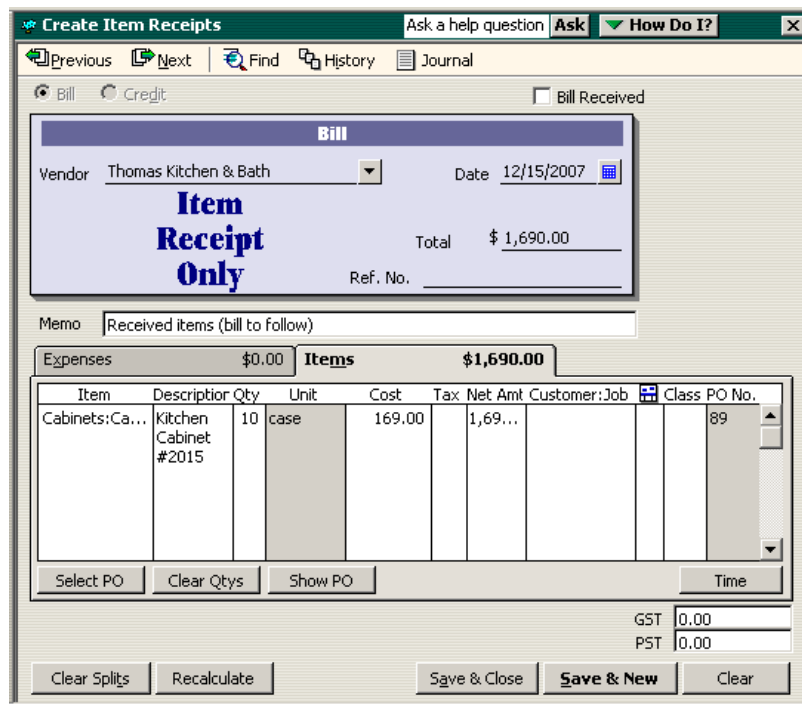
- 3 Click Yes.

QuickBooks displays the Open Purchase Orders for Thomas Kitchen & Bath.

Setting up inventory



- 4 Click the fourth purchase order (#89, dated 12/15/2007) to select it. QuickBooks places a checkmark in the left-most column for the item selected.
- 5 Click OK to move the information to the item receipt. The Create Item Receipts window should resemble the following figure.



- 6 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 cases of kitchen cabinets 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.

- 2 In the Vendor field, select Thomas Kitchen & Bath 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.

Date	Ref No.	Memo
08/14/2007		Received items (bill to follow)
12/15/2007		Received items (bill to follow)

- 4 Click OK.

QuickBooks displays the Enter Bills window.

Enter Bills window showing bill details for Thomas Kitchen & Bath, dated 12/15/2007, with an amount due of \$1,690.00. The bill is categorized as a Bill Received. The items table shows 10 cases of Kitchen Cabinet #2015, with a cost of 169.00 and a net amount of 1,690.00. The window includes buttons for navigation, calculation, and saving.

Item	Description	Qty	Unit	Cost	Tax	Net Amt	Customer:Job	Class	PO No.
Cabinets:Ca...	Kitchen Cabinet #2015	10	case	169.00		1,690.00			89

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 \$1,690.00, based on the bill entered for Thomas Kitchen & Bath.

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 From the Vendors menu, choose Inventory Activities, then choose Adjust Quantity/Value on Hand.

QuickBooks displays the Adjust Quantity/Value on Hand window.

Item	Description	Current Qty	Unit	New Qty	Qty Difference
Cabinets	Cabinets	0			
Cabinets:C...	Kitchen Cabinet #...	40	case		
Cabinets:C...	Cabinet Pulls	110			
Cabinets:D...	Cabinet Door Hing...	10	case		
Cabinets:Li...	Light pine kitchen ...	9			
Hardware		0			
Hardware:...	Standard Doorknobs	120			
Hardware:L...	Locking interior do...	115			
Widget		2			
Wood Door	Doors	0			
Wood Door...	Exterior wood door	17			
Wood Door...	Interior wood door	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 In the Qty Difference column for Wood Door:Interior wood door, type **-2** (the number of damaged doors), then press TAB.

Setting up inventory

QuickBooks calculates the value adjustment and decreases the inventory by two items.

Adjust Quantity/Value on Hand

Adjustment Date: 12/15/2007

Ref. No.: 2

Adjustment Account: Inventory Adjustment

Item	Description	Current Qty	Unit	New Qty	Qty Difference
Cabinets	Cabinets	0			
Cabinets:C...	Kitchen Cabinet #...	40	case		
Cabinets:C...	Cabinet Pulls	110			
Cabinets:D...	Cabinet Door Hing...	10	case		
Cabinets:Li...	Light pine kitchen ...	9			
Hardware		0			
Hardware:...	Standard Doorknobs	120			
Hardware:L...	Locking interior do...	115			
Widget		2			
Wood Door	Doors	0			
Wood Door...	Exterior wood door	17			
Wood Door...	Interior wood door	50		48	-2

Total Value of Adjustment: -140.22

Buttons: Save & Close, Save & New, Cancel

4 Click Save & Close.

Student test and review

- 1** Enter a new inventory item using the following information.
 - Item Name/Number: Kitchen counter
 - Purchase Description: Kitchen counter
 - Cost: 280.00
 - COGS Account: Cost of Goods Sold
 - Preferred Vendor: Patton Hardware Supplies
 - Sales Description: Same as Purchase Description
 - Sales Price: 340.00
 - Income Account: Construction:materials
 - Asset Account: Inventory Asset
 - Reorder Point: 5
 - Qty on Hand: 6
- 2** Create a purchase order for 20 Standard doorknobs.
- 3** Receive the 20 Standard doorknobs into inventory and record the bill for the doorknobs.
- 4** Process the bill and pay for the 20 Standard doorknobs.

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LESSON 11 Tracking and paying sales tax

Lesson objectives, 216

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Overview of sales tax in QuickBooks, 217

How QuickBooks calculates the GST and PST, 218

Setting up your tax rates, 220

Using QuickBooks to track and pay your sales tax, 222

Indicating the tax rates on Items, 223

Applying tax to each sale, 226

Determining what you owe, 228

Creating a sales tax liability report, 228

Using the sales tax payable register, 229

Filing a sales tax return, 230

Student test and review, 233

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 cheque 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 (qbcanlesson.qbb) on your hard disk.

The steps that follow will 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 (qbcanlesson.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 qbcanlesson.qbb file, 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*, then click Save.
- 6** Click Restore.

Overview of sales tax in QuickBooks

Although very small businesses are exempt, the Canada Revenue Agency (CRA) recommends that all businesses register to collect the Goods and Services Tax (GST) or, in provinces where the provincial sales tax has been combined with the GST, the Harmonized Sales Tax (HST). Registered businesses track the GST or HST collected from customers on sales and paid on purchases for the business. Usually, you collect more sales tax than you pay out and must remit the difference to the CRA. (Occasionally, you pay out more than you collect – for example, when your business is starting up – and claim a refund.)

When your company's sales reach a certain level, you are required to register to collect the GST or HST. You should check with the CRA or your accountant for detailed information about how your business should handle the GST or HST.

Many provincial governments also require you to register to collect a provincial sales tax (PST or, in Québec, QST). In most provinces, you track only the PST you collect from customers (instead of both the amount you collect and the amount you pay) and remit that amount to the government.

However, in Québec, the QST works much the same way as the GST: businesses may be able to deduct the amount of QST paid on business-related purchases — called an input tax credit — from the amount of QST collected from customers, then remit the difference.

Check with your province's Ministry of Finance or your accountant about how your business should handle federal and provincial sales taxes.

In broad terms, collecting sales taxes in QuickBooks means

- confirming that QuickBooks is handling GST and PST the way your business and government regulations require;
- assigning tax codes to items so that QuickBooks knows what taxes (e.g. none, GST only, PST only, or both GST and PST) to apply to items (or services) that you sell or purchase;
- in rare cases, assigning tax codes to customers who have special tax needs; and
- filing sales tax returns to the government and creating cheques for the amount you owe.

Once you have confirmed that the default tax codes in QuickBooks meet your needs or else set up sales tax codes or your own, then assigned these tax codes to the items you sell and buy, QuickBooks automatically applies the correct taxes as you work. The dollar amounts of the taxes appear at the bottom of sales and purchase forms. Later, when you're ready to pay your sales tax liabilities, QuickBooks can create a return and a cheque for the correct amount for you.

The assumptions this guide makes about PST

Provincial sales taxes vary significantly. The examples in this lesson work on two assumptions which may not be true in your area. Always check with an accountant or your province's Ministry of Finance about how your provincial sales tax works.

The examples assume that there is a provincial sales tax. They also assume that when a company buys something to resell, it pays the PST at the time of the purchase and is not for it reimbursed later.

However, in some provinces, companies buying goods to resell can present a PST Exemption form to avoid paying the PST on the purchase. In this case, you would set up the item in QuickBooks to have one tax code when you buy it (GST only) and another when you resell it (GST and PST).

In other provinces, businesses can claim the PST they pay on purchases as an input tax credit, like the GST. In this case, you would assign the PST you pay on business-related items to your PST Liability account (to reduce what you have to remit to the government) instead of to a PST Expense account.

How QuickBooks calculates the GST and PST

QuickBooks uses your company address to determine what rates of GST and PST apply to you and assigns these rates to the default sales tax codes. You then assign these sales tax codes to the items you buy and sell.

On sales and purchase forms, QuickBooks calculates the GST and PST separately for each item according to the sales tax code you assigned to it. It displays the GST and PST totals in their respective boxes at the bottom of the sales or purchase form, then adds these amount to the cost of the goods or services. The HST, if applicable, is calculated as one rate in the GST field.

Because QuickBooks rounds the individual tax amounts to the nearest cent, the total may be slightly different than the total you would get if you combined the taxes into one rate and applied it to the sale. Don't worry about this discrepancy; QuickBooks calculates and reports each individual tax amount correctly.

At regular intervals, you file GST and PST returns to remit the amount you owe to the federal and provincial governments. When you do, the sales and purchases covered by the return are marked as "filed." Filed transactions never appear in GST or PST returns. If you enter a backdated transaction into a previous GST or PST period after you've already sent your return, it will automatically be included in the next return you send, but no other transaction from that period will be.

To use QuickBooks to track and pay your sales tax:**1 Set up your tax rates and agencies.**

QuickBooks uses your company address to determine what rates of GST and PST apply in your province, what tax accounts to set up, and the tax agencies (that is, the government departments that administer sales taxes) you'll need. The tax rates are set up in tax codes that combine a GST and a PST rate into a single code.

You can also set up new tax codes if you have additional tax rates or types of tax that are applicable to your business.

2 Indicate what (and occasionally who) gets taxed.

For each item, indicate the tax code to be used when that item is purchased and when it is sold. In your Customer:Job list you can also indicate whether the Customer:Job has a specific tax code. The customer tax code will override item tax codes in a transaction.

3 Apply tax to each sale or purchase.

When you fill out an invoice, sales receipt form, or purchase form, QuickBooks applies the appropriate sales tax. If the item does not have a tax code assigned you can add a tax code. QuickBooks uses the tax code to calculate the appropriate sales tax for the transaction. If necessary, you can override the tax amount calculated.

4 Find out what you owe

As you record taxable sales, QuickBooks keeps track of the tax you've collected in your GST or PST Payable account. When you're ready to pay your sales tax, you can open the Sales Tax Payable register to see how much you owe, or you can create a sales tax liability report.

5 File your sales tax return.

To file your sales tax return to the applicable tax agency, go to the File Sales Tax window. QuickBooks will show the amount you owe (or have owing to you) and you will be able to create a cheque and print out a return to assist in completing your tax return for the tax agency. If you have a refund due to you, QuickBooks will create an invoice for the amount that you are claiming as a refund on your return.

This lesson walks you through each of these steps.

Setting up your tax rates

QuickBooks creates sales tax codes, tax accounts, and tax agencies based on the province of your company file. Tax codes are assigned to items, then used in transactions to calculate the tax. The sales tax is then tracked to the GST Payable and PST Payable liability accounts.

Now we need to make sure the default sales tax codes set up by QuickBooks meet your needs and assign a tax code to each item the company buys and sells.

Reviewing the default sales tax codes

In rare cases, a business may need to adjust the default sales taxes that QuickBooks sets up. For example, if your province charges an increased amount of sales tax on a particular item your business sells, you may want to set up a new sales tax code that takes the higher rate into account.

To create a new sales tax code:

- 1 From the **Lists** menu, choose **Tax Codes List**.

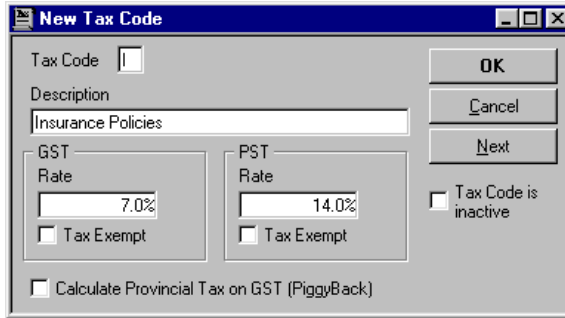
QuickBooks displays the tax code list.

Tax Code	Description	GST	PST	Piggy
<Not Used>		0.0%	0.0%	
E	Tax Exempt	0.0%	0.0%	
G	GST Only	7.0%	0.0%	
P	PST Only	0.0%	8.0%	
S	Standard	7.0%	8.0%	
Z	Zero Rated	0.0%	0.0%	

- 2 Click the **Tax Code** menu button at the bottom of the window, then choose **New**.
In this example, we will assume that Rock Castle Construction is going to start offering insurance policies to customers to cover weather damage to the building while it is under constructions, and that the provincial government charges 14% PST on insurance policies instead of the usual 8%.
- 3 In the **Tax Code** field, enter *I* (for insurance).
- 4 In the **Description** field, type *Insurance Policies* (to remind use that this is a special tax code for use only with insurance items).
- 5 In the **GST Rate (%)** field, type 7.

6 In the PST Rate (%) field, type 14.

Your new tax code should resemble the following figure:



7 Leave the Tax Exempt and Calculate Provincial Tax on GST checkboxes clear.

- If either the GST or PST does not apply to a new tax code you're setting up, select the Tax Exempt box. Note that selecting this box is **not** the same as leaving the percentage at zero! (See "What the Zero Rated (Z) tax code is for" on page 221.)
- In some provinces, on a sale, you calculate the GST first, add it to the purchase price of the item or service, then calculate the PST based on this new total. If this is the case in your province, you would select the "Calculate Provincial Tax on GST (Piggyback)" checkbox when setting up a new tax code.

8 Click OK.

Your new "I" tax code now appears in the Tax Code List.

Tax Code	Description	GST	PST	Piggy
.	<Not Used>	0.0%	0.0%	
E	Tax Exempt	0.0%	0.0%	
G	GST Only	7.0%	0.0%	
I	Insurance Policies	7.0%	14.0%	
P	PST Only	0.0%	8.0%	
S	Standard	7.0%	8.0%	
Z	Zero Rated	0.0%	0.0%	

9 Close the Tax Code List window

What the Zero Rated (Z) tax code is for

Under the GST, certain goods and services are taxed at a rate of 0% instead of the usual 7%. These items are called Zero Rated. Zero Rated items are not tax exempt, and should not be assigned the Exempt tax code (E).

If you sell a Zero Rated item, you charge your customers 0% GST on it. This means that you do not collect any GST to remit to the government. However, because the item is taxable, you can claim input tax credits (the GST you paid on the materials you needed to produce the item) for it. When you file your GST return, you receive a refund based on these credits.

Zero Rated items usually fall into these categories. (However, you should always check with the CCRA for the status of a specific item!)

- Prescription drugs and medical devices
- Basic groceries
- Products destined for export
- Professional farming and fishing goods
- International travel and transportation services
- Financial services

Using QuickBooks to track and pay your sales tax

In this lesson you will learn how to set up your tax rates, tax accounts, and tax agencies. Assume Rock Castle Construction uses the Standard (GST + PST) sales tax most often, and it wants to 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 GST/PST icon in the left scroll box, then click the Company Preferences tab.

The screenshot shows the 'Preferences' window in QuickBooks, specifically the 'Company Preferences' tab for 'GST/PST'. The window is divided into two main sections: 'Goods and Services Tax Preferences' and 'Provincial Sales Tax Preferences'. In the 'Goods and Services Tax Preferences' section, the 'Do you wish to set up taxes?' option is set to 'Yes'. Below this, 'Are you registered for the GST?' is also set to 'Yes'. The 'Record GST separately on purchases?' option is set to 'Yes'. The 'Reporting Period' is set to 'Quarterly', and the 'Ending' is set to 'Apr/Jul/Oct/Jan'. The 'Return due' is set to '15 day(s) after the reporting period ends'. The 'Business Number' is entered as 'BN1234567 RT 0001', and the 'Government Tax Agency' is set to 'Receiver General'. In the 'Provincial Sales Tax Preferences' section, 'Are you registered for a PST?' is set to 'Yes'. The 'Record tax separately on purchases?' option is set to 'No'. The 'Reporting Period' is set to 'Monthly', and the 'Return due' is set to '15 day(s) after the reporting period ends'. The 'Registration Number' is entered as 'P123456789', and the 'Government Tax Agency' is set to 'Minister of Finance'. At the bottom, there are checkboxes for 'Mark taxable amounts when printing' (unchecked) and 'Allow customer tax codes' (checked). There are also dropdown menus for 'Default Tax Code' and 'Default customer Tax Code', both set to '5'. On the right side of the window, there are buttons for 'OK', 'Cancel', 'Help', and 'Default', and an 'Also See:' section.

- 3 In both the Goods and Services Preferences and the Provincial Sales Tax Preferences, be sure that the Yes option buttons are chosen for registration and recording taxes.
- 4 Confirm that your Business Number is entered properly to ensure this is printed on your sales invoices, and that the reporting periods match the months in which you file GST and PST returns.

- 5 In the Default Tax Code, make sure **S** (for Standard) is selected.
QuickBooks will assign this tax code to all new items you create (although you can change it if you want).
- 6 In the Default Customer Tax Code fields, make sure the “Allow customer tax codes” option is selected, then select **<Not Used>** from the drop-down menu.
If you have a customer with special tax status, you can check this box. You will then be able to assign a tax code to him or her. On sales forms, the tax code you assign to a customer overrides all the tax codes you assign to items. For example, suppose you supply goods to a government agency that does not pay the GST. You could assign the government agency an E customer tax code (for tax exempt). Then, on invoices to this customer, QuickBooks will not calculate sales tax even if the items you are selling have tax codes showing they should be taxed.
The “<Not Used>” code means that new customers you create will not have a tax code assigned to them by default. You will have to assign each customer tax code manually by editing the customer’s profile in the Customer:Job list.
To have QuickBooks assign a default tax code to all new customers you create, you can choose tax code from the “Default customer tax code” list. However, because customer tax codes override all item codes on all sales forms, it’s usually best to do this only on the advice of your accountant. Instead, assign customer tax codes only as you need them.
- 7 Click OK.

You can use the codes that come preset with QuickBooks, or define your own. You can 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 the tax rates on Items

The next step in setting up sales tax is to indicate what the tax rates apply to each item. For each item that you set up in the Item list, you should indicate the tax code to be used when that item is purchased and when it is sold. The tax code determines the rate of GST and PST that QuickBooks applies.

In the next exercise, you’ll take a look at an item on Rock Castle’s Item list to see how to indicate the tax code that is being used.

To assign or change a tax code to an item:

- 1 From the Lists menu, choose Item List to display the list of items.
- 2 Select Doorknobs Std (under Hardware).
- 3 Click the Item menu button, then choose Edit.
QuickBooks displays the Edit Item window.

The screenshot shows the 'Edit Item' window in QuickBooks. The window title is 'Edit Item' and it has a 'How Do I?' help button. The 'Type' dropdown is set to 'Inventory Part'. The 'Item Name/Number' is 'Doorknobs Std' and the 'Subitem of' is 'Hardware'. The 'Purchase Information' section includes 'Description on Purchase Transactions' (Doorknobs Part # DK 3704), 'Cost' (27.00 per), 'Purch Tax Code' (S), 'COGS Account' (Cost of Goods Sold), and 'Preferred Vendor' (Davis Business Asso...). The 'Sales Information' section includes 'Description on Sales Transactions' (Standard Doorknobs), 'Sales Price' (30.00 per), 'Sales Tax Code' (S), and 'Income Account' (Construction:Materials). The 'Inventory Information' section includes 'Asset Account' (Inventory Asset), 'Reorder Point' (50), and a table with columns 'On Hand', 'Avg. Cost', and 'On P.O.' with values 120, 29.16, and 0 respectively. Buttons for 'OK', 'Cancel', 'Custom Fields', and 'Spelling' are on the right.

The tax code in the purchase tax code field tells you how QuickBooks will calculate sales taxes on this item when you purchase it from a vendor. When you include this item on a purchase form (bill), QuickBooks knows the rate of tax to apply to the item and automatically calculates the tax amount for it.

The code in the sales tax code field tells you the rate of GST and PST to calculate on a sales transaction. When you choose the item to be included on a sales form (invoice or sales receipt), QuickBooks knows the rate of tax to apply to the item and automatically calculates the tax on that item.

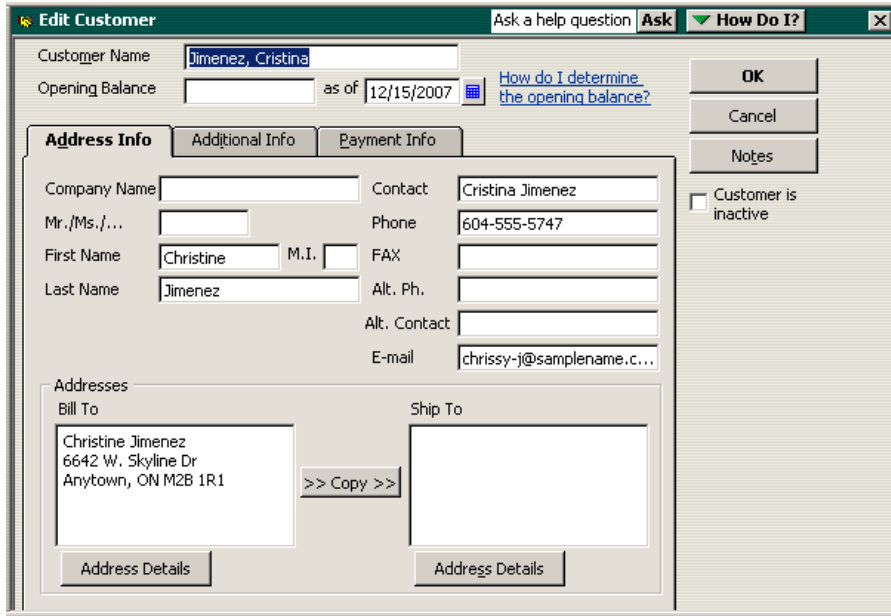
- 4 Click OK to close the Edit Item window.
- 5 Close the Item list.

In the same way that you can specify the tax rate on an Item by attaching a tax code to the item, you can indicate the tax rate in a particular customer's record by attaching a tax code. On a sales form, the tax code of the customer will override the tax code of the item.

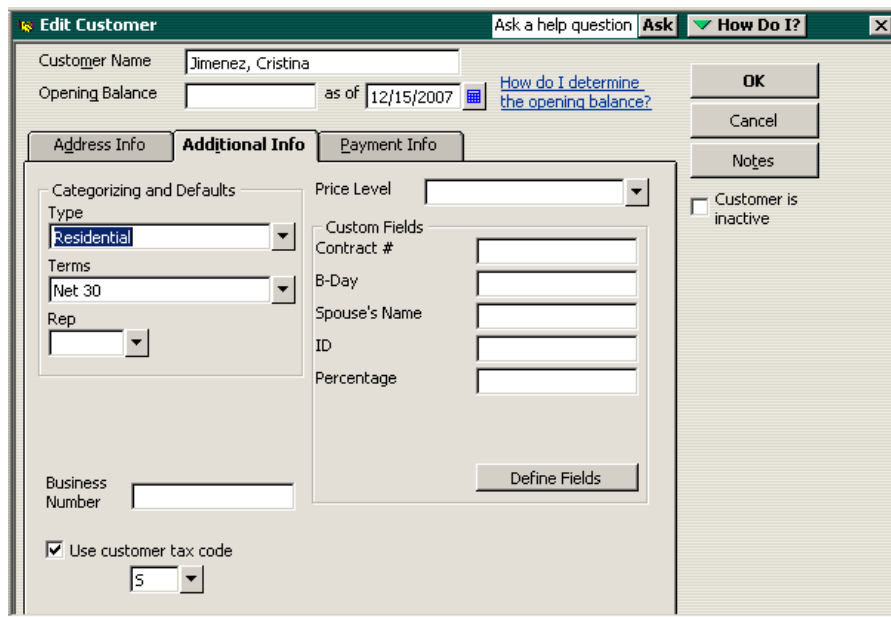
To see an existing customer record:

- 1 From the Lists menu, choose Customer:Job List.
QuickBooks displays the Customer:Job list.
- 2 Select Jimenez, Cristina.

- Click the Customer:Job menu button, then choose Edit. QuickBooks displays the Edit Customer window.



- Click the Additional Info tab.



- Note that the Use customer tax code box is checked. That means it is possible for you to assign a tax code to this customer.

- 6 Note that S (for Standard tax code) from the drop-down list is selected.
This code means that this customer will always pay both GST and PST on items she buys from you regardless of whether the items are tax exempt (such as groceries) or should have only GST or PST (but not both) charged on them. In the real business world, this situation would not likely arise.
More likely, in the unlikely event that you need to assign a tax code to a customer, it will be because he or she is tax exempt, and you would select E from the drop down list.
- 7 Click OK.
- 8 Close the Customer:Job list.

Applying tax to each sale

When you fill out a sales invoice, or receipt, each item will normally have a tax code assigned. If an item does not have a tax code assigned, you can enter it directly on the form. QuickBooks uses the tax code to calculate the amount of tax for the transaction.

To apply tax to a sale:

- 1 From the Customers menu, choose Create 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 Click in the Item column and select Doorknobs Std from the drop-down list.
The Create Invoices window should resemble the figure below.

Item	Quantity	Unit	Description	Price Each	Amount	Class	TAX
Hardware:Door	1		Standard Doorknobs	30.00	30.00		S
						GST	2.10
						PST	2.40
						Total	34.50

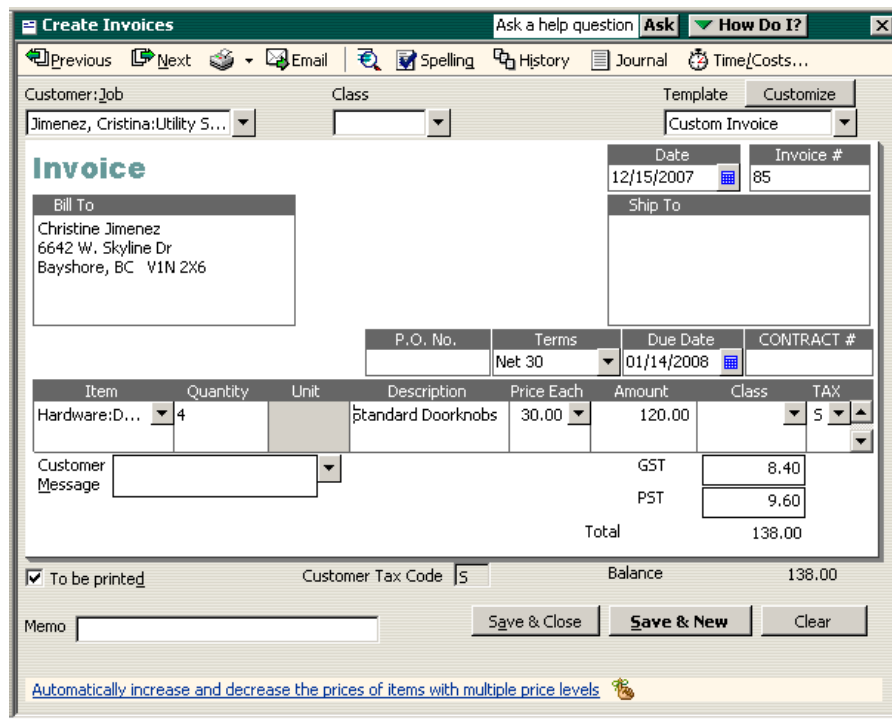
When you enter an item, QuickBooks displays the tax code associated with that item (in this case, the S tax code) in the Tax column, which appears to the right of the Amount column. QuickBooks then calculates the sales tax and shows the amounts in the GST and PST boxes below the items area.

[Note that even if you had assigned a different tax code to this item, in this case, QuickBooks would have displayed the S tax code anyway because this is the sales tax you assigned to the customer, Cristina Jimenez.]

Tip: You can select a different tax code from the list to change the tax that is calculated for each item.

4 In the Quantity column, type 4, then press TAB.

The Create Invoices window should resemble the following figure.



5 Click Save & Close.

Determining what you owe

If you are registered for GST, you are required to file periodic returns to the Receiver General to report the tax that you have charged on your sales and paid on your purchases. If you are registered for PST, you are required to file periodic returns to your provincial treasurer to report the tax that you have charged on your sales. Registrants in Quebec, need to report the tax charged on your sales and paid on your purchases to the Quebec treasurer.

QuickBooks can help you determine what you owe, or have owing from, these tax agencies and assist you in preparing the returns that need to be filed. QuickBooks gives you three ways to determine the amount of your sales tax liability: the GST or PST liability report, the GST or PST 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. The report is designed to display the amounts you need to complete your sales tax return for the tax agencies involved and to provide details to support the numbers on your sales tax return.

To create the GST liability report:

- 1 From the Reports menu, choose Vendors & Payables, then choose GST Liability. Your report should resemble the following figure.

Rock Castle Construction		As of December 15, 2007	
Accrual Basis		◇ Dec 15, 07 ◇	
Sales and Other Revenue(excluding tax)	Li...	308,719.69	◀
Purchases (excluding tax)		228,196.95	
GST			
Tax Collected and Collectible	Lin...	22,014.23	
Tax paid on purchase (Input Tax credits)	...	14,224.32	
Net Tax Payable (Refundable)		<u>7,789.91</u>	

The GST liability report shows all transactions up to the report date that are not marked as filed. The report will calculate the amount of GST recorded as tax on sales and tax on purchases that have not been previously filed.

- 2 To view the GST Detail report, double-click on any of the dollar amounts listed in the far right column.
- 3 Close the GST Detail report. If QuickBooks asks if you want to memorize the report, click No.
- 4 Close the GST Liability report.

Tip: To view a PST liability report, choose **PST Liability** from the drop down list under **Reports > Vendors & Payables**.

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. The tax liability register displays all the transactions that are recorded to the sales tax account and provides a running balance of the account. The register also allows you to see what transactions have been filed in the File Sales Tax process. If necessary, the user can edit the filing status of these transactions in the register.

To see the sales tax payable register:

- 1 From the Company menu, choose Chart of Accounts.
QuickBooks displays the chart of accounts.
- 2 Click GST Payable once to select it.
- 3 Click the Activities menu button and select Use Register.
QuickBooks displays the GST Payable register.

Date	Number	Vendor	Due Date	Increase	Decrease	Balance
	Type	Account Memo				
12/15/2007	73	Ecker Designs:Office Repairs	01/14/2008	328.30		6,765.46
	INV	Accounts Rece Total GST				
12/15/2007	72	Robson, Darci:Robson Clinic	12/15/2007	834.19		7,599.65
	INV	Accounts Rece Total GST				
12/15/2007	74	Natiello, Ernesto:Bathroom ren	01/14/2008	126.57		7,726.22
	INV	Accounts Rece Total GST				
12/15/2007	75	Melton, Johnny:Dental office	01/14/2008	98.00		7,824.22
	INV	Accounts Rece Total GST				
12/15/2007	85	Jimenez, Cristina:Utility Shed	01/14/2008	8.40		7,832.62
	INV	Accounts Rece Total GST				
12/15/2007		Keswick Insulation	12/30/2007		*	46.90
	BILL	Accounts Paya Total GST				
12/15/2007	3-Dec	Cal Gas & Electric	12/30/2007		*	8.59
	BILL	Accounts Paya Total GST				
12/15/2007						

1-Line Ending balance 7,777.13
 Sort by Date, Type, Number/Ref Record Restore
[Ever run out of stock? Don't miss out on your customer's order! Use the Sales Order feature](#)

Tracking and paying sales tax

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.

The “checkmark” column between the Increase and Decrease columns is used to show two things. The white area shows whether you have reconciled the transaction yet. It shows nothing for not reconciled, an asterisk (*) for pending (when you pause a reconciliation), and a checkmark for reconciled.

The light brown area shows whether the transaction has been reported on a GST return. If it has, it is marked with an “F”.

- 4 Close the register.
- 5 Close the chart of accounts.

Filing a sales tax return

When it's time to file a sales tax return, you use the File Sales Tax window to calculate the amount of tax owing or refundable. You will also use this window to prepare your sales tax return to send to the tax agency and to create a cheque if necessary.

To make a sales tax payment:

- 1 From the Vendors menu, choose Sales Tax, then choose File Sales Tax from the submenu.

QuickBooks displays the File Sales Tax window.

Pay	Date Due	Vendor	Tax On Sales	Tax On Purchases	Due (Refund)
	02/15/2008	Receiver General	18,924.48	11,338.87	7,585.61
	12/15/2007	Minister of Finance	18,348.10	0.00	18,348.10
Totals			37,272.58	11,338.87	25,933.71

Payment Account: Chequing
Ending Balance: 51,209.19

Payment Method: Cheque
 To be printed
 Assign cheque no.

Payment Date: 12/15/2007

Buttons: Adjust Sales Tax, Report, Next, Cancel, Help

- 2 Confirm that the “To be printed” checkbox is selected.

- In the "Show sales tax due through" field, type 06/30/07, then press TAB. QuickBooks displays your tax agencies and the amounts you owe to them. To mark the Receiver General for payment (i.e. to pay your GST liability), click in the Pay column on the line for the Receiver General.

The File Sales Tax window should resemble the figure below.

Pay	Date Due	Vendor	Tax On Sales	Tax On Purchases	Due (Refund)
<input checked="" type="checkbox"/>	08/15/2007	Receiver General	5,611.07	1,997.08	3,613.99
<input type="checkbox"/>	07/15/2007	Minister of Finance	6,449.78	0.00	6,449.78
Totals			12,060.85	1,997.08	10,063.77

Note: If you have an amount refundable to you, QuickBooks will create an invoice for the amount refundable.

- Click Next. QuickBooks opens the sales tax return for the tax selected. Review the return.

- 5 Click Next.
- 6 Read the Important Information window, then click OK.
- 7 Click Print when the Return for Registrants reappears.

If you have an amount due, QuickBooks records a cheque to the tax liability account (GST Payable or PST Payable). If you have an amount owing to you from the tax agency, QuickBooks records an invoice.

From the printed return, you must complete your final return for the tax agency and mail it to the agency.

After completing the File Sales Tax window, QuickBooks automatically marks all the transactions that were a part of the return as filed. If you receive a refund cheque back from the tax agency, record it as a Receive Payment and apply it to the outstanding invoice from the tax agency.

Tip: In some situations, you may have to change the amount on the cheque payable to the tax agency. If you need to edit the amount of the cheque after you have completed the File Sales Tax window, use the Find function to search for the cheque and make an adjustment directly on the cheque.

- 8 Click Done.

Student test and review

- 1** Create an invoice for Pretell Real Estate's 155 Wilks Blvd. job, for 10 interior wood doors and 2 exterior wood doors.
- 2** After you record the invoice, open the GST payable register to see how QuickBooks has recorded the tax due from the invoice.



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 cheque
- To learn how QuickBooks tracks your payroll tax liabilities
- To practice payroll tax liabilities

Handout materials

- Handout 30: Overview of payroll tracking
- Handout 31: Items on the Payroll Item list
- Handout 32: Tracking payroll expenses and payroll liabilities

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qbcanlesson.qbb) on your hard disk.

The steps that follow will 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 (qbcanlesson.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 qbcanlesson.qbb file, 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*, 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 features you use.

Because payroll information is already set up in the exercise file, you will not go through the payroll setup process in this lesson. For information about setting up payroll for your company in QuickBooks, see “Setting up payroll” in the QuickBooks *User Guide*.

To calculate payroll, QuickBooks uses tax tables. The exercise file includes the tax table needed to complete this lesson. To get the tax tables to use with your own QuickBooks company data file, you need to become a member of the QuickBooks Payroll Service. To learn about the payroll service, from the Employees menu, choose Set Up QuickBooks Payroll Service, then choose About Payroll Services from the submenu.

QuickBooks calculates each employee’s gross pay, then calculates taxes and deductions to arrive at the net pay. With QuickBooks, you can write the pay cheque, record the transaction in your QuickBooks chequing account, keep track of your payroll tax liabilities, and pay them.

You, as the employer, must subtract taxes and other deductions before issuing an employee’s pay cheque. Some typical pay cheque deductions are Income Taxes, Canada Pension Plan/Quebec Pension Plan (CPP/QPP), and Employment Insurance (EI). You may also deduct for benefits such as Registered Retirement plans (RRSP) or contributions to your company’s medical/dental plan.

Then you must submit regular deposits of the withheld tax money (biweekly or monthly, depending on the size of your payroll), and file annual forms that list the total amounts you withheld from each employee’s pay cheque.

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 your Business Number from the CRA. You enter this information in the payroll preferences when you set up your payroll system. (Note that your Business Number should appear in all of these places: the Company Information window, the GST/PST preferences, and the payroll preferences.)

- **Information about your employees**

The Employee list stores general information about each of your employees as well as specific information related to payroll (such as the employee's Social Insurance Number, date of birth, salary or hourly pay rate, Federal and Provincial TD1 amounts, and miscellaneous additions, deductions, and company contributions). You can store payroll information that most employees have in common in the 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**

When you create any kind of payroll transaction in QuickBooks—whether it's a pay cheque or a payroll tax payment—you use payroll items to do it (in the same way that sales forms use service and inventory items). When you specify 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 and provincial withholdings**

To calculate payroll, QuickBooks uses a table of all federal and provincial payroll taxes. This tax table is accurate when Intuit manufactures your software, but the government changes tax regulations often, so it becomes outdated. You then need a new tax table so that QuickBooks can continue to withhold the correct amount of tax from each employee's pay cheque. To receive updated tax tables whenever they are needed, you must become a member of the QuickBooks Payroll Service.

Once you've set up your company, employee data, and payroll items, all you do to run payroll is enter the number of hours worked during the pay period for each employee. QuickBooks calculates the gross wages for the employee, then refers to its tax tables and the company and employee information you entered to calculate all withholdings and deductions and arrive at the net pay amount. QuickBooks also calculates your company payroll expenses (for example, your contributions to CPP and EI) and, if you want, prints the pay cheques.

Setting up for payroll

By default, the QuickBooks payroll feature is turned off. This exercise will show you how to turn it on.

To turn payroll on in a company data file:

- 1 From the Edit menu, choose Preferences.
- 2 Click Payroll & Employees from the scroll box on the left, then click the Company Preferences tab.
- 3 Notice that **Full payroll features** is selected in the QuickBooks Payroll Features section.

In this sample data, the payroll features are already active. In your own company file, you would select that option. (The “Payroll reports only” option is intended for people who use an outside payroll service or who prefer to perform payroll manually, without the automatic payroll features.)

- 4 Take a moment to examine the other settings in this window. You can
 - change how employee names are displayed.
 - set what information appears on pay cheque vouchers and pay stubs.
 - set up employee defaults (see “Using the employee defaults to store common information” on page 243).
 - set advanced options.
- 5 In the first field of the Business Number area, enter 123456789, then 0001 in the second field.
- 6 Click OK.

Understanding payroll items

QuickBooks maintains a list for everything that affects the amount on a payroll cheque 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 pay cheque 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
Salary	Yearly Salary
Sick Salary	Yearly Salary
Vacation Salary	Yearly Salary
Hourly	Hourly Wage
Sick Hourly Rate	Hourly Wage
Vacation Hourly Rate	Hourly Wage
VacPay-Accrual Paid Out	Vacation Pay
VacPay-Accrued	Vacation Pay
VacPay-Paid Out	Vacation Pay
Bonus	Addition
Union Dues	Deduction
Federal Income Tax	Payroll Taxes
CPP - Company	Payroll Taxes
CPP - Employee	Payroll Taxes
EI - Company	Payroll Taxes
EI - Employee	Payroll Taxes
QPP - Company	Payroll Taxes
QPP - Employee	Payroll Taxes
Quebec Income Tax	Payroll Taxes

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 pay cheques 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, then choose New.
- 3 QuickBooks displays the Add new payroll item window, which steps you through the payroll item setup process.

- 4 Press Cancel to terminate payroll item setup process.

Setting up employee payroll information

Before you can create a pay cheque for an employee, QuickBooks needs certain basic information: his or her address, social insurance number, and date of birth; the rate of pay; completed federal and provincial TD1 forms; what taxes and deductions apply to the employee; and how his or her vacation pay and sick time should be calculated. This information is stored in the Employee list. General information about the employee is stored here, too.

(Of course, to create a pay cheque, QuickBooks also needs how many hours he or she worked, but that information is entered elsewhere.)

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 From the Employees menu, choose Employee List.

SIN	Name	Notes
635 128 556	Carol L. Walker	
558 698 759	Gregg Schneider	
568 123 582	Lee Tracey	
	Reynaldo Lopez	
786 286 864	Roy O. Uchman	

- 2 Select Roy O. Uchman in the list, then choose Edit from the Employee menu button.

QuickBooks displays the Edit Employee window for Roy O. Uchman.

Information for: Roy O. Uchman

Address Info | Additional Info | Payroll Info

Mr./Ms./... Print As: Roy O. Uchman

First Name: Roy M.I. O. Phone: 555-3286

Last Name: Uchman Alt. Ph.

E-mail

Address: 331 Poplar Rd SIN: 786 286 864

Emp. No.

City: Bayshore DOB: 05/09/1972

Province: BC Postal Code

Hired

Released

ROE Code

OK
Cancel
Notes
 Employee is inactive

The Address Info tab contains some payroll information about Roy Uchman, such as his name, social insurance number, and date of birth. This is also where QuickBooks stores employees' addresses, telephone numbers, and other contact information.

- 3 Click the Additional info tab.

The Additional Info tab lets you add custom fields to the Employee list.

- 4 Click the Payroll info tab.

QuickBooks displays the Payroll Info tab of the Edit Employee window. This is where QuickBooks stores most payroll information.

The screenshot shows the 'Edit Employee' window for Roy O. Uchman. The 'Payroll Info' tab is active. It features an 'Earnings' table with columns for 'Item Name' and 'Hourly/Annual Rate', and a 'Pay Period' dropdown set to 'Biweekly'. Below this is a checked checkbox for 'Use time data to create pay cheques' and a section for 'Additions, Deductions, and Company Contributions' with a table containing 'Union Dues' with an amount of -14.00 and a limit of -100.00. To the right are buttons for 'Payroll Taxes...', 'Accrual Hours...', 'Vacation Pay...', and 'Direct Deposit'. On the far right are 'OK', 'Cancel', and 'Notes' buttons, along with an unchecked checkbox for 'Employee is inactive'.

The Payroll Info tab contains an employee's specific salary or hourly rate, and any additions, deductions, or company contributions that apply to him or her. You can see tax information for this employee (the type of information required for a T4) by clicking the Payroll Taxes button.

- 5 Click Payroll Taxes.

QuickBooks displays the Taxes for Roy O. Uchman window.

The screenshot shows the 'Taxes for Roy O. Uchman' window. The 'Tax Table' is set to 'British Columbia'. Under 'Subject to', there are three checked items: 'Federal Income Tax' with a value of 7,412.00, 'Employment Insurance' with a value of 1.4, and 'Canada Pension Plan' with a value of 8,000.00. At the bottom, there is an 'Other Taxes' table with columns for 'Item Name', 'Amount', and 'Limit'. On the right side, there are 'OK', 'Cancel', and 'Help' buttons.

The checkboxes show the types of taxes the employee should have deducted from each pay cheque. For example, a checkmark in the Employment Insurance checkbox indicates that this employee should have Employment Insurance premiums deducted from his earnings. The EI Factor shows that the employer's portion of EI tax will be 1.4 times the amount the employee pays (which is the usual amount).

You also enter the employee's federal and provincial TD1 amounts in this window.

- 6 Click OK to return to the Edit Employee window.
- 7 Click OK again to return to the Employee list.

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 list displayed, choose Employee Defaults from the Employee menu button.

QuickBooks displays the Employee Defaults window.

Use this window to set up the payroll information that most new employees will 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. For example, all Rock Castle Construction employees have the same biweekly pay period, so it is entered in the employee defaults.

In addition, most new employees we hire will be eligible for a company performance bonus of \$50 per pay period. You can add it now.

- 2 In the Additions, Deductions and Company Contributions area, click in the Item Name column below the Union Dues item, then choose Bonus from the drop-down list.
- 3 In the Amount column, type **50** and press TAB.
- 4 Confirm that the “Use time data to create pay cheques” checkbox is selected. This option lets you pay for time entered using the time tracking feature (available in QuickBooks Pro and Premier products only).

Your screen should look like the following.

The screenshot shows the 'Employee Defaults' dialog box. At the top, there's a title bar with 'Employee Defaults', 'Ask a help question Ask', and 'How Do I?'. Below the title bar, there are three buttons: 'OK', 'Cancel', and 'Help'. The main area is divided into two sections. The first section is 'Earnings', which contains a table with two columns: 'Item Name' and 'Hourly/Annual Rate'. The table has one row with 'Hourly' in the first column and '12.00' in the second. To the right of this table are two dropdown menus: 'Pay Period' (set to 'Biweekly') and 'Class'. The second section is 'Additions, Deductions and Company Contributions', which contains a table with three columns: 'Item Name', 'Amount', and 'Limit'. The table has two rows: 'Union Dues' with '-14.00' and '-100.00', and 'Bonus' with '50.00'. To the right of this table are three buttons: 'Payroll Taxes...', 'Accrual Hours...', and 'Vacation Pay...'. Below the 'Additions...' section is a checkbox labeled 'Use time data to create pay cheques' which is checked.

- 5 Click Payroll Taxes.
QuickBooks displays the Taxes Defaults window.

The screenshot shows the 'Taxes Defaults' dialog box. It has a title bar with 'Taxes Defaults' and a close button. Below the title bar is a dropdown menu for 'Tax Table' set to 'British Columbia'. To the right are 'OK', 'Cancel', and 'Help' buttons. The main area is divided into two sections. The first section is 'Subject to', which contains three rows of tax information. Each row has a checkbox, a tax name, a tax type, and a value. The rows are: 'Federal Income Tax' (checked) with 'Federal TD1' and '7,412.00'; 'Employment Insurance' (checked) with 'EI Factor' and '1.4'; and 'Canada Pension Plan' (checked) with 'Provincial TD1' and '7,426.00'. The second section is 'Other Taxes', which contains a table with three columns: 'Item Name', 'Amount', and 'Limit'.

The withholding taxes that should be deducted from each employee pay cheque are entered in this window.

- 6 Click Cancel to close the Taxes Defaults window.
- 7 Click Vacation Pay.
QuickBooks displays the Vacation Defaults window.

Vacation Defaults

Vacation
 Retain Pay every period

Percentage: 4.0%

Earnings that accrue vacation

Payroll Item
Salary
Sick Salary
Vacation Salary
Hourly
Sick Hourly Rate

Buttons: OK, Cancel, Help

Information regarding vacation pay is entered in this window. QuickBooks can keep track of vacation pay accrued for each pay period.

- 8** Click Cancel to close the Vacation Defaults window.
- 9** Click OK to close the Employee Defaults window.
- 10** When QuickBooks asks whether you would like to apply changes to all matching employees, click Yes.

The new default you created will now appear in all employee records if the employee record has not been changed from the defaults.

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 list displayed, choose New from the Employee menu button. QuickBooks displays the New Employee window.
- 2** On the Address tab, enter the employee data as shown below.

New Employee Ask a help question Ask How Do It? X

Information for: Michael M. White

Address Info Additional Info Payroll Info

Mr./Ms./... Mr. Print As Michael M. White

First Name Michael M.I. M. Phone 415-555-1234

Last Name White Alt. Ph. 415-555-5678

Address 153 West Main Street E-mail mwhite@sample.ca

City Bayshore SIN 111 111 118

Province BC Postal Code V6C 1S2 Emp. No.

DOB 01/21/1975 Hired 11/28/2003

Released ROE Code

Buttons: OK, Cancel, Next, Employee is inactive

- 3 Click the Payroll Info tab. Notice that the Regular Pay item is displayed already.
- 4 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.

Information for: Michael M. White

Address Info Additional Info **Payroll Info**

Earnings

Item Name	Hourly/Annual Rate
Hourly	15.00

Pay Period: Biweekly

Class: []

Use time data to create pay cheques

Additions, Deductions, and Company Contributions

Item Name	Amount	Limit
Union Dues	-14.00	-100.00
Bonus	50.00	

Payroll Taxes...
Accrual Hours...
Vacation Pay...
Direct Deposit

OK
Cancel
Next
 Employee is inactive

- 5 Click Payroll Taxes.
QuickBooks displays the Taxes for Michael M. White window.
QuickBooks automatically calculates the correct amount of income tax to withhold based on the information an employee has entered on their TD1 form. You need to copy the total claim amounts from the federal and provincial TD1 forms into QuickBooks using this tax window for each employee.
- 6 Click OK.
QuickBooks returns to the New Employee window.
- 7 Click OK. When QuickBooks asks whether you want to set up additional payroll information, click Leave As Is.
QuickBooks returns to the Employee list, where the new employee's name is now displayed.
- 8 Close the Employee list.

Writing a pay cheque

QuickBooks lets you print payroll cheques in a batch or one at a time. You may want to process the pay cheques of salaried employees in a batch, and do payroll for the hourly employees one at a time.

To run a pay cheque:

- 1 From the Employees menu, choose Pay Employees.

QuickBooks displays the Select Employees To Pay window.

Employee	Pay Period	Rate	Hours	Last Date
<input checked="" type="checkbox"/> Carol L. Walker	Biweekly	12.00	80:00	12/15/2004
<input type="checkbox"/> Gregg Schneider	Biweekly	12.00		
<input type="checkbox"/> Lee Tracey	Biweekly	576.92		
<input type="checkbox"/> Michael M. White	Biweekly	15.00	0:00	
<input type="checkbox"/> Reynaldo Lopez	Biweekly	12.00	0:00	
<input type="checkbox"/> Roy O. Uchman	Biweekly	0.00	0:00	

- 2 In the Period Ends field, type **12/15/2007**.
- 3 Click in the column to the left of Michael M. White's name. QuickBooks places a checkmark next to the name.
- 4 Make sure that "Enter hours and preview cheque before creating" is selected.
- 5 Click Create.

When QuickBooks warns you that it is using a sample tax table and payroll calculations will be inaccurate, click OK to continue.

QuickBooks displays the Preview Pay Cheque window. Now you can enter the time Michael worked.

Preview Pay Cheque Michael M. White Pay Period: 12/02/2007 - 12/15/2007

Use Direct Deposit

Item Name	Rate	Hours	Customer:Job	Class	Service Item

Item Name	Rate	Quantity
Union Dues	-14.00	
Bonus	50.00	

Item Name	Amount	YTD
VacPay-Accrued	0.00	0.00
CPP - Company	0.00	0.00
EI - Company	3.50	3.50

Item Name	Amount	YTD
Union Dues	-14.00	-14.00
Bonus	50.00	50.00
CPP - Employee	0.00	0.00
EI - Employee	-2.50	-2.50
Federal Income Tax	0.00	0.00

Cheque Amount: 33.50

Create **Cancel** **Help**

- 6** In the Item Name field, select “Hourly” from the drop-down list. QuickBooks automatically fills in the employee’s Rate field.
- 7** In the Hours column, type **80** and press TAB.

QuickBooks fills in the Employee Summary area of the Preview Pay Cheque window, showing the gross regular pay and all of the deductions from Michael’s pay cheque. The net amount of the cheque appears at the bottom.

Preview Pay Cheque Michael M. White Pay Period: 12/02/2007 - 12/15/2007

Use Direct Deposit

Item Name	Rate	Hours	Customer:Job	Class	Service Item
Hourly	15.00	80.00			

Item Name	Rate	Quantity
Union Dues	-14.00	
Bonus	50.00	

Item Name	Amount	YTD
VacPay-Accrued	0.00	0.00
CPP - Company	55.77	55.77
EI - Company	87.50	87.50

Item Name	Amount	YTD
Hourly	1,200.00	1,200.00
Union Dues	-14.00	-14.00
Bonus	50.00	50.00
CPP - Employee	-55.77	-55.77
EI - Employee	-62.50	-62.50
Federal Income Tax	-360.80	-360.80

Cheque Amount: 756.93

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 pay cheque (company-paid benefits).

- 8 Click Create.

QuickBooks writes a payroll cheque for the correct net amount, showing the deductions in the voucher area.

QuickBooks displays the Select Employees To Pay window.

- 9 Click Leave.

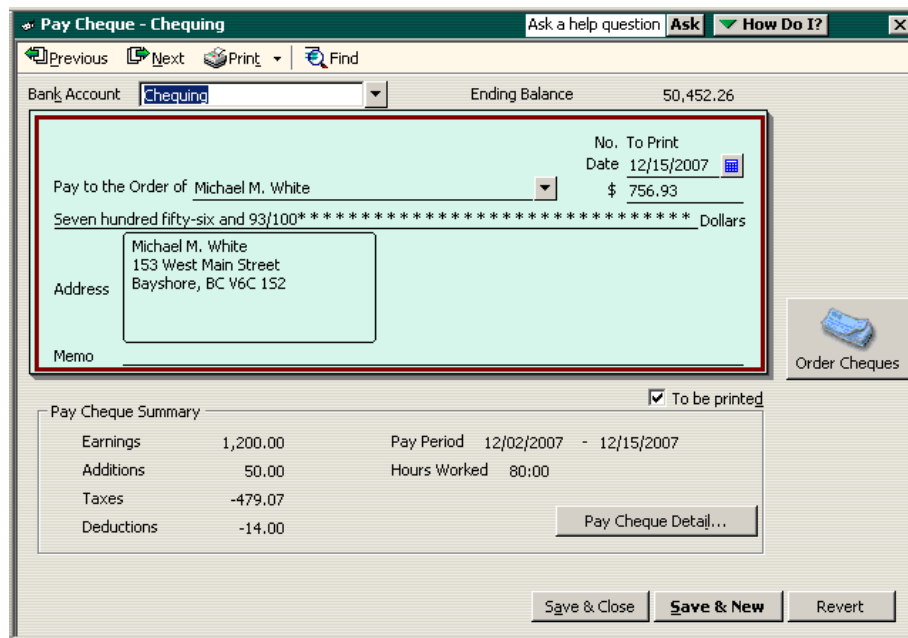
Viewing the pay cheque

QuickBooks records payroll cheques in your QuickBooks chequing account register. You can see the cheques by going to the register.

To view the pay cheque from the register:

- 1 From the Lists menu, choose Chart of Accounts.
- 2 Double-click "Chequing."
QuickBooks displays the Chequing account register.
- 3 Select the pay cheque transaction for Michael M. White, and click Edit Transaction.

QuickBooks displays the Pay Cheque – Chequing window for Michael. Notice that the Pay Cheque Summary shows a summary of the cheque's deductions. If you want to see the deductions that make up this total, you can click the Pay Cheque Detail button.



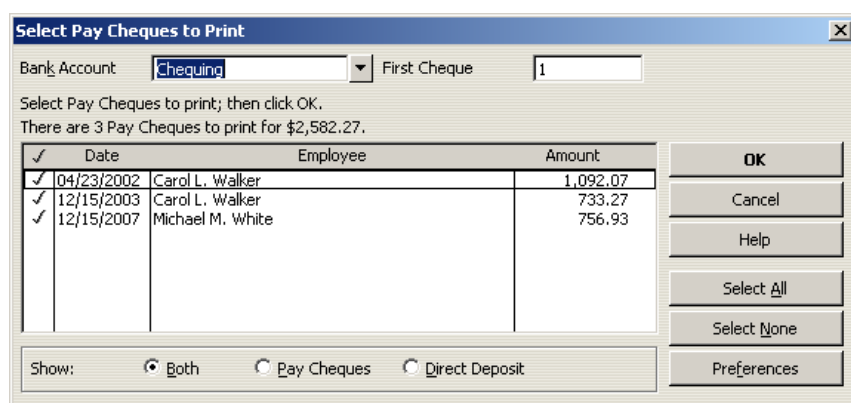
- 4 Click Save & Close to close the Pay Cheque – Chequing window.
- 5 Close the chequing account register, but leave the chart of accounts open.

Printing pay cheque stubs

You can print pay cheques as you would any QuickBooks cheque. If you use voucher cheques, QuickBooks prints the payroll item detail in the voucher area. If you don't use voucher cheques, you can print a paystub to give to your employees.

To print a pay cheque:

- 1 From the File menu, choose Print Forms, then choose Pay Cheques. QuickBooks displays the Select Pay Cheques to Print window.



- 2 In the First Cheque Number field, type **296**.
- 3 Make sure all pay cheques you want to print have checkmarks beside them, then click OK. (In this case, all the names should be checked.)
- 4 From the Print Cheques window, click Print.
When QuickBooks warns you that you have created two pay cheques with the same number (296), click Keep Number (for this example).
- 5 When QuickBooks asks if the cheques printed properly, click OK.

Tracking your payroll liabilities

As an employer, you need to track both payroll expenses and payroll liabilities.

Expenses include items like:

- Employees' gross pay
- Company-paid payroll taxes, such as the employer portions of EI and CPP/QPP.
- Company-paid benefits for employees, such as company-provided dental plans.

QuickBooks uses an expense account called Payroll Expenses to track these costs to your company. (The funds you deduct from employee pay cheques aren't considered an actual cost because they're monies you're holding for the government; they don't come from your company assets but from the employees' money.) 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.

Liabilities are amounts you owe but have not yet paid to an agency. Payroll liabilities include items like:

- Federal or Quebec income tax withheld from employees' pay cheques
- Employee-paid payroll taxes, such as the employee portions of CPP/QPP and EI.
- Benefits for which the company collects premiums from employees (like some group insurance plans).

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 White's pay cheque.

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 see the expense items paid by the company for Michael White's pay cheque.

Doing payroll with QuickBooks

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 pay cheque. The running balance shows an increase for every liability.

5 Close the register.

6 Close the chart of accounts.

Paying payroll taxes

As long as you are a member of the QuickBooks Payroll Service, 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 your payroll taxes, the Payroll Liabilities report shows you how much to pay and to whom. Suppose you are ready to make a payroll 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, then choose Payroll Liability Balances.
- 2 Click Modify Report, select "Display columns by Year across the top," be sure that the end date is 12/31/2007, then click OK.

QuickBooks displays a report that shows what you owe for each payroll item.

The screenshot shows the 'Payroll Liability Balances' report window for 'Rock Castle Construction'. The report is for the period 'January through December 2007'. The interface includes a menu bar with options like 'Modify Report...', 'Memorize...', 'Print...', 'E-mail', 'Export...', 'Hide Header', and 'Refresh'. Below the menu, there are date filters set to 'From 01/01/2007 To 12/31/2007' and a 'Columns' dropdown set to 'Year'. The report content shows a list of payroll liabilities with their respective amounts:

Payroll Liabilities	
Federal Income Tax	518.30
CPP - Employee	87.96
CPP - Company	87.96
EI - Employee	85.54
EI - Company	119.76
Net Vacation Accrued	0.00
Union Dues	28.00
Total Payroll Liabilities	<u>927.52</u>

- 3 Close the report.

If QuickBooks asks if you'd like to memorize the report, click No.

Writing a cheque for payroll taxes

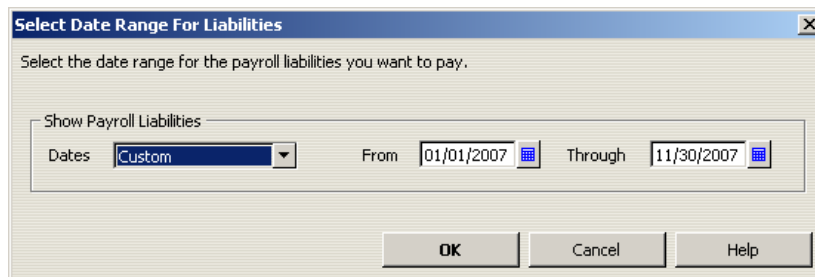
When it's time to pay payroll taxes, use the Pay Payroll Liabilities window to fill out a QuickBooks cheque.

Note: Don't just open the Write Cheques window and write a cheque from there. QuickBooks can't properly adjust your Payroll Liabilities account unless you use the Pay Liabilities feature.

To pay payroll liabilities:

- 1 From the Employees menu, choose Process Payroll Liabilities, then select Pay Payroll Liabilities item from the submenu.

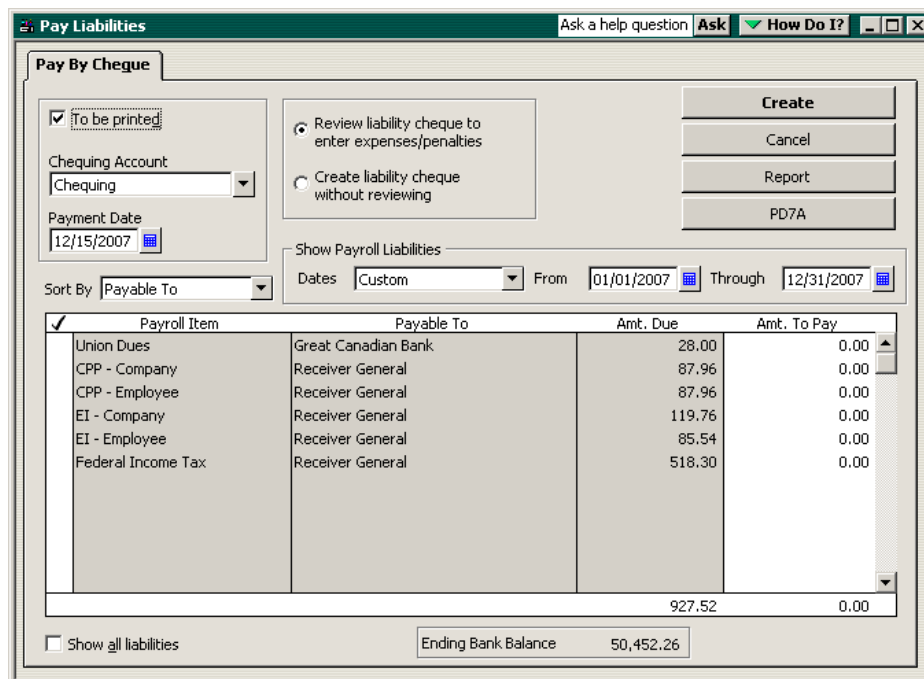
QuickBooks displays the Select Date Range For Liabilities window.



- 2 In the “Through” field, type **12/31/2007**.

- 3 Click OK.

QuickBooks displays the Pay Liabilities window.



- 4 Click in the column to the left of the CPP - Company payroll item.

QuickBooks places checkmarks in the column for both Company and Employee to show that the items will be paid. It also places checkmarks next to EI and Federal Income Tax items.

Now your Pay Liabilities window should look like the following.

Payroll Item	Payable To	Amt. Due	Amt. To Pay
Union Dues	Great Canadian Bank	28.00	0.00
CPP - Company	Receiver General	87.96	87.96
CPP - Employee	Receiver General	87.96	87.96
EI - Company	Receiver General	119.76	119.76
EI - Employee	Receiver General	85.54	85.54
Federal Income Tax	Receiver General	518.30	518.30
		927.52	899.52

- 5 Make sure “Review liability cheque to enter expenses/penalties” is selected, then click Create.

If QuickBooks reminds you that you can order cheques for this account, click Close to continue.

QuickBooks displays the Liability Cheque window, with your cheque displayed.

The screenshot shows the 'Liability Cheque - Chequing' window. At the top, the bank account is 'Chequing' with an ending balance of 49,552.74. The cheque is for \$899.52, dated 12/15/2007, payable to Receiver General. The amount in words is 'Eight hundred ninety-nine and 52/100'. The memo field is empty. Below the cheque details, there is a table of expenses:

Payroll Item	Amount	Memo	Class
CPP - Company	87.96		
CPP - Employee	87.96		
EI - Company	119.76		

At the bottom, there are buttons for 'Clear Splits', 'Recalculate', 'Save & Close', 'Save & New', and 'Revert'. The 'Payroll Liabilities' total is \$899.52.

You should use a separate cheque for each vendor that you are paying.

- 6 In the Memo field, type **BN 123456789** as a reference number for the CRA.
- 7 Click Save & Close to record the cheque.
- 8 Click Yes if QuickBooks asks if you want to save changes made to this transaction.

Whenever you make a payment and record your cheque this way, QuickBooks decreases the balance of the Payroll Liabilities account.

Preparing PD7A, T4, T4 Summary, and Relevé 1 forms

Along with your liability cheque, you'll need to submit a PD7A (Current Source Deductions Remittance) form to the CRA. On this form, you report the federal income tax amounts, EI premiums, and CPP contributions you withheld from your employees' pay cheques over the past month. To help you prepare this form, QuickBooks provides a PD7A Summary Report.

Creating a PD7A Summary Report

- 1 From the **Reports** menu, choose **Employees & Payroll**, then **PD7A Report**.
- 2 In the "To" field, type **12/31/2007**, then press TAB.

QuickBooks displays a summary of the income tax, pension plan contributions, and Employment Insurance premiums that you've withheld from employee pay cheques.

Your screen should look like this:

Rock Castle Construction	
PD7A Report	
November through December 2007	
◊ Nov - Dec 07 ◊	
Gross payroll for period	2,210.00
No. of employees paid in period	2
Remittance for period	
Tax deductions	518.30
Total CPP contributions	
CPP - Employee	87.96
CPP - Company	87.96
Total CPP contributions	175.92
Total EI premiums	
EI - Employee	85.54
EI - Company	119.76
Total EI premiums	205.30
Remittance for period	899.52

You would use the figures in the report to fill in your PD7A form.

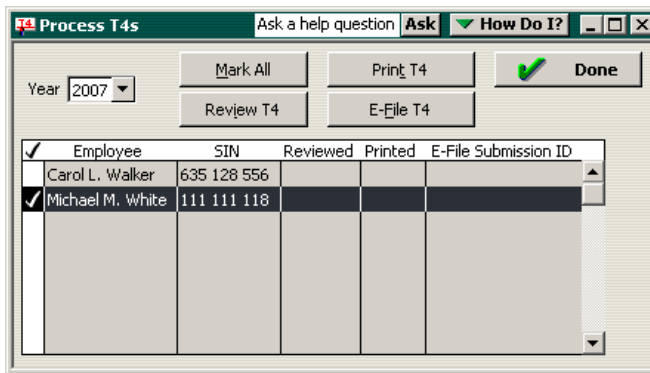
- 3 Close the report.

Preparing T4 slips

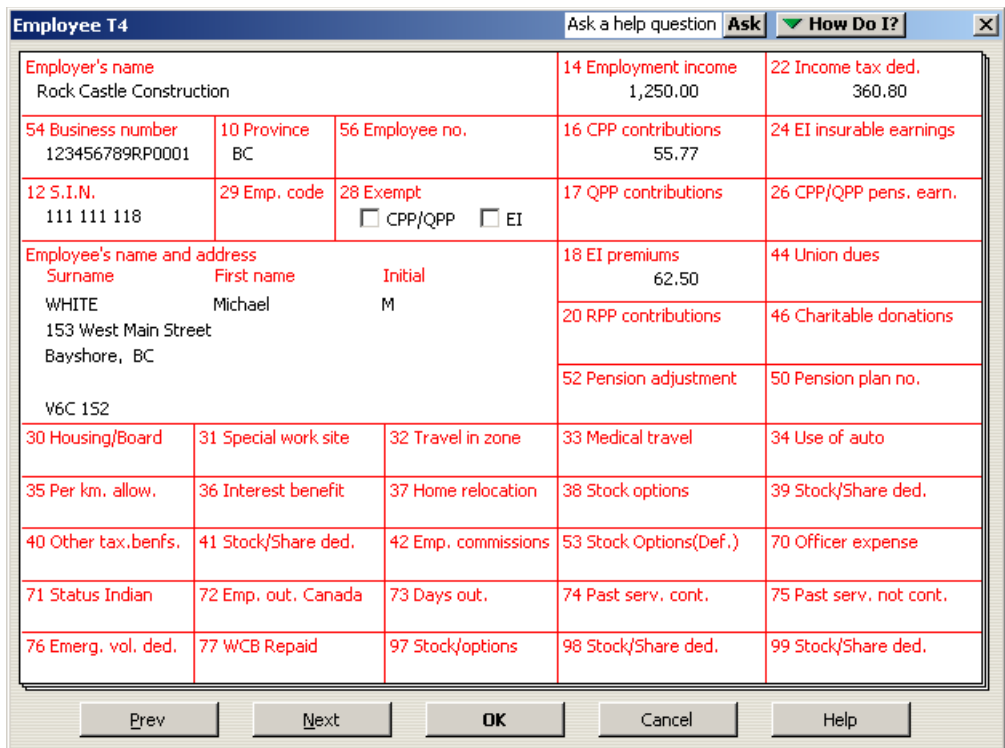
At the end of the year, you'll need to provide T4 slips for your employees and the CRA. QuickBooks can help you create these.

To create a T4 slip

- 1 Click the **Employees** menu, then **Process T4s**. QuickBooks shows the Process T4s window.
- 2 Check that the Year drop-down menu is showing the correct year (for this example, 2007 -- though usually, you would want the year that just finished).
- 3 Click in the checkmark column to the left of **Michael M. White**.



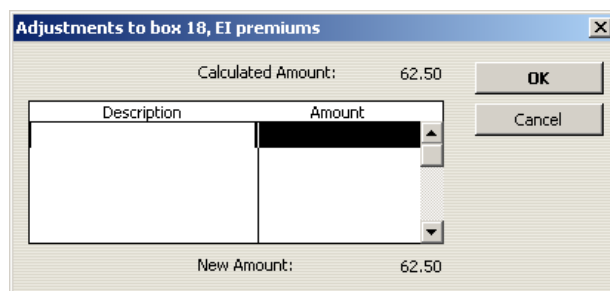
- 4 Click the **Review T4** button to see Michael's T4.



- 5 Notice that the information on the T4 matches the information from the pay cheque you created for Michael.

If you're not sure what a box on this form is for or how amounts should be entered, click the **Help** button, then you can find out more about individual boxes. The online help contains a good deal of information about how T4 slips should be completed.

- 6 Double-click the **EI Premiums** box (Box 18).

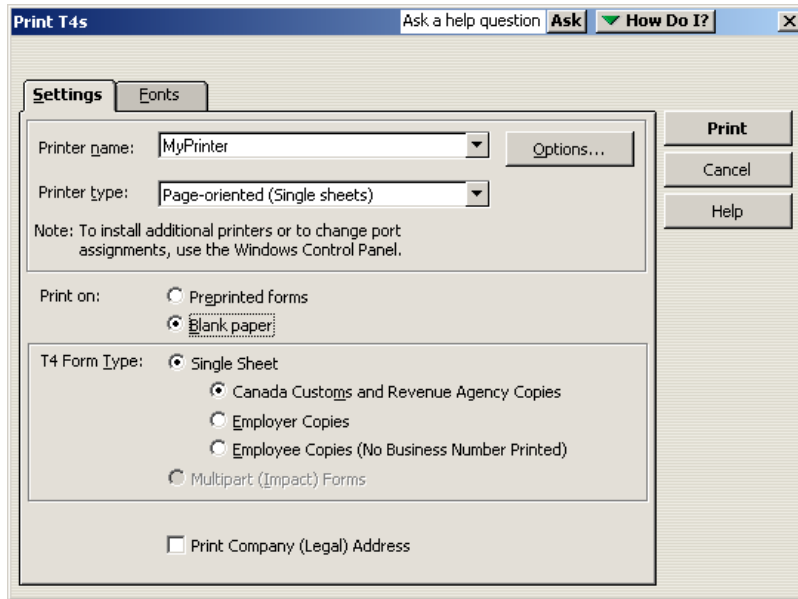


In the Adjustments window, you can adjust amounts on the T4 slip, if necessary, and enter a memo to remind you why you made the adjustment (the Description field). The amount you enter is added to the one already showing on the T4 (the Amount field). To decrease the amount on the T4, you would enter a negative number.

- 7 Click **Cancel**.
- 8 In the Employee T4 window, click **OK**.
You are returned to the Process T4s window.
- 9 Click **Print T4**.
- 10 In the Print T4s window, choose the printer you want to use and whether it is a single-sheet printer (like an inkjet or laser printer) or a continuous-feed printer (like most dot-matrix printers).

Then you can choose whether to print on blank paper (the default if you have an inkjet or laser printer) or pre-printed, multipart forms from the CRA. Finally, you select who you are printing the forms for: the CRA, your own records, or to give to the employee.

For this example, print CRA forms on blank paper. (Note that the Printer Name area will be different from this illustration as it will show your printer's name.)



11 Click **Print**, then read the information message and click OK to continue.

12 In the Process T4s window, click **Done**.

Preparing a T4 Summary report

When you file the T4s you created for your employees, you need to include a T4 Summary that totals the amounts on all the T4 slips. You can use a report to fill in your T4 Summary form quickly.

To create a T4 Summary report:

- 1** From the **Reports** menu, choose **Employees & Payroll**, then **T4 Summary**. QuickBooks displays a summary of your T4s.
- 2** For this example, make sure that the Dates field reads, "This calendar year." When you work with your own company file, you will likely want to select "Last Calendar Year" when you use this report. You can now use the information in the report to fill in the T4 Summary form.
- 3** If you want to print the report, click **Print** in the report button bar.
- 4** Close the report.

Student test and review

- 1** Add a salaried employee to the employee list. Use SIN 111 111 118 and a date of birth of 10/12/76, and assume that he or she is using the default TD1 amounts. Enter the employee's personal information, tax information, and at least one additional pay cheque deduction (for which you will have to create a payroll item).
- 2** Process a pay cheque for the new employee. Then, view the cheque in QuickBooks. Open the payroll liability account register to see how the pay cheque changed the account's balance.
- 3** Select the payroll expense account from the chart of accounts. Create a Quick-Report for it.



LESSON 13 Estimating and progress invoicing

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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
-

Handout materials

- Handout 33: Creating an estimate
 - Handout 34: Creating invoices from an estimate
-

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qbcanlesson.qbb) on your hard disk.

The steps that follow will 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.

Note: To proceed through this lesson, you must be using QuickBooks Pro or Premier. Estimates are not available in QuickBooks Basic.

To restore the exercise file (qbcanlesson.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 qbcanlesson.qbb file, 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*, 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*.

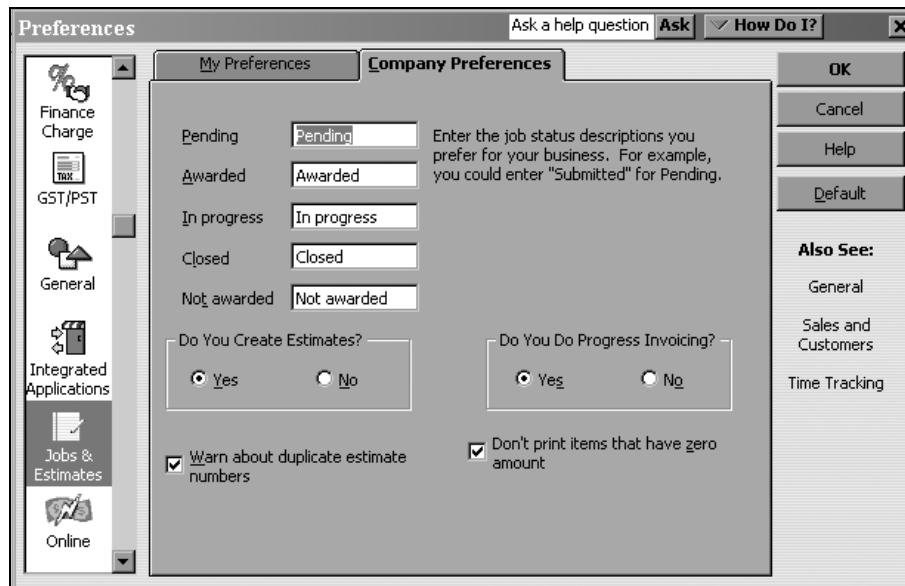
When you create a new QuickBooks company using the EasyStep Interview, QuickBooks asks you if you use estimates and/or progress invoicing. If you respond yes, QuickBooks turns on these features for you. If you respond no, you need to turn on these features in order to use them. Rock Castle Construction 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 scroll box.
- 3** Click the Company Preferences tab to display the job and estimate preferences.
- 4** Click Yes for “Do You Create Estimates?”
- 5** Click Yes for “Do You Do Progress Invoicing?”

The Jobs & Estimates preferences window should look as follows



- 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 From the Customers menu, choose Customer:Job List.
- 2 In the Customer:Job list, select Natiello, Ernesto.
- 3 Click the Customer:Job menu button, then choose Add Job.
QuickBooks displays the New Job window.

4 In the Job Name field, type **Bathroom Remodel #2**.

5 Click the Job Info tab.

QuickBooks displays the Job Info portion of the New Job window.

The New Job window is unique to QuickBooks Pro and Premier. Dates appear in the date fields from a previous job done for this customer.

6 In the Job Status field, select Pending from the drop-down list.

7 In the Start Date field, type **1/4/08**.

8 In the Projected End field, type **2/28/08**.

Estimating and progress invoicing

- 9 Press TAB to move to the End Date field, then press DELETE (on the keyboard) to clear this field.
- 10 In the Job Description field, type **Remodel bathroom #2**.
- 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.

- 12 Click OK.

QuickBooks returns you to the Customer:Job List.

♦Natiello, Ernesto	Canada Dollar	3,369.94			14,181.92
♦Bathroom remodel	Canada Dollar	2,079.38			
♦Bathroom Remodel #2	Canada Dollar	0.00		Pending	
♦Kitchen	Canada Dollar	1,290.56		Closed	14,181.92

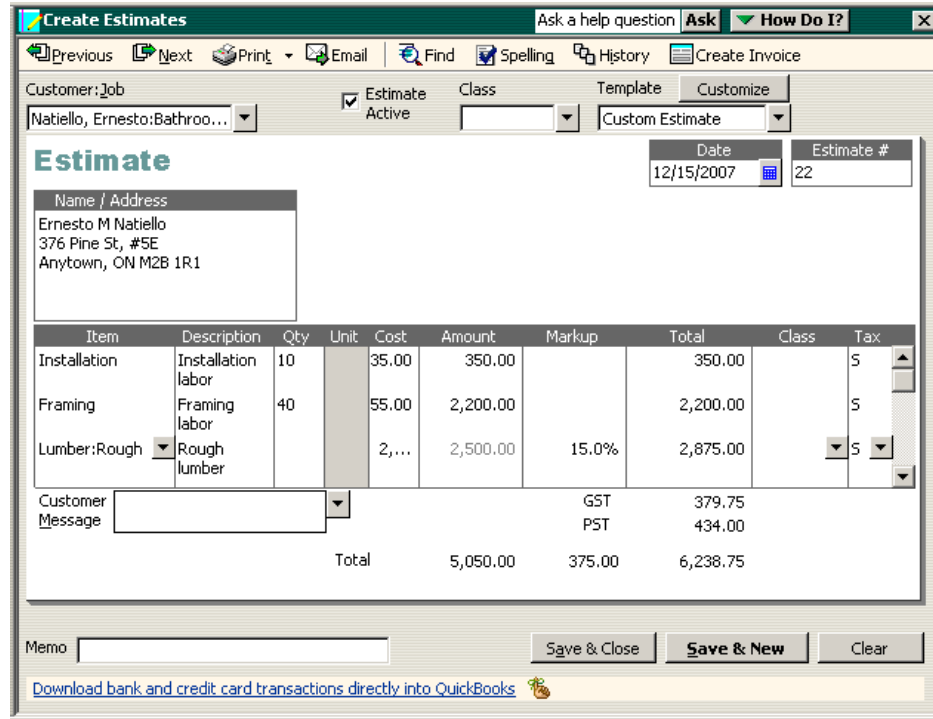
Notice that the new Bathroom job is listed as a pending job for Natiello, Ernesto.

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 Customer:Job list, select Natiello, Ernesto:Bathroom remodel #2.
- 2** Click the Activities menu button, then choose Create 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** Make sure that Custom Estimate is selected 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.
- 7** Press TAB twice to move to the QTY column.
- 8** Type **10** in the QTY column, 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, 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, then type **2500**.
- 14** Press TAB to move to the Markup column.
- 15** Type **15%**, then press TAB twice.
Your estimate should look like the following figure.



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 Customer:Job list. Notice the Estimate Total column for the Pending Bathroom remodel job for Ernesto Natiello now has a balance of 6,238.75.

Creating multiple estimates

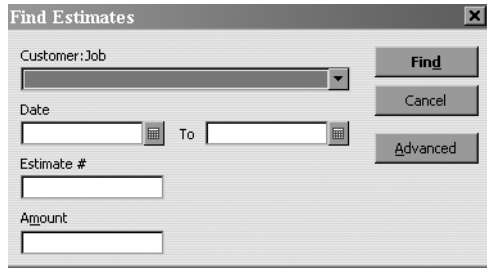
Just as you've completed the estimate for this customer, he calls and asks you to prepare a second estimate for the same job. He'd like you to price a couple of different options.

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.

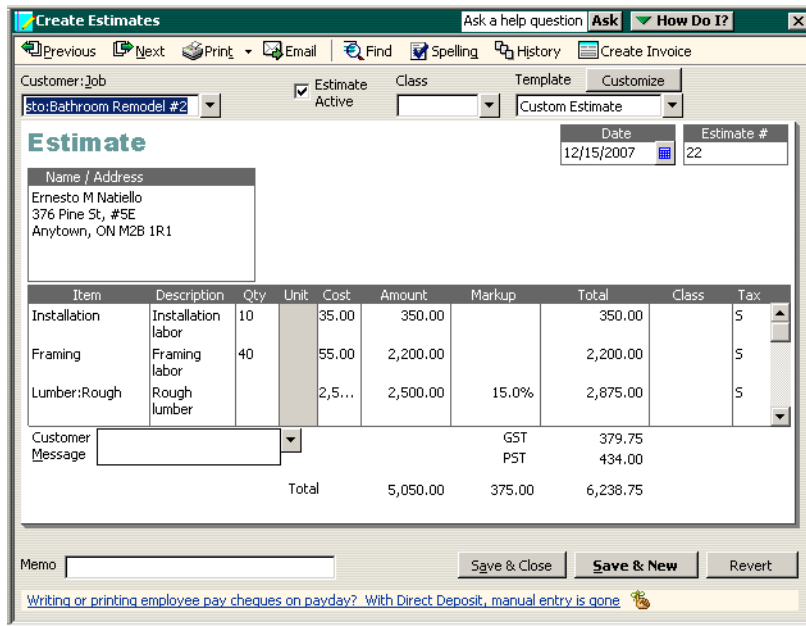
- 1 From the Customers menu, choose Create Estimates.
- 2 From the Edit menu, choose Find Estimates.

QuickBooks displays the Find Estimates window.



- 3 In the Customer:Job drop-down list, select Natiello, Ernesto:Bathroom remodel #2.
- 4 Click Find.
- 5 Click No to “You have not recorded the new transaction. Do you want to record it now?”.

QuickBooks displays the estimate that you’ve already created for this job (Estimate # 22).



- 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, then make the modifications necessary for the second bid.

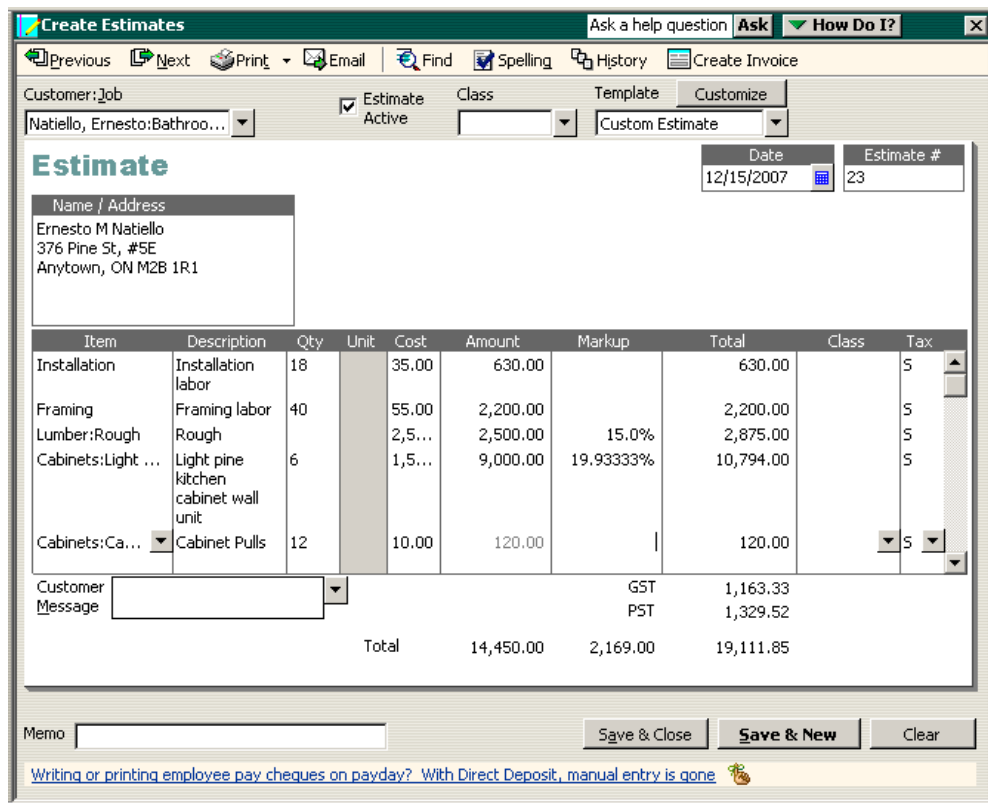
To create a duplicate of an existing estimate:

- 1 Right-click to the right of Name/Address and choose the Duplicate Estimate menu item from the displayed menu.
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.

Item	Description	Qty	Unit	Cost	Amount	Markup	Total	Class	Tax
Installation	Installation labor	10		35.00	350.00		350.00		S
Framing	Framing labor	40		55.00	2,200.00		2,200.00		S
Lumber:Rough	Rough lumber	2,500.00		2,500.00	2,500.00	15.0%	2,875.00		S
							GST		379.75
							PST		434.00
Total					5,050.00	375.00	6,238.75		

- 2 Highlight 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.



10 Click Save & Close.

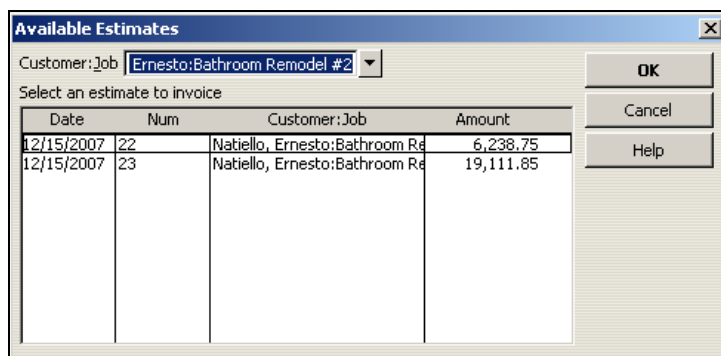
Creating an invoice from an estimate

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.

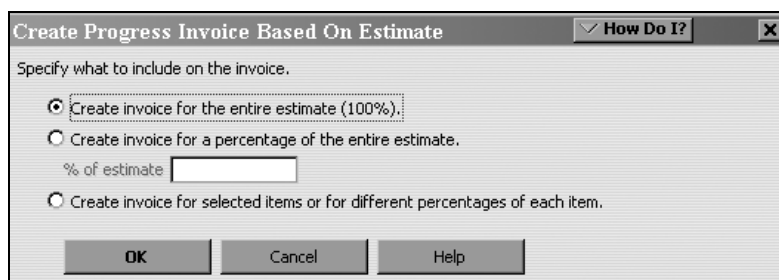
Progress invoicing (also known as progress billing), lets you invoice for jobs that you work on and complete in phases. When using progress invoicing, you start by creating an estimate for the job (you don't have to give this estimate to the customer). Then, as you complete each phase, you can easily 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 In the Customer:Job list, select Natiello, Ernesto:Bathroom #2 remodel.
- 2 Click the Activities menu button, then choose Create Invoices. QuickBooks displays the Create Invoices window.
- 3 Press TAB to leave the Customer:Job field. QuickBooks displays a list of estimates created for this job.



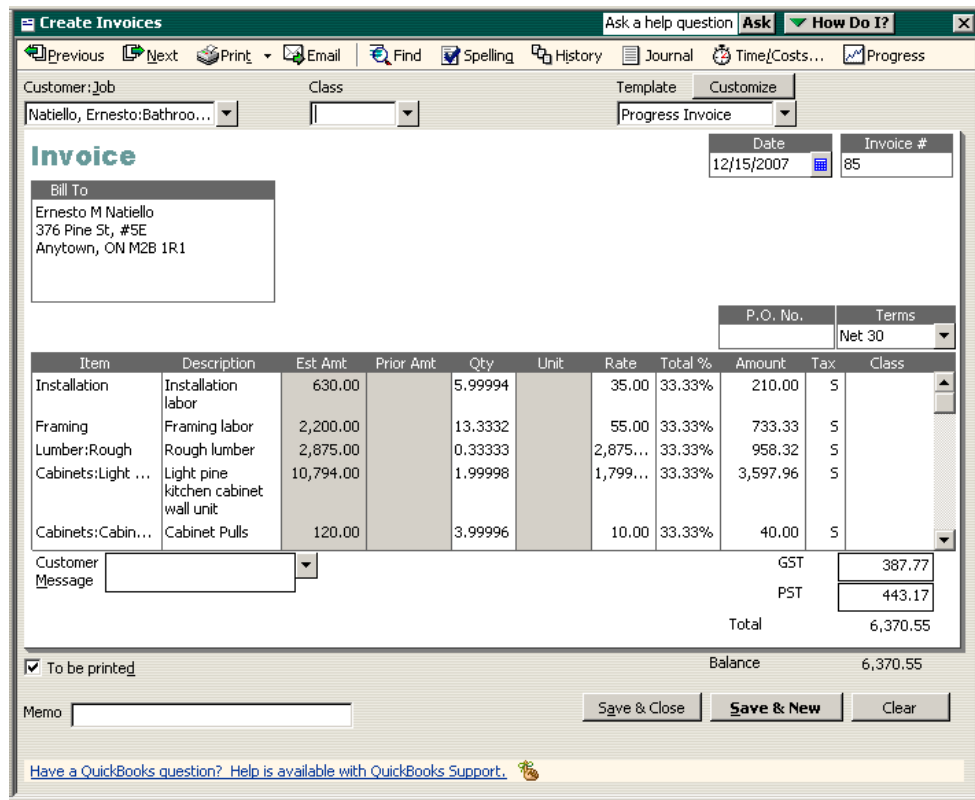
- 4 The customer accepted the second estimate you created, so select the line containing Estimate #23, and click OK. QuickBooks displays the Create Progress Invoice Based On Estimate window.



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.

- 5 Select “Create invoice for a percentage of the entire estimate.”
- 6 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.
- 7 Click OK.
- 8 In the Template drop-down list in the upper right corner of the Create Invoice screen, be sure that the Progress Invoice is selected.

QuickBooks completes the invoice for one-third of each item on the estimate. Your invoice should resemble the following figure.



Notice that QuickBooks changed the invoice template to Progress Invoice and added fields for Estimate Amount and Total %. 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.

9 Click Save & Close to record the invoice.

10 Close the Customer:Job list.

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 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 #2						
Estimate	12/15/2007	22	✓	6,238.75	0.00	0.0%
Estimate	12/15/2007	23	✓	19,111.85	6,370.55	33.33%
Kitchen						
Estimate	10/08/2007	9	✓	14,181.92	0.00	0.0%
Nelson, Wilma						
Office Remodel						
Estimate	12/10/2007	19	✓	7,034.55	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 From the Customers menu, choose Customer:Job List.
QuickBooks displays the Customer:Job list.
- 2 In the list, select Natiello, Ernesto:Bathroom remodel #2.
- 3 Click the Customer:Job menu button, then choose Edit.
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' dialog box with the following details:

- Job Name: Bathroom Remodel #2
- Current Balance: 6,370.55
- Link: [How do I adjust the current balance?](#)
- Buttons: OK, Cancel, Notes
- Tab: Job Info
- Job Status: In progress
- Start Date: 01/04/2007
- Projected End: 02/28/2007
- End Date: (empty)
- Job Description: Remodel bathroom #2
- Job Type: Remodel
- Job is inactive:

- 6 Click OK.

QuickBooks returns you to the Customer:Job list. The Customer:Job list now shows this project as being in progress.

- 7 Close the Customer:Job list.

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 to display the estimates by job report.
- 3 Scroll to the section of the report that displays the estimates for Ernesto Natiello.

2:41 PM
12/15/07

Rock Castle Construction
Estimates by Job
All Transactions

Type	Date	Num	Memo	Estimate Active	Amount
Natiello, Ernesto					
Bathroom Remodel #2					
Estimate	12/15/2007	22		✓	6,238.75
Estimate	12/15/2007	23		✓	19,111.85
Total Bathroom Remodel #2					25,350.60
Kitchen					
Estimate	10/08/2007	9		✓	14,181.92
Total Kitchen					14,181.92
Total Natiello, Ernesto					39,532.52
Nelson, Wilma					
Office Remodel					
Estimate	12/10/2007	19		✓	7,034.55
Total Office Remodel					7,034.55

- 4 Double-click anywhere on the line for Estimate #22. QuickBooks displays the Create Estimate screen.

Create Estimates

Customer: Job
esto:Bathroom Remodel #2

Estimate Active Class: [] Template: Custom Estimate

Date: 12/15/2007 Estimate #: 22

Name / Address
Ernesto M Natiello
376 Pine St, #5E
Anytown, ON M2B 1R1

Item	Description	Qty	Unit	Cost	Amount	Markup	Total	Class	Tax
Installation	Installation labor	10		35...	350.00		350.00		S
Framing	Framing labor	40		55...	2,200.00		2,200.00		S
Customer Message							GST	379.75	
							PST	434.00	
Total					5,050.00	375.00	6,238.75		

Memo: [] Save & Close Save & New Revert

QuickBooks Backup Service is automatic which saves you time

- 5 Click to clear the checkmark in the Estimate Active checkbox.
- 6 Click Save & Close.
- 7 If QuickBooks asks if you want to save the changes you made to the transaction, click Yes.
- 8 Close the report.

Student test and review

- 1** Create an estimate for the 75 Sunset Rd. job for Pretell Real Estate. The estimate is for 6 hours of installation labour, 18.5 hours of plumbing work, and 4 hours of drywall work.
- 2** Create a progress invoice for 50% of the estimate just created for the 75 Sunset Rd. job for Pretell Real Estate.



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

Handout materials

- Handout 35: Invoicing customers for time worked

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qbcanlesson.qbb) on your hard disk.

The steps that follow will 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.

Note: To proceed through this lesson, you must be using QuickBooks Pro or Premier. Time tracking is not available in QuickBooks Basic.

To restore the exercise file (qbcanlesson.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 qbcanlesson.qbb file, 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*, then click Save.
- 6** Click Restore.

Tracking time

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.

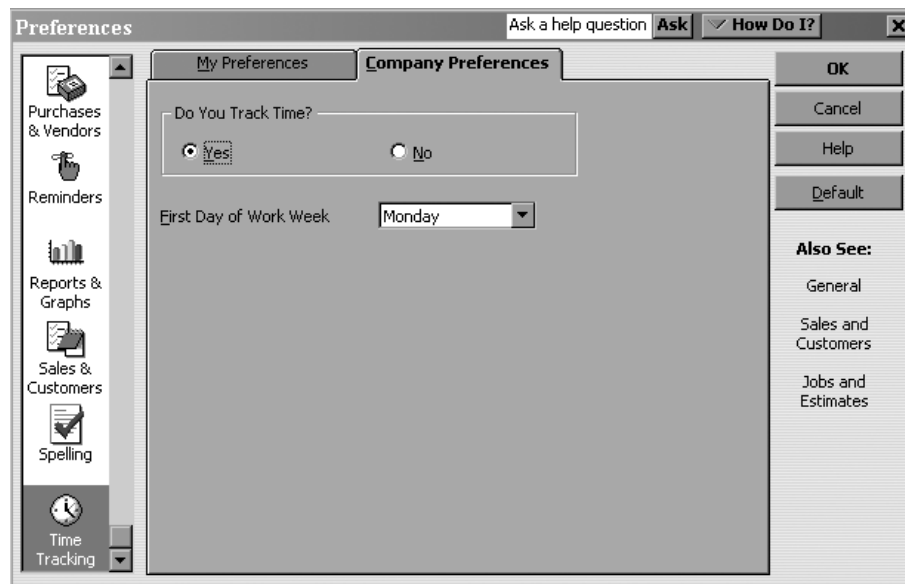
You can use time data to do the following:

- Invoice the customer for the time spent doing a job.
- Provide hours worked on an employee's paycheque, or a cheque 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

To turn on time tracking:

- 1 From the Edit menu, choose Preferences.
- 2 Click Time Tracking in the left scroll box. 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, then import the time directly into QuickBooks. (The Timer is available in QuickBooks Pro and Premier only.)

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.

Customer:Job	Service Item	Payroll It	Notes	Class	M 10	Tu 11	W 12	Th 13	F 14	Sa 15	Su 16	Total
												0:00
Totals					0:00	0:00	0:00	0:00	0:00	0:00	0:00	0:00

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.

Not Billed

Date: 12/15/2007

Name: _____

Customer:Job: _____

Service Item: _____

Payroll Item: _____

Class: _____

Notes: _____

Duration: 0:00

Start Stop Pause

Save & Close Save & New Clear

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, 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 Time Tracking, then choose Use Weekly Timesheet.

QuickBooks displays the Weekly Timesheet window.

Customer:Job:Service I	Payroll It	Notes	Class	M 10	Tu 11	W 12	Th 13	F 14	Sa 15	Su 16	Total
				0:00	0:00	0:00	0:00	0:00	0:00	0:00	0:00
Totals				0:00	0:00	0:00	0:00	0:00	0:00	0:00	0:00

- 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 In the Name field of the time sheet, select Gregg Schneider from the drop-down list.
- 2 When QuickBooks displays the message asking if you would like to set this employee to use time data during pay cheque creation, click Yes.

QuickBooks will track the time you enter for this employee and display it when you are ready to pay employees.

- 3 Click in the Customer:Job column, 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.
 - 5 Press TAB. 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 list, on the Payroll Info tab.
- 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.)
- 6 Click in the M 10 column.
M stands for Monday and 10 for the date, Monday, the 10th 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, then click Time Tracking.)
 - 7 Type **8** to enter the number of hours worked on Monday.
 - 8 In the Tu field, type **8**.
 - 9 In the W field, type **8**. As you enter hours for each day, the Total column displays the total hours for the week.
 - 10 In the Th field, type **8**.
 - 11 In the F field, type **8**, then press TAB. Your screen should resemble the figure below.

The screenshot shows the 'Weekly Timesheet' window for Gregg Schneider, covering the week of Dec 10 to Dec 16, 2007. The window title is 'Weekly Timesheet' and it includes a menu bar with 'Previous', 'Next', 'Print', and 'Edit Single Activity'. The main area is titled 'Timesheet' and contains a table with the following columns: Customer:Job, Service Item, Payroll Item, Notes, Class, M (10), Tu (11), W (12), Th (13), F (14), Sa (15), Su (16), and Total. The table shows 8 hours entered for each day from Monday to Friday, with a total of 40:00 hours for the week. The 'Total' column is highlighted in grey. Below the table, there is a 'Totals' row showing 8:00 for each day and 40:00 for the total. At the bottom, there are buttons for 'Set Date...', 'Copy Last Sheet', 'Save & Close', 'Save & New', and 'Clear'. A checkbox for 'Wrap text in Notes field' is checked.

Customer:Job	Service Item	Payroll Item	Notes	Class	M 10	Tu 11	W 12	Th 13	F 14	Sa 15	Su 16	Total
Melton,...	In...	Ho...			8:00	8:00	8:00	8:00	8:00	0:00	0:00	40:00
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.

- 12 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 or used to create a paycheck for Gregg Schneider.

Invoicing a customer based on time

Refer to Handout 35, "Invoicing customers for time worked."

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 If you're using QuickBooks Pro or Premier, QuickBooks displays the Available Estimates window. Click Cancel.
- 4 If QuickBooks reminds you that this customer has billable time/costs, click OK to continue.
- 5 In the Date field, type **12/17/2007**.
- 6 Click Time/Costs on the taskbar at the top of your screen, then click the Time tab. QuickBooks displays the Choose Billable Time and Costs window.

Choose Billable Time and Costs

Time and Costs For: Melton, Johnny:Dental office

Items \$0.00 Expenses \$0.00 Time \$0.00

Select All

Click on Options... to customize how information from timesheets is brought into QuickBooks invoices

Use	Date	Employee	Service Item	Hours	Rate	Amount	Description	Hide
	12/10/2007	Gregg Schneider	Installation	8:00	35.00	280.00	Installation labor	
	12/11/2007	Gregg Schneider	Installation	8:00	35.00	280.00	Installation labor	
	12/12/2007	Gregg Schneider	Installation	8:00	35.00	280.00	Installation labor	
	12/13/2007	Gregg Schneider	Installation	8:00	35.00	280.00	Installation labor	
	12/14/2007	Gregg Schneider	Installation	8:00	35.00	280.00	Installation labor	

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.

Tracking time

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 “Do not combine activities.”

- 7 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.

- 8 Click OK.

The invoice should resemble the figure below.

Create Invoices | Ask a help question | Ask | How Do I? | X

Customer: Job | Class | Template: Custom Invoice

Customer: Melton, Johnny:Dental o... | Invoice # 85 | Date 12/17/2007

Invoice

Bill To: Johnny Melton, DDS
300 Main St, Suite 3
Bayshore BC X3R 5Y7

Ship To:

P.O. No. | Terms: Net 30 | Due Date: 01/16/2008 | CONTRACT #: 1197-01-MELT

Item	Quantity	Unit	Description	Price Each	Amount	Class	TAX
Installation	40		Installation labor	35.00	1,400.00		5

Customer Message: []

GST: 98.00
PST: 112.00
Total: 1,610.00

To be printed | Balance: 1,610.00

Memo: [] | Save & Close | Save & New | Clear

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- 9 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, 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 subtotaled the activities first by customer and job, 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, then by the customer or job the person performed the work for.
Time by Item	Shows the hours worked, subtotaled first by service item, 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.

The screenshot shows the 'Time by Job Summary' report for 'Rock Castle Construction' covering the period from January 1 to December 15, 2007. The report is displayed in a window with a menu bar and a toolbar. The data is organized into a table with columns for customer/job, service item, and hours.

Customer/Job	Service Item	Hours
Abercrombie, Kristy:Family Room	Planning	8:00
Total Abercrombie, Kristy:Family Ro...		8:00
Melton, Johnny:Dental office	Installation	80:00
Total Melton, Johnny:Dental office		80:00
Teschner, Anton:Sun Room	Framing	40:00
	Removal	40:00
Total Teschner, Anton:Sun Room		80:00
TOTAL		168:00

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.

- 1 Position your mouse pointer over the 80 hours for Installation on the Melton, Johnny:Dental office job, then double-click.

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 Stat...	Duration
Melton, Johnny:Dental office			
Installation			
12/10/2007	Roy O. Uchm...	Billed	8:00
12/10/2007	Gregg Schn...	Billed	8:00
12/11/2007	Roy O. Uchm...	Billed	8:00
12/11/2007	Gregg Schn...	Billed	8:00
12/12/2007	Roy O. Uchm...	Billed	8:00
12/12/2007	Gregg Schn...	Billed	8:00
12/13/2007	Roy O. Uchm...	Billed	8:00
12/13/2007	Gregg Schn...	Billed	8:00
12/14/2007	Roy O. Uchm...	Billed	8:00
12/14/2007	Gregg Schn...	Billed	8:00
Total Installation			<u>80:00</u>
Total Melton, Johnny:Dental office			<u>80:00</u>
TOTAL			<u>80:00</u>

You can see that Gregg Schneider and Roy Uchman did the work and the time has already been billed to the customer.

Because the report ending date is December 15, it displays all the hours that you entered on Gregg's timesheet. If you want to reduce the number of hours displayed on this report, you can change the date range it covers. In the To field (on the Report buttonbar), type **12/12/07** and press Tab. QuickBooks redisplay the report to cover the new date range.

- 2 Close the time by job detail and the time by job summary reports.

If QuickBooks asks if you want to memorize the report, click No.

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, 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, 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, then by item.

Paying non-employees for time worked

You can easily pay owners, partners, subcontractors, and other non-employees for time spent on projects and jobs. When you track time for a non-employee, you assign a service item to each time activity so that you can pay the non-employee for time worked. Then QuickBooks can transfer time data for a specified date range to a cheque. QuickBooks prefills the Items tab of the cheque with information from the time data, including hours worked and rate.

To 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 to the CRA)
- Other Names (appropriate for owners and partners)

If the company is a sole proprietorship or an unincorporated partnership, owners and partners are not treated like regular employees. They should not be on the business' payroll. Instead, owners and partners take money out of the business by drawing on their equity. In accounting terms, these owner's draws are not business expenses -- they are a transfer of some of the value in the business to the owner.

An owner's draw is a "regular" cheque drawn from an equity account. If you track time for an owner or partner, you can base the owner's draw on the number of hours worked.

Note: To pay an ordinary employee for time worked, use the payroll feature to write a paycheque.

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 cheque 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 **Plan**.
- 5 Select the “This service 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' dropdown is set to 'Service'. The 'Item Name/Number' field contains 'Plan'. The checkbox 'This service is performed by a subcontractor, owner, or partner' is checked. The 'Purchase Information' section includes fields for 'Description on Purchase Transactions', 'Cost' (0.00 per), 'Purch Tax Code' (S), 'Expense Account', and 'Preferred Vendor'. The 'Sales Information' section includes fields for 'Description on Sales Transactions', 'Sales Price' (0.00 per), 'Sales Tax Code' (S), and 'Income Account'. There are also buttons for 'OK', 'Cancel', 'Next', 'Custom Fields', and 'Spelling'.

- 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 Sales Tax Code drop-down list, select E for Exempt.
- 11** In the Income Account field, type **Plan** and press TAB. Note that QuickBooks expands this to Planning.

Your screen should now look like this.

- 12** Click OK to close the New Item window.
- 13** Press Esc to close the Item list.

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 Time Tracking. Then choose Time/Enter Single Activity.
- QuickBooks displays the Time/Enter Single Activities window.

The screenshot shows the 'Time/Enter Single Activity' window. The title bar includes 'Ask a help question Ask' and 'How Do I?'. The menu bar has 'Previous', 'Next', 'Spelling', and 'Timesheet'. The main area contains the following fields: Date (12/15/2007), Name (empty), Customer:Job (empty), Service Item (empty), Payroll Item (empty), Class (empty), and Notes (empty). A 'Duration' section shows a stopwatch icon and a digital display of '0:00' with 'Start', 'Stop', and 'Pause' buttons. A 'Not Billed' indicator is in the top right, and a 'Billable' checkbox is checked. At the bottom are 'Save & Close', 'Save & New', and 'Clear' buttons.

- 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 cheques.
- 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.
- 6 From the Class drop down list, choose Remodel.
Your screen should resemble the following.

The screenshot shows the 'Time/Enter Single Activity' window after several steps. The fields are now populated: Date (12/15/2007), Name (Tom Ferguson), Customer:Job (Abercrombie, Kristy...), Service Item (Planning), Class (Remodel), and Notes (empty). The 'Duration' section shows a stopwatch icon and a digital display of '8:00' with 'Start', 'Stop', and 'Pause' buttons. The 'Not Billed' indicator and 'Billable' checkbox remain. At the bottom are 'Save & Close', 'Save & New', and 'Clear' buttons.

- 7 Click Save & Close.

Preparing a cheque to pay for nonemployee time worked

In this section, you'll learn how to create a cheque to reimburse an owner for time worked on a specific job.

- 1 From the Banking menu, choose Write Cheques.
QuickBooks displays the Write Cheques window.

- 2 Make sure that Chequing is selected in the Bank Account field.
- 3 Click to put a checkmark in the To be printed checkbox.
If QuickBooks reminds you that you can use computer cheques with this account, click Close to continue.
- 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 cheque to pay for time worked.
QuickBooks displays the Select time period window.

- 6 Type **12/15/07** in the Start Date field and press TAB.
- 7 Type **12/19/07** in the End Date field and click OK.

Tracking time

QuickBooks prefills the Items tab of the cheque with information from the time data, including hours worked and rate.

Write Cheques - Chequing

Bank Account: Chequing Ending Balance: \$51,209.19

No. To Print: 12/17/2007
Date: 12/17/2007
Pay to the Order of: Tom Ferguson \$ 460.00
Four hundred sixty and 00/100*
Address:
Memo: (12/15/2007 - 12/19/2007)

Expenses: \$0.00 Items: \$400.00 To be printed:

Item	Description	Qty	Unit	Cost	Tax	Net Amt	Customer:Job	Class
Planning	Job Planning	8		50.00	5	400.00	Abercrombie,...	Re...

Select PO Receive All Show PO Time

Clear Splits Recalculate Save & Close Save & New Clear

GST: 28.00
PST: 32.00

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- 8 Click Save & Close in the Write Cheques window.

Notice that time activity is marked unbillable so that it is not billed twice—as a time activity and an item.

Student test and review

- 1** Create a single activity timesheet for Gregg Schneider, for eight hours worked on the Anton Teschner Sun Room job.
- 2** Transfer the time you just entered for Gregg Schneider onto an invoice for the Teschner Sun Room job.
- 3** Display a time by name job report to see how many hours Gregg Schneider has worked for each job.



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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

Handout materials

- Handout 36: Types of QuickBooks forms you can customize
- Handout 37: QuickBooks Layout Designer

To start this lesson

Before you perform the following steps, make sure you have installed the exercise file (qbcancellesson.qbb) on your hard disk.

The steps that follow will 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 (qbcancellesson.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 qbcancellesson.qbb file, 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*, 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 want, and to modify whenever you want. The forms you can customize in QuickBooks are the invoice, sales receipt, credit memo, statement, purchase order, estimate (QuickBooks Pro and Premier only), and sales order (QuickBooks Premier editions only).

Note: You can create custom forms in all QuickBooks products, but some of the customization and layout options described in this lesson are available only in QuickBooks Pro and Premier products. For example, adding coloured backgrounds, using rounded borders on fields, and using fields on forms multiple times are available only in QuickBooks Pro and Premier products.

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.

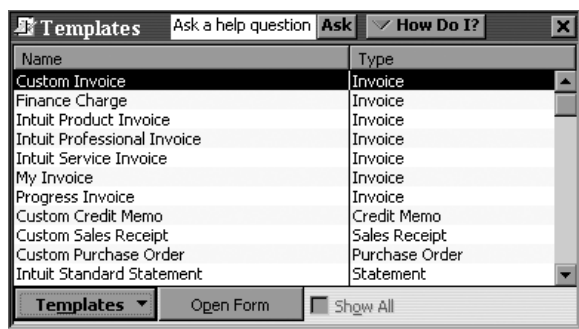
In the following exercises, you'll use both the customize forms and Layout Designer features in QuickBooks to create a custom invoice.

Note that these features affect only the printed forms; you cannot customize the onscreen version of QuickBooks forms.

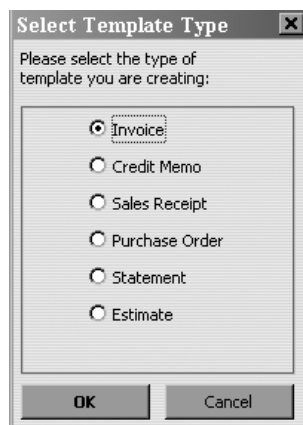
Creating new templates

To create a new invoice template:

- 1 From the Lists menu, choose Templates.
QuickBooks displays the Templates list.

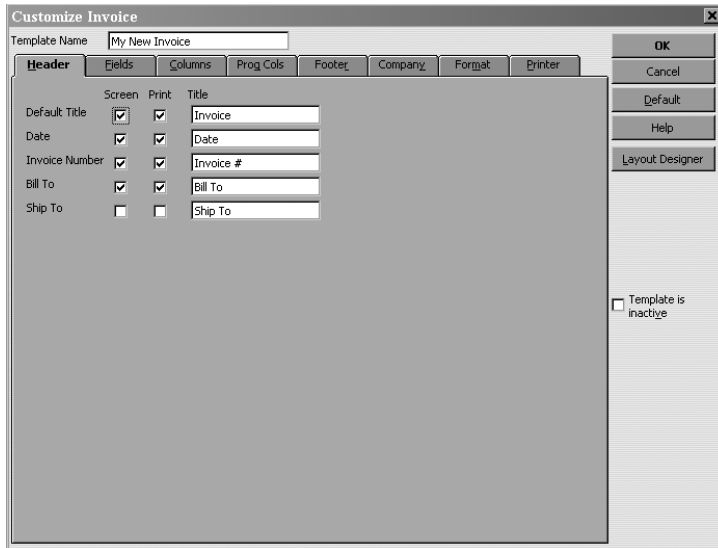


- 2 Click the Templates menu button, then choose New.
QuickBooks displays the Select Template Type window.



- 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 New Invoice**.

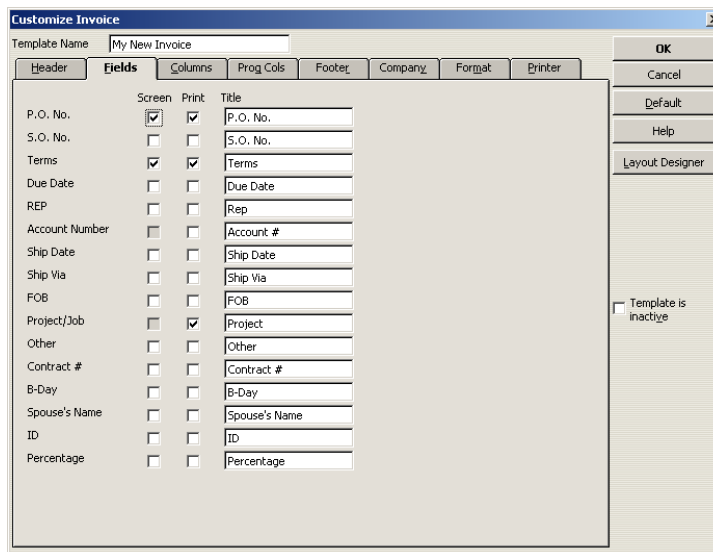
This is the name you'll use for the new template. Your window should look like this.



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. The Customer Invoice Fields tab screen is displayed:



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. 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 on the Columns tab 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:

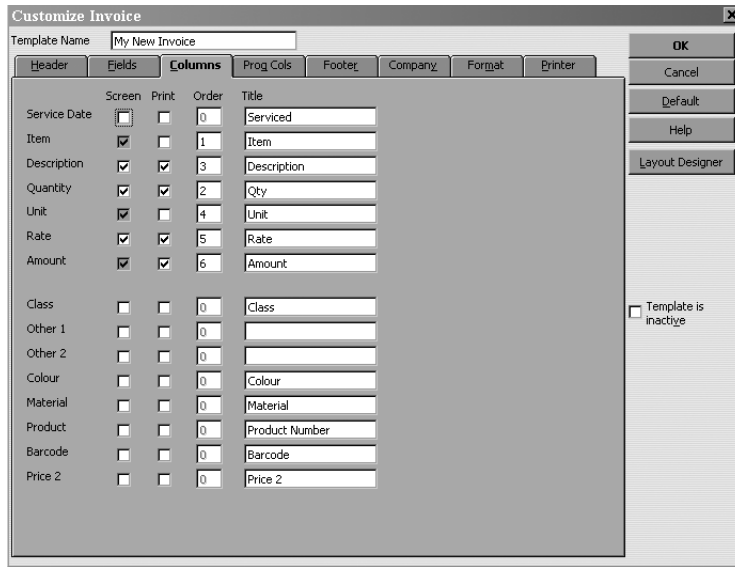
- 1** Click the Columns tab.

The Custom Invoice Columns tab screen is displayed::

	Screen	Print	Order	Title
Service Date	<input type="checkbox"/>	<input type="checkbox"/>	0	Service Date
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
Unit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4	Unit
Rate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5	Rate
Amount	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	6	Amount
Class	<input type="checkbox"/>	<input type="checkbox"/>	0	Class
Other 1	<input type="checkbox"/>	<input type="checkbox"/>	0	
Other 2	<input type="checkbox"/>	<input type="checkbox"/>	0	
Colour	<input type="checkbox"/>	<input type="checkbox"/>	0	Colour
Material	<input type="checkbox"/>	<input type="checkbox"/>	0	Material
Product	<input type="checkbox"/>	<input type="checkbox"/>	0	Product Number
Barcode	<input type="checkbox"/>	<input type="checkbox"/>	0	Barcode
Price 2	<input type="checkbox"/>	<input type="checkbox"/>	0	Price 2

- 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.



If you use progress invoices or sales orders, use the Prog Cols tab to customize the columns on those forms.

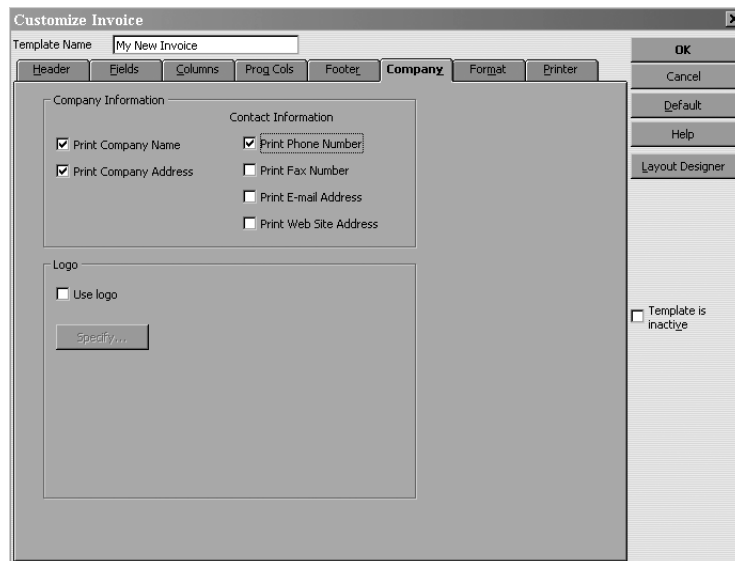
6 Click the Footer tab.

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, and GIF graphic formats.

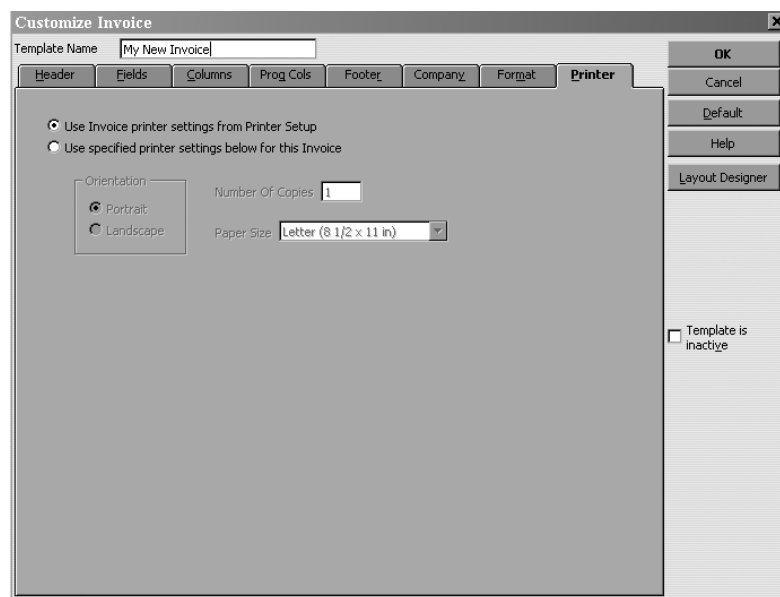
9 Click the Format tab.

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.

The Customize Invoice Printer tab screen is displayed:



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. Click Cancel if the error message box appears.

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 Custom Invoice template displayed.

The screenshot shows the 'Create Invoices' window in QuickBooks. The window title is 'Create Invoices' and it includes a toolbar with buttons for 'Previous', 'Next', 'Email', 'Spelling', 'History', 'Journal', and 'Time/Costs...'. The 'Customer: Job' field is empty, and the 'Class' field is also empty. The 'Template' dropdown is set to 'Custom Invoice'. The main form area is titled 'Invoice' and contains several sections: 'Bill To' (empty), 'Date' (12/15/2007), 'Invoice #' (85), 'Ship To' (empty), 'P.O. No.' (empty), 'Terms' (empty), 'Due Date' (12/15/2007), and 'CONTRACT #' (empty). Below these is a table with columns: Item, Quantity, Unit, Description, Price Each, Amount, Class, and TAX. The table is currently empty. At the bottom of the form, there are fields for 'Customer Message' (empty), 'GST' (0.00), 'PST' (0.00), and 'Total' (0.00). A checkbox labeled 'To be printed' is checked. At the very bottom, there is a 'Memo' field (empty) and three buttons: 'Save & Close', 'Save & New', and 'Clear'.

- 2 In the Form Template field, choose My New Invoice from the drop-down list.

This screenshot is identical to the previous one, showing the 'Create Invoices' window with the 'Custom Invoice' template selected. The form fields and layout are the same as in the previous image.

Notice how this form reflects the changes you made in the Customize Invoice window.

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 coloured 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:

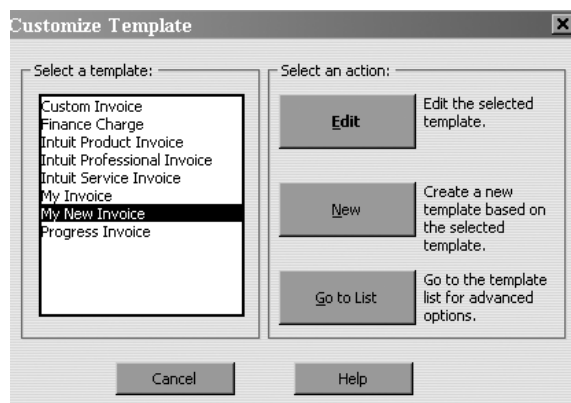
- Give your company name, address, and logo special treatment on the form. For example, you could center your logo at the top of the form and put your company name and address in a special font immediately below the logo.
- Enlarge a custom field so that it can display more information.
- Position the customer's billing address so that it coincides with the address window in the envelopes you use.
- Change the borders on fields, add background colours, 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.

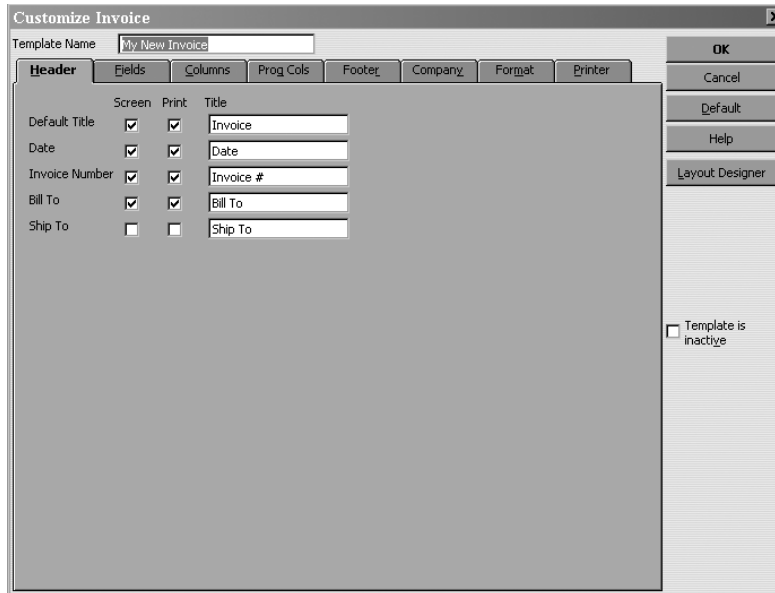
To move fields on forms:

- 1 In the Create Invoices window, click Customize.
QuickBooks displays the Customize Template window.



- 2 Make sure that My New Invoice is selected and click Edit.

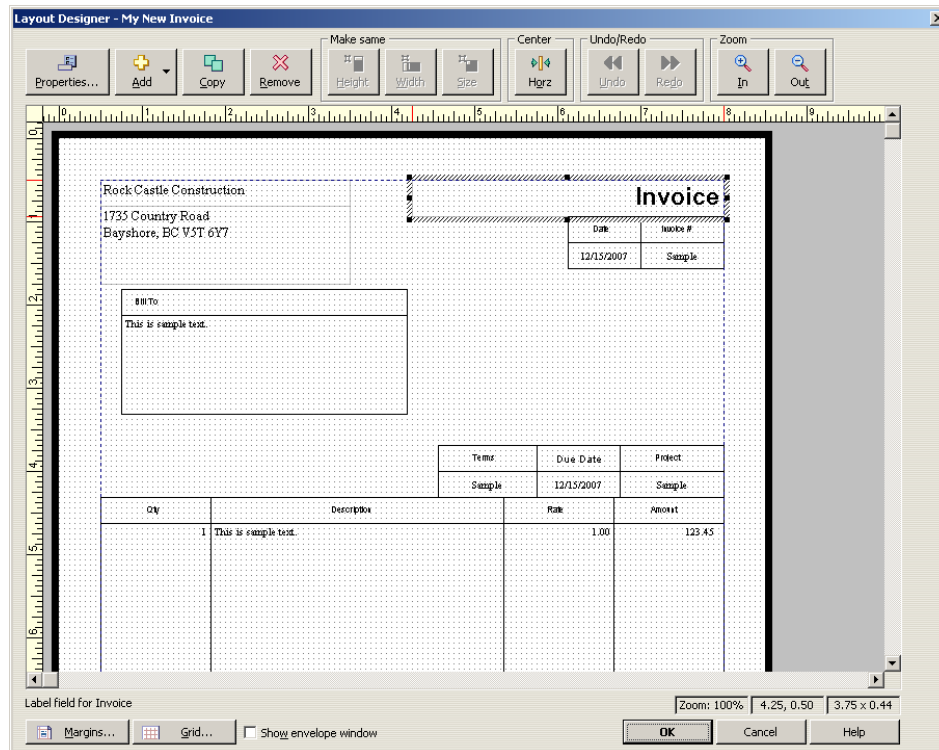
QuickBooks displays the Customize Invoice window that you used to customize the form.



Now, you'll use the Layout Designer to change the design of the form.

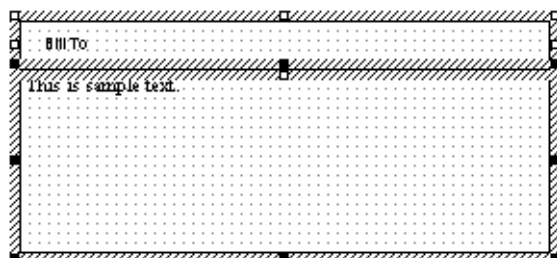
3 Click Layout Designer.

QuickBooks displays the Layout Designer window.

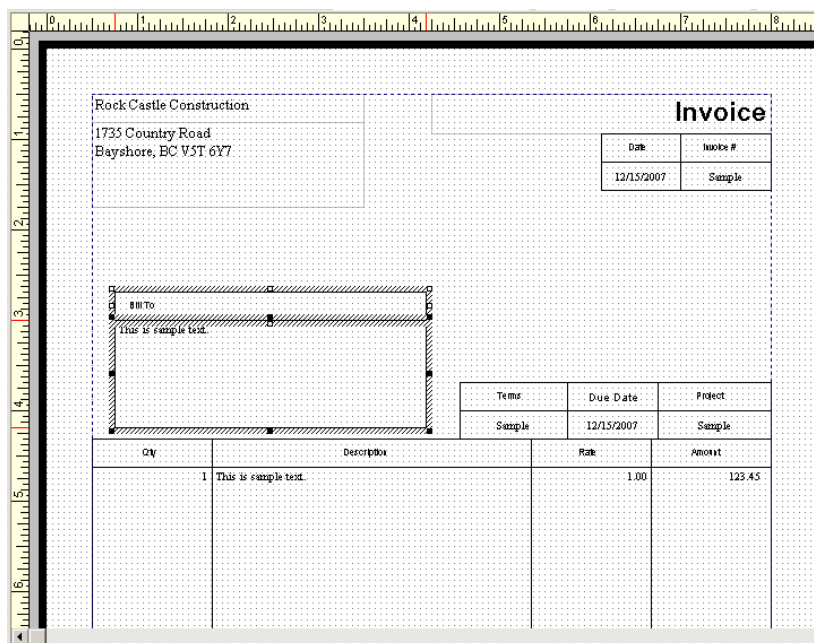


By clicking the Zoom buttons, you can zoom out to see an overall view of the form or zoom in for a closer look at a small section of the form.

- 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.



- 11 Select the field containing Rock Castle’s address.

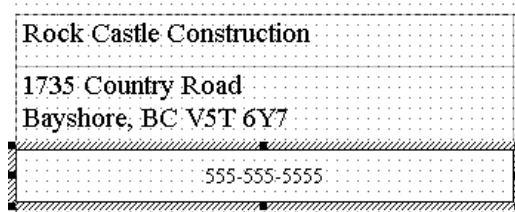
- 12 Move the mouse over one of the dark squares on the bottom of the field, then hold the mouse button while you drag the bottom of the field up to a point just below the address.
- 13 Scroll to the bottom of the screen and select the Phone # field.
- 14 Click Remove.
- 15 Select the field containing 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:

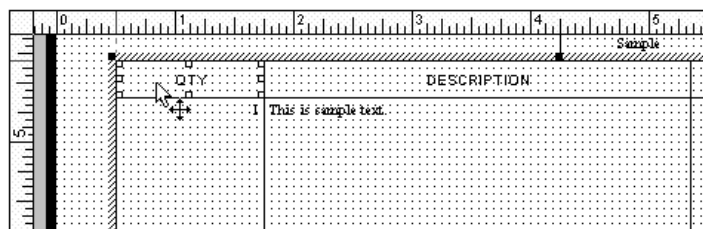
- 1 Select the field containing the telephone number and drag the right border further to the right while holding down the mouse button.
The fields should resemble the figure below.



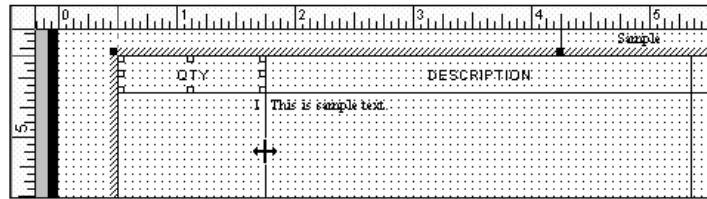
Rock Castle Construction rarely enters a quantity greater than two characters, so you want to make the QTY column smaller. Decreasing the width of the QTY column also increases the width of the Description column.

- 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.

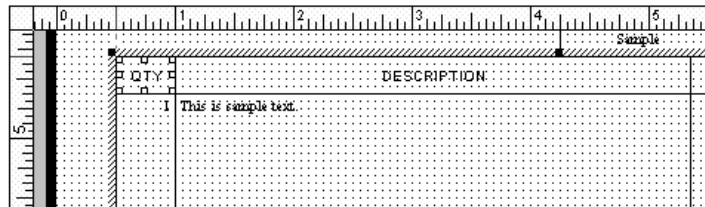


Notice that when the cursor is positioned between the QTY and DESCRIPTION columns, it turns into a two-directional arrow.



- 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.

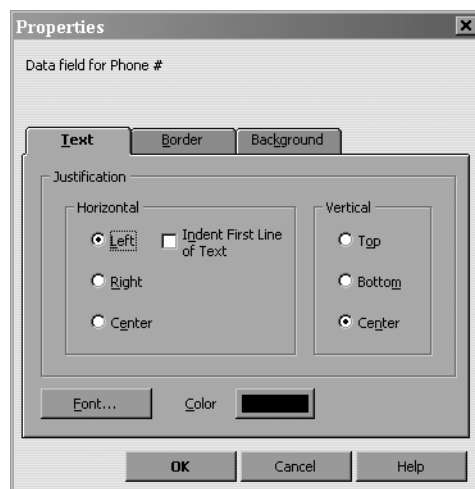
The forms area on your screen should resemble the figure below.



Changing fonts, borders, and colours

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 the Font button.
- 4** In the Size area, enter 12, 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 colour 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/>.

If you are using QuickBooks Pro or QuickBooks Premier, 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, then choose Preview.
QuickBooks displays the Print Preview window.

Rock Castle Construction 1735 Country Road Bayshore, BC V5T 6Y7 604-555-1234		Invoice																					
		<table border="1"> <tr> <th>Date</th> <th>Invoice #</th> </tr> <tr> <td>12/15/2007</td> <td>85</td> </tr> </table>	Date	Invoice #	12/15/2007	85																	
Date	Invoice #																						
12/15/2007	85																						
<table border="1"> <tr> <th>Bill To</th> </tr> <tr> <td> </td> </tr> </table>		Bill To		<table border="1"> <tr> <th>Terms</th> <th>Due Date</th> <th>Project</th> </tr> <tr> <td> </td> <td>12/15/2007</td> <td> </td> </tr> </table>	Terms	Due Date	Project		12/15/2007														
Bill To																							
Terms	Due Date	Project																					
	12/15/2007																						
<table border="1"> <thead> <tr> <th>Qty</th> <th>Description</th> <th>Rate</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td colspan="2"> </td> <td>Total</td> <td>50.00</td> </tr> <tr> <td colspan="2"> </td> <td>Payments/Credits</td> <td>50.00</td> </tr> <tr> <td colspan="2"> </td> <td>Balance Due</td> <td>50.00</td> </tr> </tbody> </table>	Qty	Description	Rate	Amount							Total	50.00			Payments/Credits	50.00			Balance Due	50.00			
Qty	Description	Rate	Amount																				
		Total	50.00																				
		Payments/Credits	50.00																				
		Balance Due	50.00																				

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 Pro and Premier, 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.

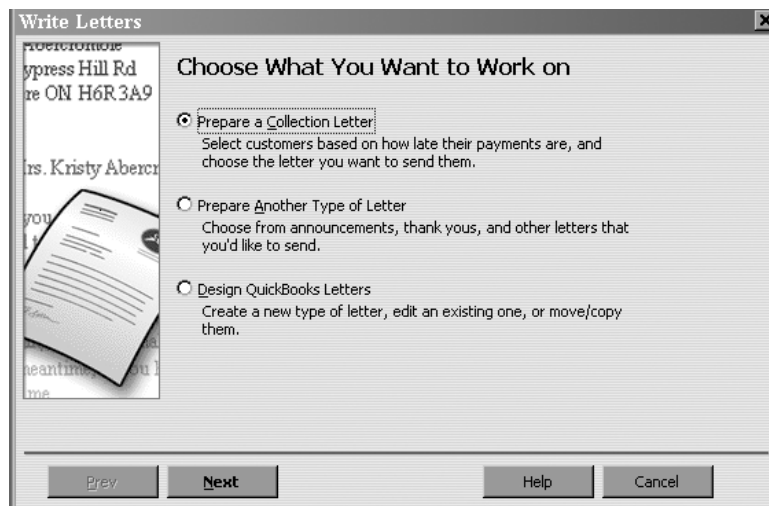
Note: To proceed with this lesson, you must be using QuickBooks Pro or Premier and Microsoft Word 97 or higher. The QuickBooks Letters feature is not available in QuickBooks Basic.

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 Write 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 Write Letters wizard.

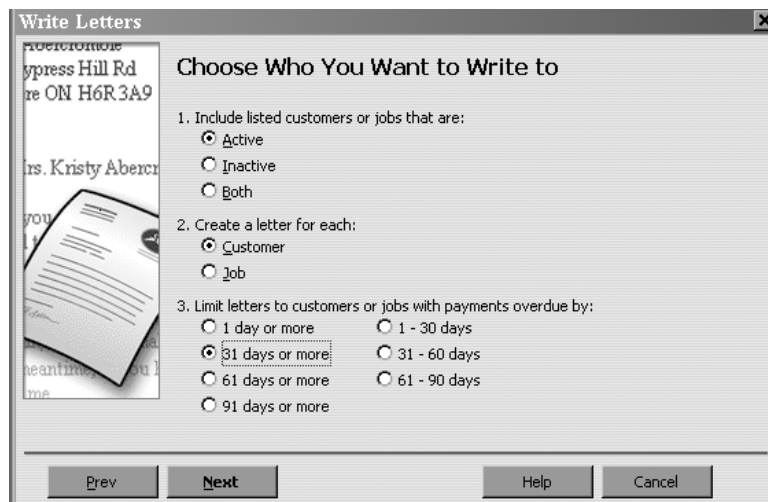


- 3 Make sure that "Prepare a Collection Letter" is selected and click Next.

4 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.

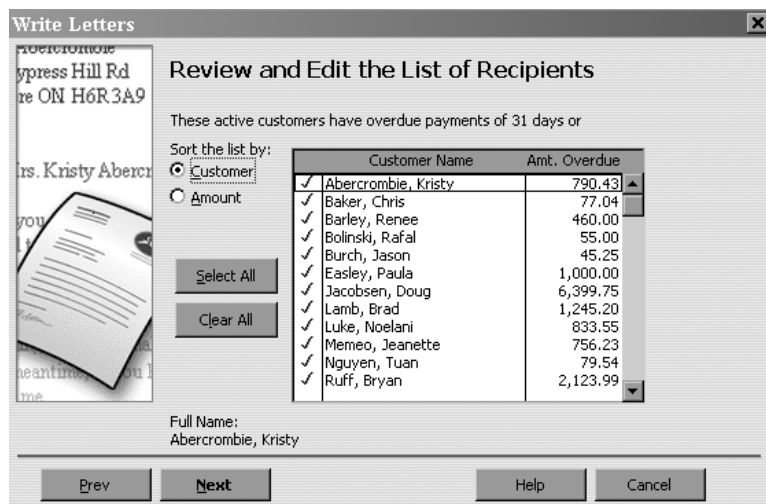


5 Click Next.

6 If QuickBooks reminds you that some customers have unapplied payments or credits, click OK to continue for this example.

(In general, you would not send a customer a notice of overdue payments if you had not applied all of the credits he or she has on file or payments he or she has already made.)

QuickBooks displays a list of all active customers with payments 31 days or more past due.



- 7 Leave all names selected and click Next.
- 8 When QuickBooks prompts you to choose the letter you want to use, click “Friendly collection” and click Next.
- 9 In the Name field of the next screen, type **Tom Ferguson**. In the Title field, type **President**.

Your screen should look like the following.

Write Letters

Enter What You Want at the End of the Letter

For letters with fields for signature (name) and title, enter how you want to sign off.

Name Tom Ferguson

Title President

Inform me if QuickBooks information needed to create the letters is missing.

Important

Each letter will begin on a new page in a single Microsoft Word document. Scroll the document to view your letters. Editing your letters in Microsoft Word will not affect the original QuickBooks Letter.

Prev Next **Create Letters** Help Cancel

- 10 Click Create Letters.
- 11 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 customers that you selected



You can scroll through the Microsoft Word document to see the letters. Notice that QuickBooks entered Tom Ferguson's name and title at the end of each letter.

12 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 Letters folder. The QuickBooks Letters folder should only be used to store the original QuickBooks Letters installed with the QuickBooks software program.

To print the letters, you would choose Print from the Microsoft Word File menu.

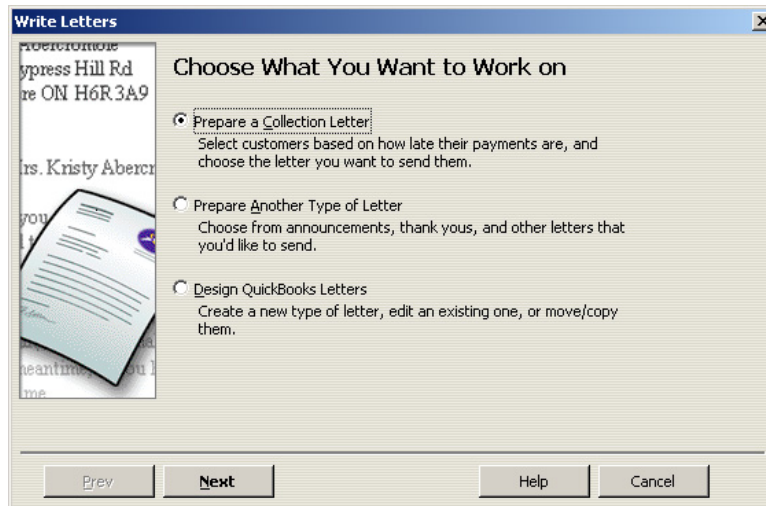
Editing QuickBooks Letters

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.

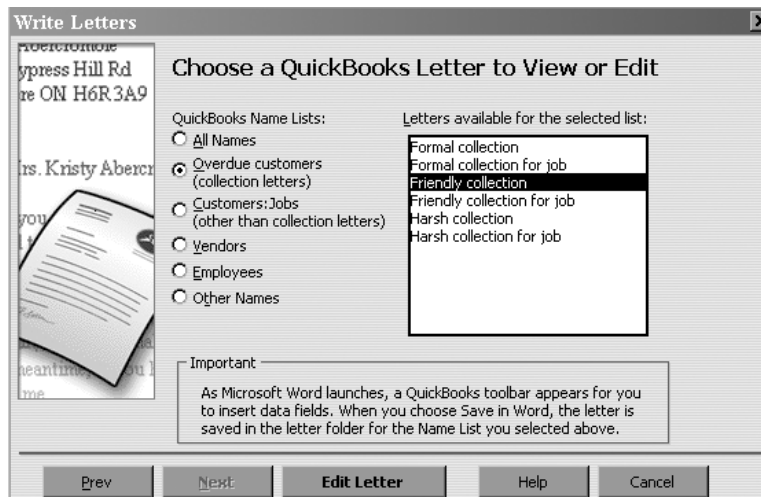
To edit a QuickBooks Letter:

- 1 From the Company menu, choose Write Letters.
- 2 Click Design QuickBooks Letters, then click Next.



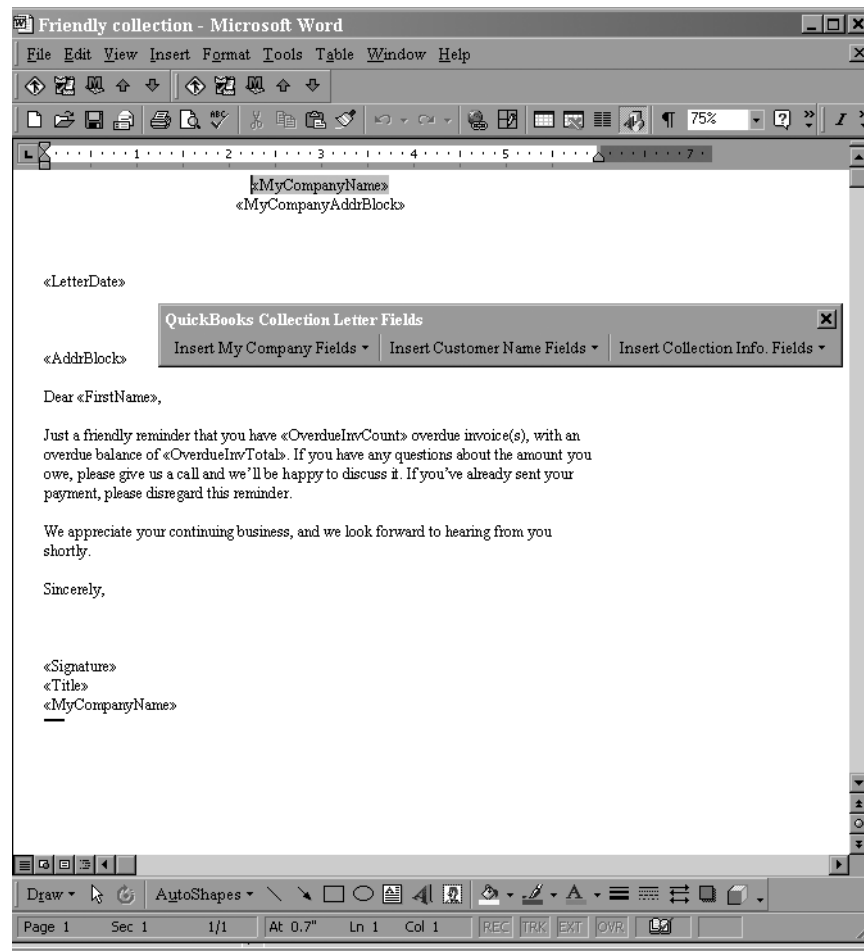
- 3 In the screen that appears, make sure “View or edit existing letters” is selected and click Next.
- 4 When QuickBooks prompts you to choose the QuickBooks Letter you want to view or edit, click Overdue customers (collection letters), then select “Friendly collection” from the list of available letters.

Your screen should look like this.



- 5 Click Edit Letter.

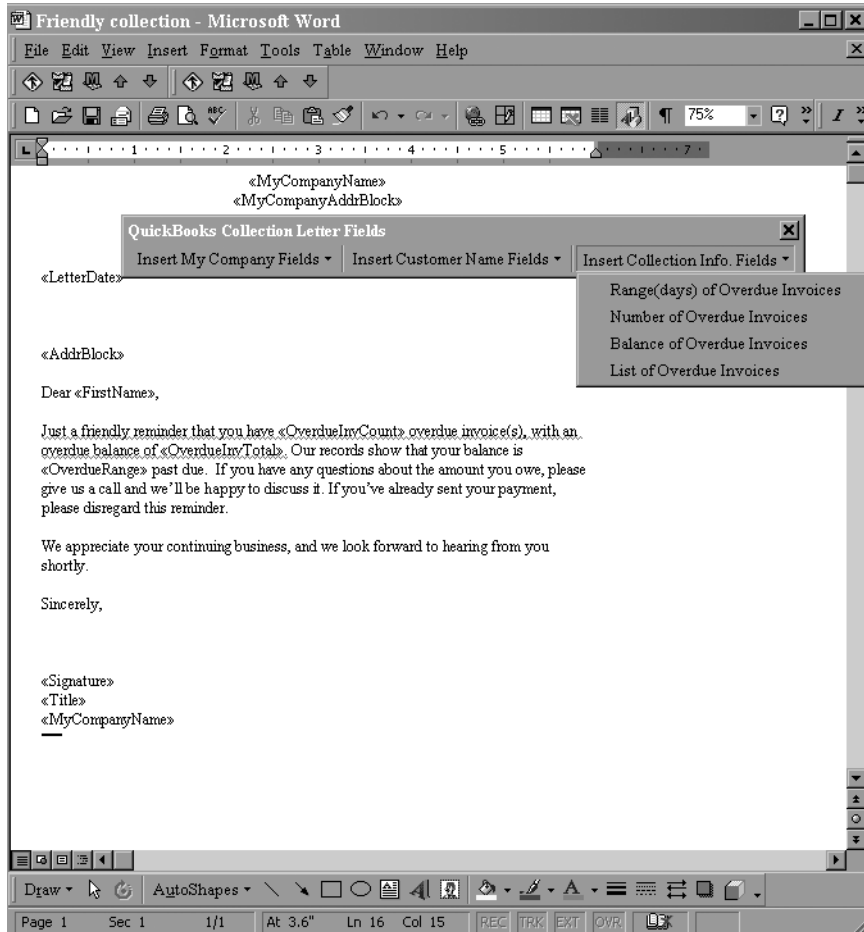
QuickBooks opens Microsoft Word (if it's not running already) and displays the QuickBooks Letter (Friendly collection) and a toolbar (QuickBooks Collection Letter Fields) that you'll use to add information from QuickBooks to the letter in Word. If the QuickBooks Collection Letter Fields toolbar is not visible, select the Toolbars menu item from the View menu and select QuickBooks Collection Letter Field toolbar.



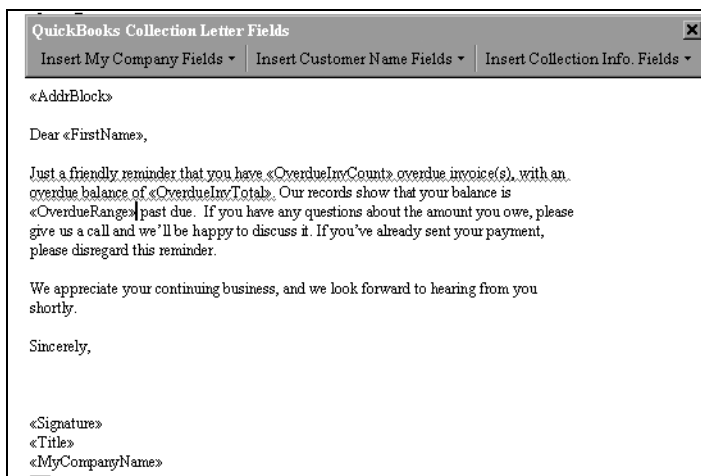
Note that you can move the toolbar by clicking it with your mouse pointer and dragging it to a new location. Now, you'll enter more text and use the toolbar to insert data from QuickBooks into the "Friendly collection" letter.

- 6 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.)
- 7 Type ***Our records show that your balance is past due.***
- 8 Click your mouse pointer after the word "is" in the sentence you just typed, and press the Space bar again.

- From the Insert Collection Info. Fields drop-down list on the QuickBooks Collection Letter Fields toolbar, select Range(days) of Overdue Invoices.

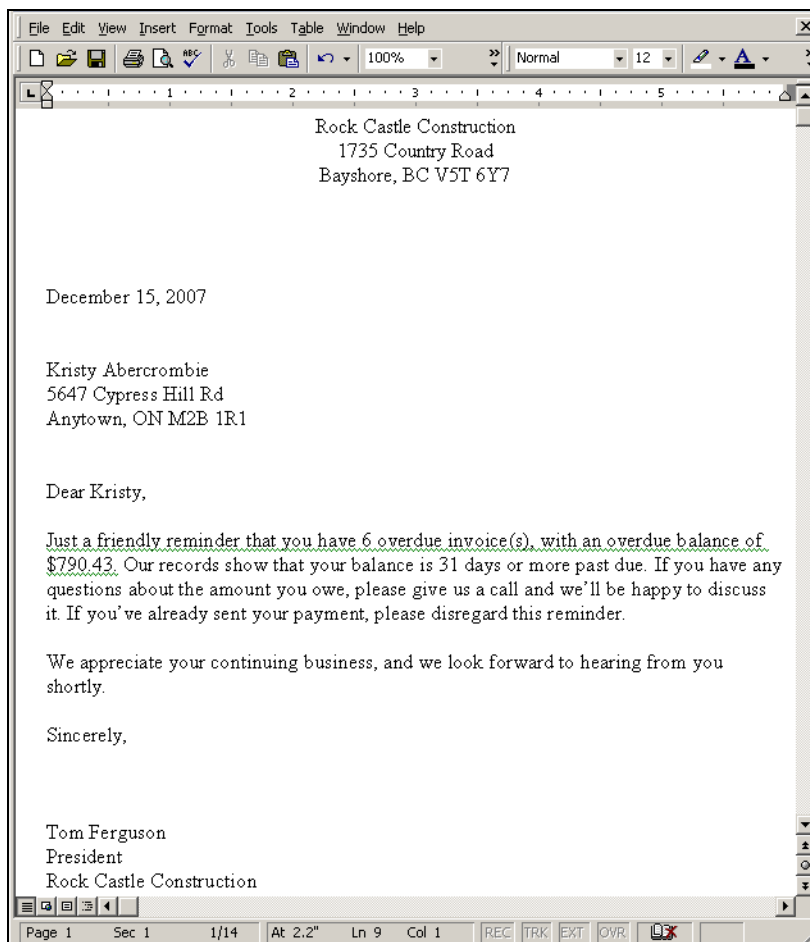


QuickBooks adds the <<OverdueRange>> field to the sentence you just typed.



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.

- 10 From the Word File menu, choose Save As.
- 11 Navigate to the Qbtrain\QuickBooks Letters\Collection Letters folder and click Save.
If you save the file to your QuickBooks directory (instead of the Qbtrain folder you created to use with this guide) without changing the filename, you will overwrite the original QuickBooks Letter.
- 12 To see how this change affects the final letter output, close the letter file in Microsoft Word and go through the “Preparing collection letters” exercise again.
When you’re done, your letters should resemble the following.



- 13 Close Microsoft Word.
Unless your instructor tells you otherwise, do not save your work.

Student test and review

- 1** Customize the Sales Receipt form to change the default title on the header from “Sales Receipt” to “Cash Sale.”
- 2** Using the Layout Designer, make the columns for QTY and Rate narrower so the Description field is wider.
- 3** Customize the P.O. form to include the Terms field.



APPENDIX A Course Handouts

Using the course handouts

In this section, you'll find copies of all the handouts referenced in this guide.



Course Syllabus

Introduction

LESSON 1: Getting started

Course introduction
Introducing QuickBooks
Getting around in QuickBooks
All the accounting you need to know
Exiting QuickBooks
Moving between company files

LESSON 2: Setting up QuickBooks

Creating a QuickBooks company
Entering company info
Setting up QuickBooks preferences
Choosing a start date
Setting up income and expense accounts
Providing details about your income
Entering opening balances
Finishing the Interview
Getting help while using QuickBooks

LESSON 3: Working with lists

Using QuickBooks lists
Editing the chart of accounts
Working with the Customer:Job list
Working with the Employee list
Working with the Vendor list
Adding custom fields
Managing lists

LESSON 4: Working with bank accounts

Writing a QuickBooks cheque
Using bank account registers
Entering a handwritten cheque
Transferring money between accounts
Reconciling chequing accounts

LESSON 5: Using other accounts in QuickBooks

Using other account types in QuickBooks
Tracking credit card transactions
Working with asset accounts
Working with liability accounts
Understanding equity accounts

Course Syllabus (continued)

- LESSON 6: Entering sales and invoices**
Using sales forms in QuickBooks
Filling in a sales form
Memorizing a sale
Entering a new service item
Using multiple price levels
Using statements to bill customers
- LESSON 7: Receiving payments and making deposits**
Recording customer payments
Making deposits
- LESSON 8: Entering and paying bills**
Handling bills in QuickBooks
Using QuickBooks for accounts payable
Entering bills
Paying bills
- LESSON 9: Analyzing financial data**
Reports and graphs help you understand your business
Creating QuickReports
Creating and customizing preset reports
Saving report settings
Printing reports
Exporting reports to Microsoft Excel
Creating QuickInsight graphs
- LESSON 10: Setting up inventory**
Turning on the inventory feature
Entering products into inventory
Ordering products
Receiving inventory
Entering a bill for inventory
Manually adjusting inventory
- LESSON 11: Tracking and paying sales tax**
Overview of sales tax in QuickBooks
Setting up your tax rates
Applying tax to each sale
Determining what you owe
Filing a sales tax return

Course Syllabus (continued)

LESSON 12: **Doing payroll with QuickBooks**

- Overview of payroll tracking
- Setting up for payroll
- Setting up employee payroll information
- Writing a pay cheque
- Tracking your payroll liabilities
- Paying payroll taxes

LESSON 13: **Estimating and progress invoicing**

- Creating jobs and estimates
- Writing an estimate
- Creating multiple estimates
- Creating an invoice from an estimate
- Displaying reports for estimates
- Updating job status

LESSON 14: **Tracking time**

- Tracking time
- Invoicing a customer based on time
- Displaying project reports for time tracking
- Paying non-employees for time worked

LESSON 15: **Customizing forms and writing QuickBooks Letters**

- About QuickBooks forms
- Customizing invoices
- Designing custom layouts for forms
- Using QuickBooks Letters

APPENDIX A: **Course Handouts**

Record your daily transactions on QuickBooks forms

Some examples of forms you use in QuickBooks include the following:

- Invoices
- Purchase orders
- Cheques

The Write Cheques window looks just like a cheque.

Write Cheques - Chequing Ask a help question Ask How Do I?

Previous Next Print Find Journal

Bank Account: Chequing Ending Balance: \$51,209.19

Pay to the Order of _____ No. 4 Date 12/15/2007 \$ 0.00

Address _____

Memo _____

Expenses \$0.00 **Items** \$0.00 To be printed

Account	Tax	Net Amt	Memo	Customer:Job	Class

GST 0.00
PST 0.00

Clear Splits Recalculate Save & Close Save & New Clear

Apply customer credits to specific invoices as you see fit

You fill out most forms by choosing from lists.

Information stored in the Customer list

Here's an example of the information stored in customer records in the Customer:Job list.

New Customer Ask a help question Ask How Do I?

Customer Name: Godwin Manufacturing

Opening Balance: [] as of: 12/15/2007 [How do I determine the opening balance?](#)

Address Info Additional Info Payment Info Job Info

Company Name: Godwin Manufacturing Contact: John Godwin

Mr./Ms./...: [] Phone: 325-555-9841

First Name: [] M.I.: [] FAX: 325-555-0012

Last Name: [] Alt. Ph.: []

Alt. Contact: Tracy Heldt

E-mail: []

Customer is inactive

Addresses

Bill To

Godwin Manufacturing
376 Pine Street
Vancouver, BC T6H 0R7

Ship To

Godwin Manufacturing
376 Pine Street
Vancouver, BC T6H 0R7

>> Copy >>

Address Details Address Details

OK Cancel Next

Register for an accounts receivable account

Registers show all the activity in one account.

Date	Number	Customer	Item	Qty	Rate	Amt Chrg	Amt Paid
Ex.Rate	Type	Description	Class			Billed Date	Due Date
12/15/2007		Roche, Diarmuid:G					506.00
	PMT						
12/15/2007		Lew Plumbing - C					45.00
	PMT	See Bill #20001					
12/15/2007		Ecker Designs:Offi					1,000.00
	PMT						
12/15/2007	72	Robson, Darci:Rot				13,704.55	
	INV						12/15/2007
12/15/2007	73	Ecker Designs:Offi				5,393.50	
	INV						01/14/2008
12/15/2007	74	Natiello, Ernesto:E				2,079.38	
	INV						01/14/2008
12/15/2007	75	Melton, Johnny:De				1,610.00	
	INV						01/14/2008

1-Line Show open balance Ending balance 78,519.89
 Sort by: Date, Type, Number/Ref **Record** Restore
[Do you buy or sell products outside of Canada? Expand your borders with QuickBooks Multicurrency!](#)

The QuickBooks chart of accounts

Name	Type	Tax	Balance
◊ Chequing	Bank		113,695.60
◊ Petty Cash	Bank		553.73
◊ Accounts Receivable	Accounts Receivable		24,003.11
◊ Inventory Asset	Other Current Asset		34,198.08
◊ Undeposited Funds	Other Current Asset		2,238.15
◊ Accounts Payable	Accounts Payable		8,680.17
◊ Visa	Credit Card		312.95
◊ GST Payable	Other Current Liability		5,523.10
◊ Payroll Liabilities	Other Current Liability		9,721.79
◊ PST Payable	Other Current Liability		7,956.03
◊ Opening Bal Equity	Equity		112,502.99
◊ Retained Earnings	Equity		
◊ Cash Discounts	Income		
◊ Consulting Income	Income		
◊ Finance Charge Income	Income		
◊ Sales	Income		
◊ Lessons	Income		
◊ Retail Sales	Income		
◊ Sales Discounts	Income		
◊ Tour Design	Income		
◊ Uncategorized Income	Income		
◊ Cost of Goods Sold	Cost of Goods Sold		
◊ Special Orders	Cost of Goods Sold		
◊ Subcontractors	Cost of Goods Sold		
◊ Cleaning	Expense	S	
◊ Filing Fees	Expense		
◊ Franchise Fees	Expense		
◊ Freight/Shipping	Expense	S	
◊ Insurance	Expense		
◊ Liability Insurance	Expense		
◊ Payroll Expenses	Expense		
◊ Professional Fees	Expense		
◊ Accounting	Expense		
◊ PST Expenses	Expense		
◊ Rent	Expense	.	
◊ Supplies	Expense		
◊ Marketing	Expense		
◊ Office	Expense		
◊ Taxes	Expense		

Balance sheet accounts

Income and expense accounts

Account ▾
Activities ▾
Reports ▾
 Show All

About assets, liabilities, and equity

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 a single account—the accounts receivable account—to track all the money that different people owe you.

The rest of your company's assets may include chequing 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*).

Liabilities

- 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 a single account—the accounts payable account—to track all 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.

Equity

- The net worth of your company: the value you have left over after you have collected everything that is owed to you and paid off all your debts.
- Equity equals the company's total assets minus the total liabilities.

Equity = Assets - Liabilities

Sample balance sheet

5:02 PM

12/15/03

Accrual Basis

Rock Castle Construction Summary Balance Sheet

As of December 15, 2003

◊ Dec 15, 03 ◊

ASSETS**Current Assets**

Chequing/Savings ▶ 59,605.11 ◀

Accounts Receivable 86,132.37

Other Current Assets 56,004.17**Total Current Assets** 201,741.65**Fixed Assets** 24,852.91**Other Assets** -200.00**TOTAL ASSETS** **226,394.56****LIABILITIES & EQUITY****Liabilities****Current Liabilities****Accounts Payable** 69,641.55**Credit Cards** 141.02**Other Current Liabilities** 31,222.79**Total Current Liabilities** 101,005.36**Long Term Liabilities** 8,997.34**Total Liabilities** 110,002.70**Equity** 116,391.86**TOTAL LIABILITIES & EQUITY** **226,394.56**

Sample profit & loss statement

5:26 PM

12/15/03

Accrual Basis

Rock Castle Construction**Profit & Loss**

January through March 2003

◇ Jan - Mar 03 ◇**Ordinary Income/Expense****Income**

Construction	<u>17,550.12</u>
--------------	------------------

Total Income	▶ 17,550.12 ◀
---------------------	----------------------

Cost of Goods Sold

Cost of Goods Sold	<u>1,560.00</u>
--------------------	-----------------

Total COGS	<u>1,560.00</u>
-------------------	------------------------

Gross Profit	15,990.12
---------------------	------------------

Expense

Automobile	1,730.89
------------	----------

Freight & Delivery	-45.00
--------------------	--------

Insurance	2,025.00
-----------	----------

Interest Expense	129.01
------------------	--------

Job Expenses	10,104.42
--------------	-----------

Utilities	<u>513.98</u>
-----------	---------------

Total Expense	<u>14,458.30</u>
----------------------	-------------------------

Net Ordinary Income	<u>1,531.82</u>
----------------------------	------------------------

Net Income	<u>1,531.82</u>
-------------------	------------------------

Setting up QuickBooks

After installing the QuickBooks program, follow these steps to set up QuickBooks for your company:

- 1** Choose a QuickBooks start date, and set up your company with the EasyStep Interview.
- 2** Fine-tune your chart of accounts and enter historical transactions.
- 3** Finish entering payroll information (add new payroll items, finish entering employee payroll information, and so on).
- 4** Complete customer and vendor information.
- 5** Complete the Item list.

How to choose a start date

If today is close to the end of your fiscal year, the last day of your fiscal year is an excellent start date. You'll probably have an accurate balance sheet to enter in QuickBooks.

If today is midway in your fiscal year, ask yourself whether you really want to enter all transactions from the beginning of the year.

- **If the answer is no**, choose a more manageable start date, such as the end of the last quarter or the end of last month.
- **If the answer is yes**, choose the end of your last fiscal year as your start date. You will then have complete records in QuickBooks for the current fiscal year.

QuickBooks balance sheet accounts

This account type...	Tracks...
Bank account	Chequing, savings, and money market accounts. Add one bank account for every account your company has at a bank or other financial institution. (You should also use this type for petty cash.)
Accounts receivable (A/R)	Transactions related to the customers who owe you money, including invoices, payments, deposits of payments, refunds, and credit memos. Most companies have only one A/R account.
Other current asset	Assets likely to be converted to cash or used up within one year, such as notes receivable due within a year, prepaid expenses, and security deposits.
Fixed asset	Long-term notes receivable and depreciable assets your company owns that aren't likely to be converted into cash within a year, such as equipment or furniture.
Accounts payable (A/P)	Transactions related to the vendors to whom you owe money, including your company's outstanding bills, bill payments, and any credit you have with vendors.
Credit card	Credit card purchases, bills, payments, and credits.
Current liability	Liabilities scheduled to be paid within one year, such as sales tax, payroll taxes, accrued or deferred salaries, and short-term loans.
Long-term liability	Liabilities such as loans or mortgages scheduled to be paid over periods longer than one year.
Equity	Owner's equity, including capital investment, drawings, and retained earnings.

Registers associated with QuickBooks windows

You can display the register associated with a window by choosing **Use Register** from the Edit menu.

While you have this window displayed:	You can display the register for this account:
Create Invoices	Accounts Receivable
Enter Bills	Accounts Payable
Write Cheques	The account you have displayed in the Bank Account field on the cheque form
Receive Payments	Accounts Receivable
Make Deposits	The account you have displayed in the <i>Deposit To</i> field, or Undeposited Funds if that option is selected
Enter Sales Receipts	The account you have displayed in the Deposit To field
Create Credit Memos/Refunds	Accounts Receivable
Enter Credit Card Charges	The account you have displayed in the <i>Credit Card</i> field

Using the keyboard to move around a register

To do this:	Press these keys:
Move up or down one transaction at a time	↑, ↓
Move up or down one full screen at a time	PgUp, PgDn
Move to beginning of previous or next month	Ctrl+PgUp, Ctrl+PgDn
Move to beginning of register	Ctrl+Home
Move to end of register	Ctrl+End

Determining the value of a fixed asset

Fixed asset: Equipment or property your business owns that is not for sale (for example, a computer system or a company vehicle).

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 **depreciation**.

The value of a fixed asset equals

the Original Cost

minus

the Accumulated Depreciation
(the total amount of depreciation
since the asset's purchase)

Tracking asset cost and depreciation

- 1** Create a fixed asset account for each asset (or group of assets) you want to depreciate.
- 2** Add two subaccounts to each asset account you created. One subaccount tracks the cost of the asset, the other tracks accumulated depreciation. If you acquired the asset after your QuickBooks start date, you enter 0.00 as the opening balance for both accounts.
- 3** Create an expense account to track depreciation expense. Give the account a name like “Depreciation Expense.”
- 4** When it’s time to enter an asset’s depreciation, enter the depreciation amount as a decrease in the asset’s Accumulated Depreciation account.
- 5** When you take out a loan to pay for the asset, create a long-term liability account to track the loan (with an opening balance of 0.00).
- 6** Enter the amount of the loan as an increase in the asset’s Cost account. Assign the transaction to your loan liability account.

Understanding QuickBooks equity accounts

Equity = Assets - Liabilities

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

QuickBooks equity accounts

QuickBooks adds these accounts for you:

Opening Bal Equity

When you set up your QuickBooks company file as of a particular start date, you may already have company assets and liabilities as of that date. As you tell QuickBooks the opening balances of your assets and liabilities, QuickBooks automatically tracks the amount of equity in the Opening Bal Equity account.

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.

Create Invoices window

In QuickBooks, an invoice is a form on which you record details about a sale to a customer who owes you money.

An invoice lists the services you are providing or the products you are selling. It also shows the quantity and price or rate of each item (unless you choose an invoice design that does not show them).

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

Previous Next Email Spelling History Journal Time/Costs...

Customer: Job Class Template Customize
 Melton, Johnny: Dental office Intuit Service Invoice

Invoice Date: 12/15/2007 Invoice #: 75

Bill To
 Johnny Melton, DDS
 300 Main St, Suite 3
 Bayshore BC X3R 5Y7

P.O. No. Terms: Net 30

Item	Qty	Unit	Description	Rate	Amount	Class	TAX
Reimb Group Installation	40		Installation labor	35.00	1,400.00		S
Customer Message						GST	98.00
						PST	112.00
Total							1,610.00

To be printed Balance: 1,610.00

Memo: _____ **Save & Close** **Save & New** Revert

[You built your business, now protect it with QuickBooks Backup Service](#)

Enter Sales Receipts window

To record what you sold and received full payment for at the time of sale, use the Enter Sales Receipts window.

You can print the form to use as a customer receipt if you want.

Enter Sales Receipts Ask a help question Ask How Do I?

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

Sales Receipt Date: 12/10/2007 Sale No.: 9

Sold To
 Bridget Keenan
 213 Fern Lane
 East Bayshore BC V5T 4T5

Cheque No.: 1245 Payment Method: Cheque

Item	Description	Qty	Unit	Rate	Amount	Tax	Class
Fluorescent Ceil...	Fluorescent Lights	1		95.00	95.00	S	

Customer Message: Thank you for your business.

GST: 6.65
 PST: 7.60
Total: 109.25

To be printed Memo: _____

Group with other undeposited funds Process credit card payment when saving

Deposit To: Chequing **Save & Close** **Save & New** Revert

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Choosing a format for sales forms

Use this format . . .	If you . . .
Service	Primarily sell services but occasionally sell goods.
Professional	Sell services and need a lot of room for descriptions of your services.
Product	Sell parts or products and need fields relevant to shipping.
Custom	Want to tailor a form to your type of business.

Types of QuickBooks items

Whether you're recording a sale or a purchase, you use items from your Item list to fill out the form quickly. When you choose an item in the **Item** field on the form, QuickBooks fills in the description, rate or price, then calculates the amount.

Items for things you sell or purchase	
Type	Use when recording sales for
Service	Services you charge for or services you purchase. EXAMPLES: Professional fees, labour
Inventory Part	Items you purchase, track as inventory, then resell. EXAMPLES: Electrical outlets, T-shirts
Inventory Assembly	Items you buy or produce, track as inventory, and resell. EXAMPLES: Pre-assembled door kits, bicycles
Non-inventory Part	Items you sell but do not purchase; items you purchase but do not resell; items you purchase and resell but do not track as inventory. EXAMPLES: Custom-made slipcovers, pizza, office supplies
Other Charge	Other charges on a sale or a purchase, such as freight or finance charges. EXAMPLES: shipping charge, delivery charge
Group	Fast entry of a group of individual items already on the list. EXAMPLES: Group of services and lab fees for office visits, group of services and food items provided by a caterer

Items that calculate	
Type	Use for
Subtotal	Calculating a subtotal before calculating a discount or charge that covers several items.
Discount	Calculating an amount to be subtracted from the total. (To discount several items, use a Subtotal item first).
Payment	Payment received at the time of invoicing so that amount owed on invoice is reduced.

Receive Payments window

Use the Receive Payments window to record payments from customers. If you billed a specific job for a customer, be sure to apply the payment to the job (not just the customer name).

Customer Payment

Received From: Look, Brian Customer Balance: 13,126.23

Pmt. Method: _____ Date: 12/15/2007

Card No. _____ Exp. Date: ___/___/___ Amount: 0.00

Memo: _____ Ref / Chq No. _____

Applied To: Show discount and credit information

Date	Job	Number	Orig. Amt.	Amt. Due	Payment
10/30/2007	2nd story addition	49	15,191.40	5,191.40	0.00
10/30/2007	Kitchen	50	2,967.00	382.00	0.00
11/25/2007	Kitchen	57	1,750.88	1,750.88	0.00
11/25/2007	2nd story addition	58	5,796.00	5,796.00	0.00
12/11/2007	Kitchen	FC 6	5.95	5.95	0.00
Totals			25,711.23	13,126.23	0.00

Unused Payment: 0.00
Unused Credits: 4,500.00

Buttons: Set Discount, Set Credits, Auto Apply, Go To, Save & Close, Save & New, Clear

Options: Group with other undeposited funds, Process credit card payment when saving

Deposit To: Chequing

[Learn about QuickBooks Software Add-Ons](#)

To open the Receive Payments window, choose Receive Payments from the Customers menu.

Make Deposits window

Make Deposits Ask a help question **Ask** How Do I? X

Previous Next Print Payments Journal

Deposit To **Chequing** 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	Chq No.	Pmt Meth.	Class	Amount
Pretell Real Estate...	Undeposited Funds		15785	Cheque		6,248.73
Violette, Mike:Wor...	Undeposited Funds		6321	Cash		1,000.00
Pretell Real Estate...	Undeposited Funds		8602	Cheque		1,200.00
Teschner, Anton:...	Undeposited Funds		306	Cheque		3,500.00
Nguyen, Tuan:Ga...	Undeposited Funds		10586	Cheque		2,200.00

Deposit Subtotal 14,148.73

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 Cash back memo Cash back amount

Deposit Total 14,148.73

Save & Close Save & New Clear

Handling expenses in QuickBooks

Do this:	When:
Write a cheque manually <i>or</i> pay with a credit card	You need to purchase an item and pay for it on the spot.
Write and print a QuickBooks cheque	You receive a bill from a vendor that you want to pay immediately.
Use accounts payable in QuickBooks	You receive a bill from a vendor that you want to pay later, and you want to track the total amount you owe to vendors.

Creating a QuickReport from a list, register, or form

When you're in...	The QuickReport shows you...
A register (with a transaction selected)	All transactions in that register for the same name
A form (invoice, bill, or cheque)	All transactions for that particular customer, vendor, or payee
A list (with an item or person selected)	All transactions for that item or all open transactions for that person

Preset report types in QuickBooks

- **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.
 - **Cash flow reports** show the net change in your cash during a period.
- **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 (QuickBooks Pro and Premier only)** give you information on job profitability, item profitability, how your estimates compare to actual costs, how much time you and your employees are spending on various projects, and travel expenses.
- **Vendors & Payables (accounts payable) reports** give you information about the “payables” side of your business, including which bills are due, your sales tax (GST and PST) liabilities, and your current balance with each vendor.
- **Purchases reports** give you information about your purchases.
- **Inventory reports** give you information about the status (such as the quantities you have on hand or on order) and the value of your inventory.
- **Employees & Payroll reports** give you information about your payroll expenses and liabilities.
- **Banking reports** include cheque detail, deposit detail, and missing cheque 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 have set up.
- **List reports** give you a way to display information from your QuickBooks lists.

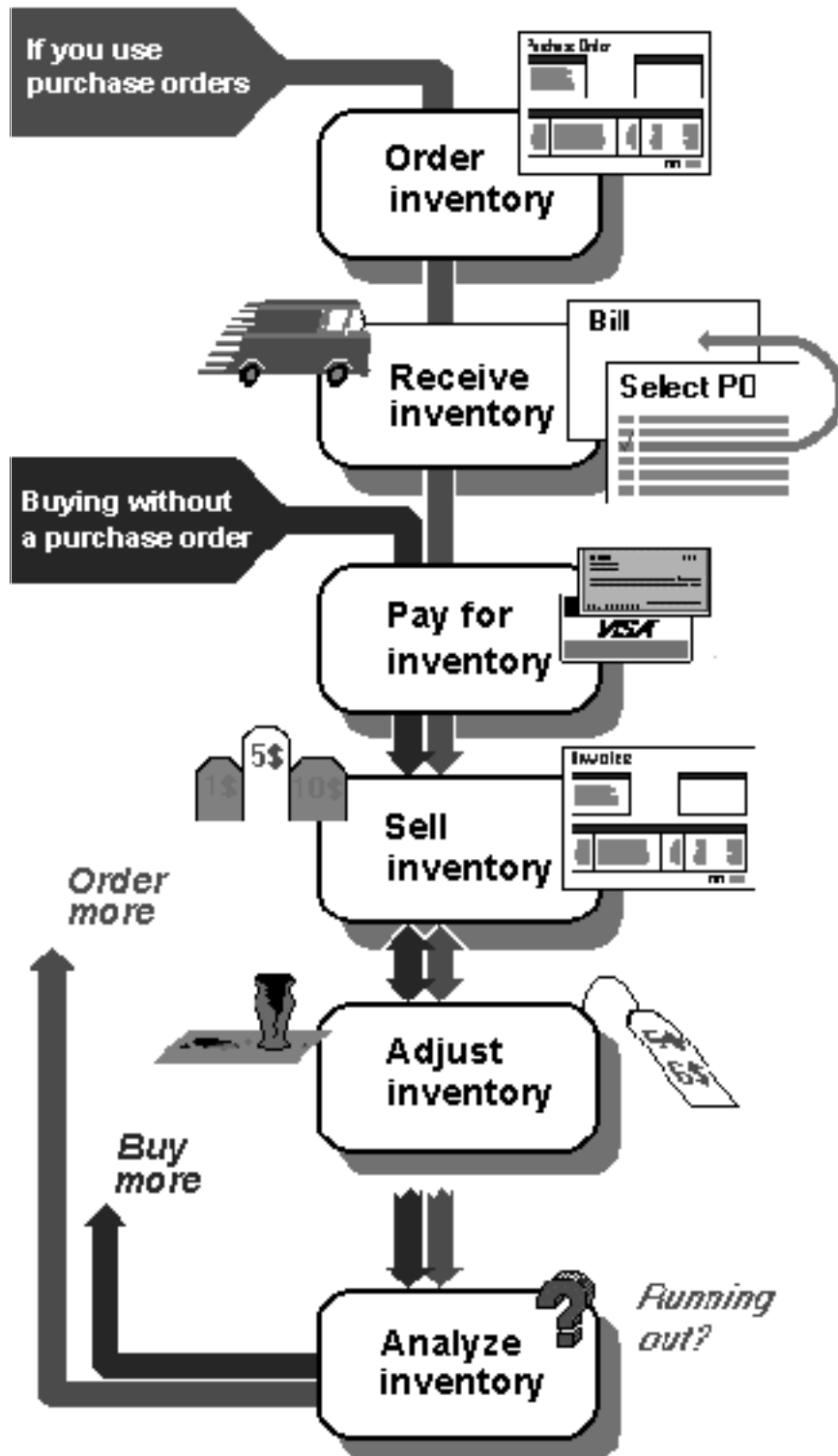
Seeing more of an onscreen report

Click...	To do this...
Hide Header	Hide everything in the report header (company name, report title, date range, today's date, etc.). This button does not affect the printed report.
Show Header	Display the report header you previously hid.
Collapse	Hide subaccounts, jobs, and subclasses; by summarizing their amounts under the main heading. This button affects both the onscreen and printed report.
Expand	Display the subaccounts you previously hid.

QuickInsight graph types

- An income and expense graph shows your income and expenses for the period you specify.
- A sales graph shows your company's sales income for the period you specify.
- An accounts receivable graph shows how much your customers owe.
- An accounts payable graph shows how much you currently owe your vendors.
- A net worth graph shows changes in your company's net worth.
- A budget vs. actual graph lets you see the variance between your budgeted amounts and the actual amount you earned or spent.

Inventory in QuickBooks



Paying for inventory items

<i>If...</i>	<i>You pay by...</i>
You're making an over-the-counter purchase	Entering a cheque or credit card receipt.
You've entered an item receipt for inventory, but the bill hasn't arrived yet	Entering the bill when the item receipt arrives. (Choose Enter Bill for Received Items from the Vendors menu.) You then pay the bill just like you would any other QuickBooks bill.
You've entered a bill for inventory you've received	Paying the bill just like you would pay any other QuickBooks bill. (Choose Pay Bills from the Vendors menu.)

Overview of payroll tracking

Employer responsibilities:

- 1** Calculate gross pay for the employee based on salary or hourly wages time hours worked.
- 2** Calculate federal withholdings (i.e. income tax) for the gross pay based on the employee's federal TD1 form and the current tax rates.
- 3** Calculate provincial withholdings for the gross pay based on the employee's provincial TD1 form and the current tax rates.
- 4** Calculate the Employment Insurance premium for the gross pay.
- 5** Calculate the CPP/QPP contribution amount for the gross pay.
- 6** Calculate any other deductions, such as provincial health care premiums or company benefit packages.
- 7** Withhold the above amounts from the employee's pay cheque.
- 8** Write a cheque for the net pay to the employee.
- 9** Submit reports and pay the withheld tax amounts to the government.
- 10** Pay any other withheld deductions.

Items on the Payroll Item list

A **payroll item** is anything that affects the amount on a pay cheque. The QuickBooks sample company has the following items for wages and federal taxes:

Item Name	Type
Salary	Yearly Salary
Sick Salary	Yearly Salary
Vacation Salary	Yearly Salary
Hourly	Hourly Wage
Sick Hourly Rate	Hourly Wage
Vacation Hourly Rate	Hourly Wage
VacPay-Accrual Paid Out	Vacation Pay
VacPay-Accrued	Vacation Pay
VacPay-Paid Out	Vacation Pay
Bonus	Addition
Union Dues	Deduction
Federal Income Tax	Payroll Taxes
CPP - Company	Payroll Taxes
CPP - Employee	Payroll Taxes
EI - Company	Payroll Taxes
EI - Employee	Payroll Taxes
QPP - Company	Payroll Taxes
QPP - Employee	Payroll Taxes
Quebec Income Tax	Payroll Taxes

Payroll Item Activities Reports Show All

As you need them, other items can be added to the list.

Tracking payroll expenses and payroll liabilities

Payroll Expenses

- Employees' gross pay
- Employer payroll taxes:
 - The company's portion of CPP/QPP contributions
 - The company's portion of Employment Insurance (EI) premiums
 - In some cases, health care premiums

Payroll Liabilities

Taxes you've withheld from pay cheques for:

- Federal income tax
- Provincial income tax
- The employee's portion of CPP/QPP contributions
- The employee's portion of Employment Insurance (EI) premiums
- In some cases, health care premiums

Creating an estimate

An estimate is a description of work, or products, you propose to sell to a current or prospective customer. After you create an estimate, you can use it to create one or more invoices.

Estimates are not available in QuickBooks Basic.

Create Estimates Ask a help question Ask How Do I?

Previous Next Print Email Find Spelling History Create Invoice

Customer: Job Estimate Class Template Customize
 Natiello, Ernesto: Bathroo... Active Custom Estimate

Estimate Date Estimate #
 12/15/2007 22

Name / Address
 Ernesto M Natiello
 376 Pine St, #5E
 Anytown, ON M2B 1R1

Item	Description	Qty	Unit	Cost	Amount	Markup	Total	Class	Tax
Installation	Installation labor	10		35.00	350.00		350.00		S
Framing	Framing labor	40		55.00	2,200.00		2,200.00		S
Lumber: Rough	Rough lumber			2,...	2,500.00	15.0%	2,875.00		S
Customer						GST	379.75		
Message						PST	434.00		
Total					5,050.00	375.00	6,238.75		

Memo

Save & Close Save & New Clear

[Download bank and credit card transactions directly into QuickBooks](#)

Creating invoices from an estimate

After you create an estimate, you can use it to invoice the customer.

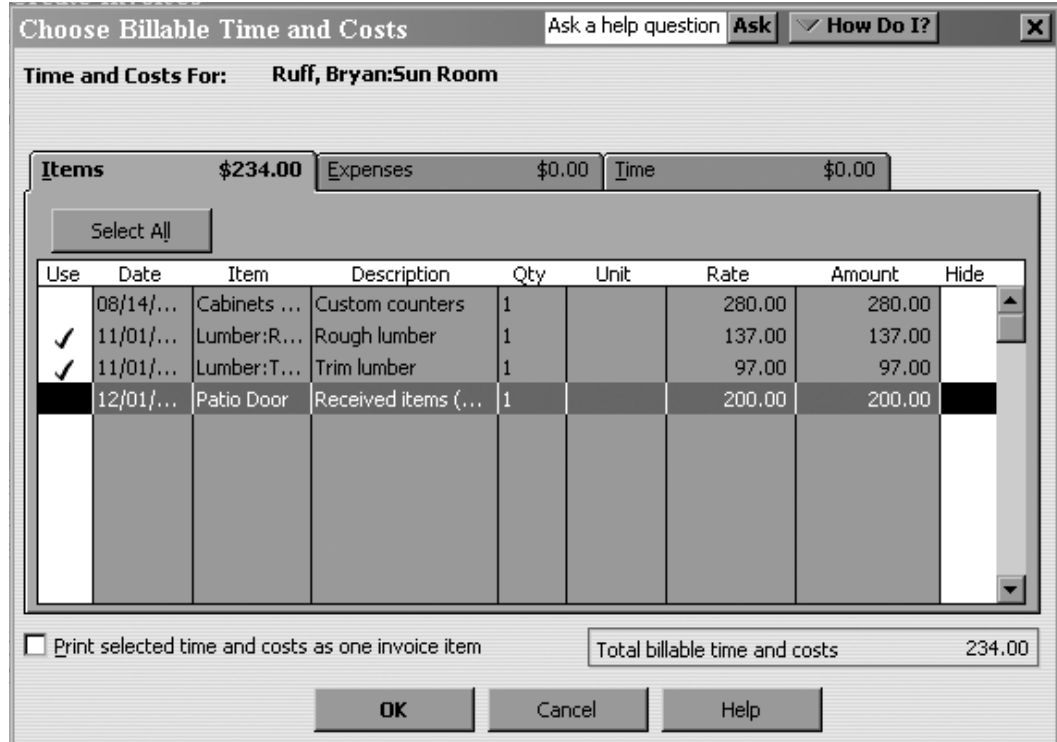
QuickBooks Pro and Premier let you do the following:

- Create an invoice for the entire estimate (100%).
- Create an invoice for a percentage of the entire estimate (for example, 33.33% if you want to invoice for one-third of the estimate).
- Create an invoice for selected items or for different percentages of each item.

Invoicing customers for time worked

To invoice a customer for time worked, click Time/Costs in the Create Invoices window. Then, click in the Use column to select the time entries you want to include on the invoice to that customer.

In this example, all of the time worked in November on Bryan Ruff’s sun room will be added to his invoice.



Notice that QuickBooks created two line items for time worked: one for all billable time for Removal (8 hours), and one for Framing (23 hours).

Item	Description	Est Amt	Prior Amt	Qty	Rate	Total %	Amount	Tax
Removal	Removal labor	280.00		8	35.00	100.0%	280.00	5
Framing	Framing labor	1,265.00		23	55.00	100.0%	1,265.00	5

Types of QuickBooks forms you can customize

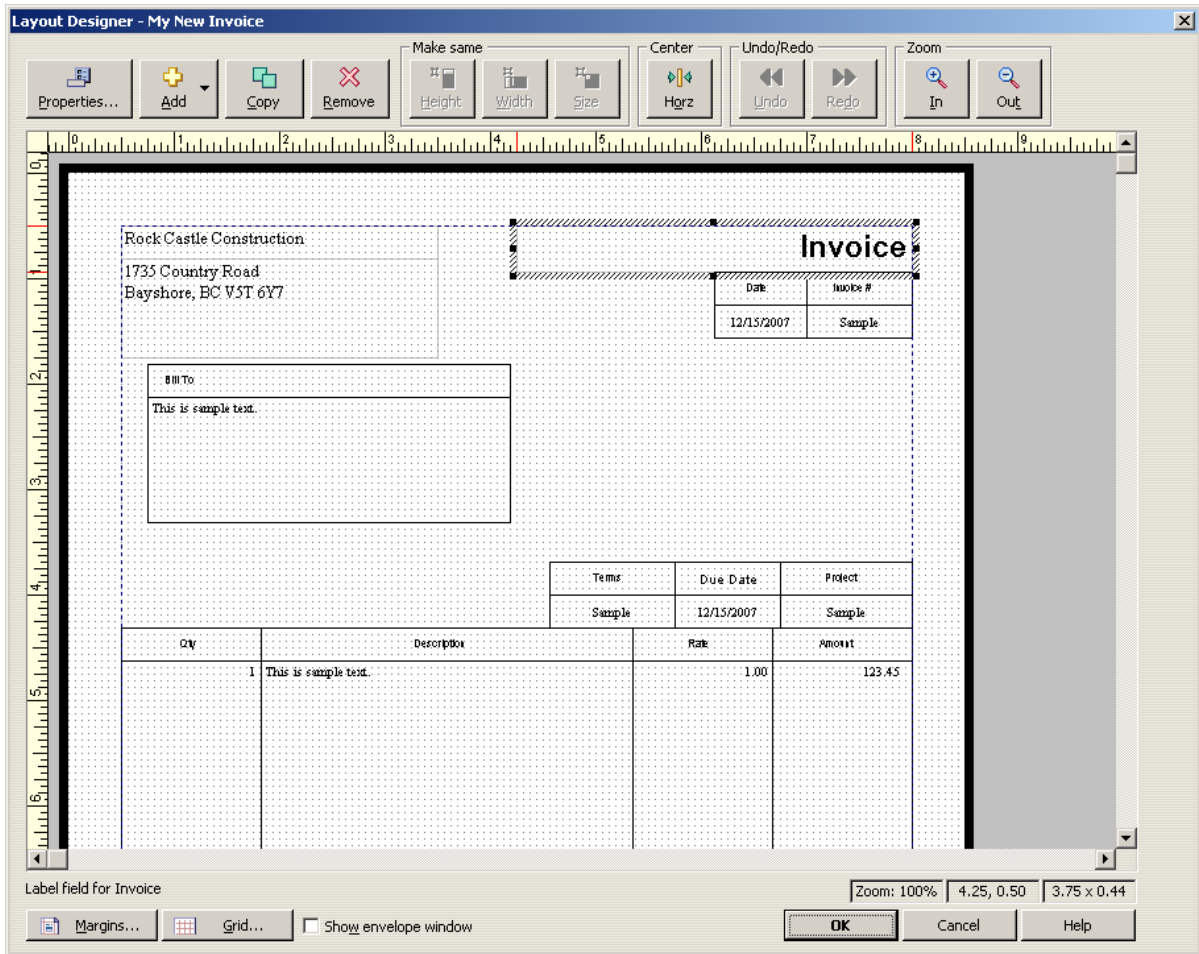
- Invoice
- Sales receipt
- Credit memo
- Statement
- Purchase order
- Estimate (QuickBooks Pro and Premier only)
- Sales orders (QuickBooks Pro and Premier only)

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 again and again.

QuickBooks Layout Designer

The Layout Designer lets you move, change the size, change the fonts, and turn on/off the borders for all fields. You can also import your logo, place it anywhere you want, and resize it in the Layout Designer.





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